



## NEXT GEN PUBLISHING LIMITED

(The Company was incorporated on 20/10/2004 as Next Gen Publishing Private Limited under the Companies Act, 1956, and was converted into a public limited company w.e.f. 31/03/2005.

Registered Office: Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400 016.

Tel: (+91) (22) 6752 5252; Fax: (+91) (22) 2444 8289

Contact Person: Mr. C. D. Sakaria, Company Secretary

E-mail: ipo@nextgenpublishing.net; Website: www.nextgenpublishing.in

**PUBLIC ISSUE OF 48,12,500 EQUITY SHARES OF RS. 10/- EACH OF NEXT GEN PUBLISHING LIMITED (“NEXTGEN” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE BAND OF RS. [●] TO RS.[●] PER EQUITY SHARE, AGGREGATING RS. [●] LACS (THE “ISSUE”).**

**THE ISSUE WILL CONSTITUTE 40.10 % OF THE FULLY DILUTED POST-ISSUE CAPITAL OF THE COMPANY.**

**THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF RS. 10/- EACH AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE OF RS. 10/- EACH AT THE UPPER END OF THE PRICE BAND**

The Issue is being made through the 100% Book Building Process where at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active 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 Company and the Issue including the risks involved. The Equity Shares to be issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page x of this Draft Red Herring Prospectus.

### COMPANY’S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft 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 Draft 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 Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited [“BSE”], which is the Designated Stock Exchange and the National Stock Exchange of India Limited [“NSE”]. We have received in-principle approvals from these Stock Exchanges for the listing of the Company’s Equity Shares pursuant to letters dated [●] and [●], respectively.

### BOOK RUNNING LEAD MANAGER (BRLM)

#### KEYNOTE

CORPORATE SERVICES LTD

#### Keynote Corporate Services Limited

307, Regent Chambers

Nariman Point

Mumbai 400 021

Tel : +91 22 2202 5230

Fax: +91 22 2283 5467

Email: nextgen.ipo@keynoteindia.net

Website: www.keynoteindia.net

Contact Person: Mr. Vikram Subramaniam

### REGISTRAR TO THE ISSUE



#### Bigshare Services Private Limited

E-2, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (E), Mumbai 400 072

Tel: +91 22 28560652 / 53

Fax: +91 22 28525207

email: ipo@bigshareonline.com

Contact Person : Mr. N. V. K. Mohan

### ISSUE SCHEDULE

**BID/ISSUE OPENS ON**

[●]

**BID/ISSUE CLOSES ON**

[●]

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## SECTION I : GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### Company Related Terms

<b>Term</b>	<b>Description</b>
“NextGen” or “the Company” or the “Issuer” or “Next Gen Publishing Limited”	Next Gen Publishing Limited, a public limited company incorporated under the Companies Act, 1956.
“we” or “us” or “our”	Unless the context otherwise requires, Next Gen Publishing Limited as described in this Draft Red Herring Prospectus.
ESOS / ESOS 2006	Employee Stock Option Scheme for the employees of the Company as approved by the shareholders by way of a resolution dated 26/05/2006.

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom Equity Shares are/ have been allotted.
Articles/Articles of Association	Articles of Association of the Company.
Auditors	Kalyaniwalla & Mistry, Chartered Accountants
Banker(s) to the Issue	[●]
Bid	An indication during the Bidding/Issue Period by a prospective investor to subscribe to the Company’s Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and a regional newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and a regional newspaper.
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof.
Book Building Process	The book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Keynote Corporate Services 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 the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.

<b>Term</b>	<b>Description</b>
Companies Act	The Companies Act, 1956, as amended.
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account of the Company to the Issue Account, after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Ltd. ["BSE"]
Director(s)	The director(s) of NextGen, unless otherwise specified.
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 of the price at which the Equity Shares are Issued and the size of the Issue. Upon filing with the RoC at least three days before the Bid/Issue Opening Date it will be termed as the Red Herring Prospectus. It will be termed the Prospectus upon filing with RoC after the Pricing Date.
Eligible NRI	NRI's from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an Issue to sell and an invitation to subscribe to the Equity Shares Issued thereby.
Equity Shares	Equity shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Escrow Account	An account opened with an 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 the Company, the Registrar, the Escrow Collection Bank(s), the BRLM and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened, in this Issue comprising [●].
Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended.
GIR Number	General Index Registry Number.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	Issue of 48,12,500 Equity Shares at the Issue Price by the Company.
Issue Price	Price determined by the Company in consultation with the BRLM on the Pricing Date after Bidding Period/Issue period and which shall be the price at which allotment shall be made and shall be set forth in the Prospectus filed with RoC.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Memorandum/Memorandum of	The Memorandum of Association of the Company, as amended from time to time.

<b>Term</b>	<b>Description</b>
Association/MoA	
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs.100,000.
Non Institutional Portion	The portion of the Issue being up to 7,21,875 Equity Shares available for allocation to Non Institutional Bidders.
Non-Residents	Includes eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, who are not persons 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 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. OCBs are not permitted to invest in this Issue.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	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 Closing Date, and  With respect to QIBs, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] per Equity Share and the maximum price (Cap Price) of Rs. [●] per Equity Share.
Pricing Date	The date on which the Company in consultation with BRLM finalises the Issue Price.
Promoter	Forbes Gokak Ltd. having its registered office at Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400 001.
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive money from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 lacs and pension funds with a minimum corpus of Rs. 2,500 lacs.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Issue being at least 24,06,250 Equity Shares available for allocation to QIBs.
Refund Account	Account opened with an Escrow Collection Bank from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Pvt. Ltd.
Retail Individual	Bidders who have bid for Equity Shares of an amount less than or equal to

<b>Term</b>	<b>Description</b>
Bidders	Rs.100,000.
Retail Portion	The portion of the Issue being up to 16,84,375 Equity Shares 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).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated [●] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are to be Issued and the size of the Issue. The Red Herring Prospectus filed with the RoC at least three days before the Bid/Issue Opening Date will become a Prospectus upon filing with the RoC after the Pricing Date.
RoC	Registrar of Companies, Maharashtra, located at Mumbai.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
Stock Exchanges	BSE and NSE.
Syndicate or members of the Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into among the Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Limited.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Fund as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

### **Industry/Company Related Terms**

<b>Term</b>	<b>Description</b>
ABC	Audit Bureau of Circulation
Ad-spend	Advertisement Spending. It refers to the amount of money spent by an advertiser(s) in one or more of our publications.
BPO	Business Process Outsourcing
Circulation	For monthly publications, the average net paid sales per month for a period as per an ABC certificate
IRS	Indian Readership Survey
ITES	Information Technology Enabled Services
LWC	Light Weighted Coated. A type of paper used for printing magazines and other forms of print media.
MIB	Ministry of Information and Broadcasting
NRS	National Readership Survey

<b>Term</b>	<b>Description</b>
Readership	Readership refers to average issue readership of a publication within a time period equal to the periodicity of the publication. There are two readership surveys in India; the IRS and the NRS. Both IRS and NRS use the Masthead Recognition technique to determine readership. However, both have different sampling techniques due to which there is a difference in the readership for any publication across the two surveys.
RNI	Registrar of Newspapers for India
SBU	Strategic Business Unit
SMS	Short Message Service
WAP	Wireless Application Protocol

### Abbreviations

<b>Abbreviation</b>	<b>Full Form</b>
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compound Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
EEFC	Exchange Earners Foreign Currency
EGM	Extraordinary General Meeting.
EOU	Export Oriented Unit
EPS	Earnings Per Share.
EPZ	Export Processing Zone
EXIM Policy	Export Import Policy of India
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FOB	Free On Board
FSI	Floor Space Index
FY/F.Y.	Financial Year
GAAP	Generally Accepted Accounting Principle
HUF	Hindu Undivided Family.
IEC	Importer Exporter Code
LIBOR	London Interbank Offer Rate.
NAV	Net Asset Value.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
p.a.	per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after Tax.
PBT	Profit before Tax.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
RoNW	Return on Net Worth.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
UIN	Unique Identification Number.

## **PRESENTATION OF FINANCIAL AND MARKET DATA**

### **Financial Data**

Unless indicated otherwise, the financial data of the Company in this Prospectus is derived from the financial statements as of and for the period ended 31/03/2005 and the year ended 31/03/2006, prepared in accordance with Indian GAAP and the Companies Act, restated in accordance with applicable SEBI Guidelines and included in this Draft Red Herring Prospectus.

The Company's fiscal year commences on April 1 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. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

The degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines on the financial disclosures present in this Draft Red Herring Prospectus should accordingly be limited.

### **Currency of Presentation**

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "U.S.\$" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America. All references to "GBP" or "£" or "British Pound" are to the United Kingdom Pound, the official currency of the United Kingdom. All references to "SG\$" or "Singapore Dollar" are to the Singapore Dollar, the official currency of Singapore. All references to "Rupiah" or "Indonesian Rupiah" are to the Indonesian Rupiah, the official currency of Indonesia.

### **Market Data**

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

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “may”, “aim”, “propose”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions.

Similarly, statements that describe the Company’s objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- The ability to successfully implement our expansion strategy and manage our expanded operations;
- The ability to manage our growth and integrate our operations;
- The ability to successfully expand our product offerings and integrate our existing product offerings;

For further discussion of factors that could cause our actual results to differ, see the sections “Risk Factors”, “Business” and “Management’s Discussion of Financial Condition and Results of Operations” beginning on pages x, 42 and 116, respectively, of this Draft Red Herring Prospectus.

## SECTION II : RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding of the Company, you should read this section in conjunction with the sections entitled “Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 4 and 116 of this Draft Red Herring Prospectus as well as other financial information contained in this Draft Red Herring Prospectus. If any of the following risks or any of the other risks and uncertainties discussed in this Draft Red Herring Prospectus actually 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.*

### **Internal Risk Factors and Risks Relating to our Business**

#### ***1. There are outstanding litigation against our promoter and promoter group companies.***

Our promoter, Forbes Gokak Limited and certain companies forming part of our promoter’s group companies are involved in certain litigation, a summary of which is set forth below:

<b>Promoter – Forbes Gokak Limited [“FGL”]</b>		
	<b>Litigations By FGL</b>	<b>No. of Cases</b>
i	Income Tax	6
ii	Sales Tax	4
iii	Excise	1
iv	Money recovery and other Civil Suits	7
v	Criminal Complaints	1
vi	Writ Petitions	3
<b>Litigation Against FGL</b>		
i	Money recovery and other Civil Suits	9
ii	Labour Employee and Trade Unions	286
iii	Investor Complaints	10
<b>Promoters Group Companies</b>		
<b>Litigations By Promoter Group Companies</b>		
i	Income Tax	9
ii	Sales Tax	79
iii	Excise	16
iv	Writ Petition	3
v	Money recovery and other Civil Suits	10
vi	Bank and Financial Institution Defaults	1
vii	Criminal Complaints	4
viii	Trade Mark	1
<b>Litigations against Promoter Group Companies</b>		
i	Income Tax	Nil
ii	Sales Tax	8
iii	Excise	9
iv	Eviction Suit	3
v	Money recovery and other Civil Suits	3
vi	Litigation under Consumer Protection Act	34
vii	Consumption Tax	1

For details on the litigation kindly refer to the section “Outstanding Litigation” on page 120 on this Draft Red Herring Prospectus

**2. We are a relatively new company and as such do not have an established track record. We have also incurred losses.**

Our company was incorporated on 20/10/2004 and commenced operations in January 2005. As such, we have been in operation for less than two years. Our circulation figures have not been officially tabulated in the major readership surveys, the IRS and the NRS. We have incurred a net loss of Rs. 28.00 lacs for the period ending 31/03/2005 and a loss of Rs. 385.57 lacs for the year ending 31/03/2006.

**3. Group company losses**

Some of the companies forming part of the Promoter Group have incurred losses in one or more of the preceding three financial years.

(all figures in Rupees unless specifically mentioned otherwise)

<b>Name of the Company</b>	<b>F.Y. 2004</b>	<b>F. Y. 2005</b>	<b>F.Y. 2006</b>
Forbes Doris & Naess Maritime Pvt. Ltd.	--	3,30,239	20,68,947
Forbes Sterling Star Ltd. (US \$)	--	--	88
Warrior Investment Ltd.	--	--	18,28,474
Forbes Infotainment Ltd.	42,54,94,589	9,87,63,972	6,35,34,425
Nypro Forbes Moulds Pvt. Ltd.	19,90,496	16,81,930	--
Forbes Campbell Holding Ltd.	--	--	12,99,538
Forbes Tinsley Co. Ltd.	--	--	57,288
Euro Forbes International Pte. Ltd. (SG \$)	--	178,627	--
Forbes Abans Cleaning Solutions Pvt. Ltd.	--	36,50,663	6,04,209
Forbes Services Ltd.	--	7,841	66,516
Forbes Edumetry Ltd.	--	--	84,79,066
Forbes Technosys Ltd.	--	75,81,289	68,45,709
PT. Gokak Indonesia (Indonesian Rupiah)	5,490.32	--	--
Edumetry Inc.	--	--	63,15,829

**4. The Object of the Issue for which the funds are raised has not been appraised by any bank or financial institution.**

In the absence of any appraisal by any bank or financial institution for the funds required by us, the deployment of funds raised through this Issue as stated in the Section titled "Objects of the Issue" are as per the estimates approved by our Board of Directors.

**5. We face competition from entrenched players, some of whom have significantly larger financial resources than us and have well established brands.**

The Indian non-news publishing industry is intensely competitive. In each of our markets, we face competition from other publications for circulation, readership and advertising. These publications may be published in English, Hindi or other local Indian languages, while we currently publish our titles solely in the English language. In addition, we face competition from other forms of media including, but not limited to, television broadcasters, newspapers, radio broadcasters and websites. These other forms of media compete with our publications for advertisers and also for the time and attention of our readers. In addition, we may face competition in the future from international media companies, if and when, the Government of India further liberalizes its foreign investment regulations and restrictions applicable to the media sector.

Competition affects our ability (1) to attract and retain advertisers, (2) to increase and maintain circulation volumes, (3) to increase or maintain advertising rates and (4) to increase and maintain cover prices and subscription rates. Competition for circulation and readership could result in our competitors reducing the cover prices of their publications. Competition for advertisement revenue could also result in our competitors reducing advertising rates or offering price incentives to advertising customers. In the event of such price competition, we may have to (1) reduce the cover price of our publications, (2) reduce our

advertisement rates or (3) offer other price incentives. Any reduction in prices or rates or the introduction of new price incentives could have a material adverse effect on our results of operations.

***6. The success of our future titles could be adversely affected if our competitors pre-empt the launch of those titles with competing publications***

In the launch of a new niche publication, it is often the case that the first mover gains a significant advantage in acquiring readership and advertising commitments. We propose to continue to launch new titles for segments which are currently not being adequately served by any other publishing house. In the event that any one or more of our competitors launches magazines for the same target market that we propose to serve with our new titles, the readership and advertising revenue potential of those new titles could be adversely affected.

***7. Rising employee costs in the publishing industry could strain our financial performance***

The key skill sets employed by the print publishing industry are editorial, circulation and sales. The editorial skill set refers to creation of content that will be published along with the designs and layouts that will be used. Circulation entails ensuring distribution of the publications in the market and is also concerned with point-of-sale visibility of the product. Sales entails selling of advertising space in the publications

The pool of skilled and experienced talent in the above mentioned skill sets is extremely limited. The demand for this pool has increased considerably over the past two years with the entry of new newspaper and magazine titles. Additionally, maintenance of our sales force for our Yellow Pages publications has been under pressure due to demand for skilled salespeople in the I.T.E.S., banking and insurance sectors. The publishing industry has witnessed a rise of 30% to 50% in employee costs over the past 20 months. In this scenario of escalating salaries, we may be unable to retain some of our most experienced and skilled employees if we are unable to match the industry's compensation levels. A continuing rise in employee costs may also have an adverse impact on our profitability.

***8. We face a shortage of experienced editorial talent for our publications***

The success of a magazine is highly dependent on the consistent quality of the content that it carries. The content published in any edition of our magazine is determined by our editorial teams. We propose to launch several new titles as part of our business plan for which we need to identify and recruit suitable editorial talent. Currently, it can take up to six months to identify and recruit an editor for a new title. Any delay in setting up the necessary editorial teams for the new titles that we propose to launch could affect our business plan and have an adverse impact on the results of our future operations.

***9. Departure of talent could lead to deterioration in the quality of our content and negatively impact our readership***

The content that is carried in each edition of our publications is determined by the editorial team, which consists of several highly skilled, experienced and talented people. If we are unable to retain some or all of the members of the editorial teams of our various publications, we could be faced with a situation wherein we are unable to maintain the quality of the content carried by our titles on a regular basis. This could turn off our regular readers and lead to a decline in circulation leading to lowering of subscription and newsstand sales, which in turn will affect our revenues from advertising.

***10. Increasing duties on Light Weight Coated paper, a key raw material for our publications, could adversely affect our cost structures***

Light Weight Coated ["LWC"] paper is a key raw material used in most of our publications. Currently, the majority requirement of LWC of the Indian publishing industry is sourced from overseas producers, predominantly in Europe. Print media publishing houses having titles registered with the RNI enjoy the benefit of concessional customs duty on LWC, which currently stands at 9.54% versus a full duty of 32.21%. The Finance Ministry in its last budget had reduced the level of concession on LWC by 4% through

the imposition of special additional duty (which has been subsequently revoked). There is a possibility of the concessional duty structure being completely withdrawn in future. Any further reduction in the level of concession or withdrawal of the same will have a significantly adverse impact on our cost structure.

***11. Business is dependent on the supply and cost of LWC paper***

LWC is a major raw material in our magazine business and represents a significant component of our expenses. The price of LWC has historically been volatile and, in recent years, has increased. We have no long term contracts with international suppliers guaranteeing us either fixed quantities or fixed prices of desired specifications of LWC. In addition we do not hedge the price or foreign exchange exposure of our LWC purchases. Any significant increase in the price of LWC could adversely affect our business and results of our operations. Although we have not experienced a disruption in the supply of LWC to us in the past, the inadequate supply of LWC caused by either default on the part of the supplier or by a sharp rise in prices or for any other reason could hamper our operations and accordingly affect our business and results of our operations.

***12. Business is dependent on our printing partners***

All our printing operations are outsourced. These outsourced operations are subject to normal operating risks such as breakdown or failure of equipment, power or processes, labour disruption and natural disasters. Any of these operational problems could lead to a delay in publication of our products which could accordingly adversely affect our business and results of our operations.

***13. Restrictions imposed by current licensing agreements with foreign publishing houses could affect our flexibility to launch additional indigenous titles***

Under our current licensing agreements with foreign publishing houses, in the event of termination of the agreement, there is a “cooling off” period of one year, during which we cannot, directly or indirectly, launch within India and in the specified languages, a periodical similar in content to the specified publications of the foreign publishing houses. This restriction could lead to loss of the readership garnered by us in those market segments and consequently affect our relationships with our regular advertisers. We may not be able to recover the ground lost in the cooling off period and this could materially affect our operations.

***14. Change in operational status or ownership of foreign publishing houses which we have licensing agreements with, could lead to disruption or discontinuation of the publication of those titles, by us, in India***

We currently publish two titles under licensing agreements with different foreign publishing houses. In the event that the ownership of any one or both of the foreign publishing houses changes, it could lead to termination of the licensing agreements that we have with them. This will force us to discontinue publication of the concerned titles permanently or till we can renew the licensing agreements with the new owners.

In the event that one or both publishing houses with whom we have licensing agreements is liquidated, ceases business or stops publication of that title, then all obligations of the licensor under the licensing agreements shall cease. In spite of our best efforts to ensure continuance of the agreement as per the existing terms, we may be unable to continue publications of the concerned titles, or the revised terms of the licensing agreements could make continued publication of those titles untenable.

***15. The distribution of magazines in India is dominated by a few players***

The distribution of print media magazine publications in India is dominated by large monopolies who have entrenched themselves in the distribution playing field. We are entirely dependent on them for the distribution of our titles across the country including our key urban markets. The commercial terms under which we operate with these distributors are largely influenced by them and can be modified by them to our detriment.

***16. We enjoy concessional rates of postage, the benefit of which may not continue in future***

The RNI allows magazine publishers to mail magazines to their subscribers at a concessional postage rate. This concessional rate is determined based on the weight of the publication and is significantly less than the normal postal rates. For example, the concessional rate of Re. 1 per copy would cost approximately Rs. 20/- per copy if posted by normal book post. We currently utilize this concessional mailing facility for subscriber copies of most of our magazines. Any change in government policy which will either reduce or withdraw this concession will significantly increase our mailing costs and will thus adversely affect our results of operations.

***17. Increasing internet usage in India could shift response-led ad spends to Internet based content providers***

Advertisers today have an alternate medium in the form of the internet which can offer more measurable returns than traditional print media through, among other things, pay-for-performance and keyword-targeted advertising. Internationally, yellow pages and classified advertisers are steadily re-allocating a portion of their advertising budgets to these non traditional media, such as web sites and search engines. With increasing adoption of the internet as a viable alternative advertising medium by traditional yellow pages and classified advertisers in India, advertising revenues from our yellow pages publications and classifieds in our other titles could be adversely affected.

***18. We currently do not have a complementary internet presence for our publications***

We currently have an online presence for our Yellow Pages publication at “www.fyp.in”. We have not yet launched websites for our other publications, whereas some of our competitors do have complementary websites for their competing publications. In the event that we are unable to successfully launch websites for our titles, we face the risk of losing readership on account of lower involvement with our readers as compared to our competitors.

***19. We face significant challenges in entering new media***

Our growth strategy includes providing our existing businesses on the internet and mobile platforms in which we have limited experience. We will face significant competitive, operational, sales, marketing and management challenges in developing these new media. In addition, our strategic growth plans may place significant demands on our management team as well as demands on our working capital and financial resources. If we are unable to meet these challenges and manage our growth, our business and financial performance could be adversely affected.

***20. An increase in circulation without an increase in advertisement revenue would adversely affect our results of operations.***

Although circulation revenue is an important source of revenue, our circulation revenue typically does not entirely cover our printing costs. Our cover pricing is influenced by the prices charged by our competitors on their products and the cost of alternate media for similar content. This is a common feature of the Indian publishing industry. This deficit is subsidized by advertisement revenue. There is usually a lag between increases in circulation and increases in advertisement revenue. Therefore, any increase in circulation of our publications without an increase in our advertisement revenue to at least offset the increased deficit would adversely affect our results of operations.

***21. A decrease in the circulation and readership of our publications may adversely affect our business and results of operations.***

Circulation and readership significantly influence ad-spend by our advertisers and our advertising rates. Circulation and readership are dependent on the quality of our publications, their reach and the loyalty of our readers to our publications. Any failure by us to meet our readers’ preferences and quality standards could adversely affect our circulation and readership over time. Circulation in the Indian market is also affected by

price and, therefore, the circulation of our publications may be adversely affected if we fail to meet any price competition. Circulation also faces competition from other forms of media (often free to the user), particularly the Internet. Circulation of our publications among our readers is an important source of our revenue as we earn revenue from the sales of our publications. Therefore, a decline in the circulation or readership of our publications for any reason could adversely affect our business, results of operations and financial condition.

***22. Exchange rate fluctuations may adversely affect our financial performance.***

We are exposed to exchange rate risk due to our use of imported paper, which accounted for 76% of our total raw material cost for the financial year ended 31/03/2006. The imported paper is priced in US dollars. Accordingly, adverse movements in foreign exchange rates may adversely affect our results of operations.

***23. We could be faced with defamation charges from manufacturers of products, reviews and purchase recommendations of which are conducted by our magazines***

We regularly review products from various manufacturers as part of the content published in our magazines. We make comparisons of competing products and issue purchase recommendations based on the comparative strengths and weaknesses of the products. In the event that we make mistakes or misstatements in representation of the facts regarding one or more of the products reviewed by us, we could be faced with litigation and/or defamation charges from the manufacturers of the concerned products. Any adverse order passed in such cases could affect our Company. In addition it could lead to a souring of relations with the manufacturers who may be advertisers in our publications, thereby adversely affecting our advertising revenues.

***24. We currently operate from leased / leave licensed premises***

We do not own the premises on which our Registered Office and other offices are located. These premises have been obtained on rental, lease or other arrangements from our promoter, Forbes Gokak Limited and others. The Company's registered office is located at premises under a sub license arrangement between Forbes Gokak Ltd and a third party and the sublicensing agreement having expired, the Company is entitled to occupy the premises pending refund of the security deposit by the third party. The Company may be required to vacate the premises upon refund of the security deposit by the third party.

In case of our offices other than registered office, if any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations. For further details, see the section titled "Geographies" beginning on page 45 of this Draft Red Herring Prospectus.

***25. Use of the trademark "Forbes Yellow Pages"***

Forbes Gokak Ltd has made an application to the trademark registry for registration of the trademark "Forbes Yellow Pages" and the application is pending. In the meanwhile, Forbes Gokak Ltd has permitted the Company to use the aforesaid trademark. The terms of the agreement between Forbes Gokak Ltd and the Company could vary in future to the detriment of the Company.

**External Risk Factors**

***1. Our business is subject to regulation by several authorities, which could have an adverse effect on our business.***

Any publishing house that intends to print and publish an edition in a specific area has to obtain registration from the Registrar of Press. We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals for our publications. Under applicable laws, in the event of default by us, certain adverse consequences such as imposition of penalties, revocation or termination of a license or suspension of a license, may occur. Our business might suffer in case there are adverse changes to the regulatory framework, which could include new regulations that we are unable to comply with or those that

allow our competitors an advantage. Although several regulatory changes have been made in the past decade to liberalize the industry we operate in, there are still regulatory clearances required including in areas such as foreign investment. If we cannot comply with all applicable regulations and or any failure or delay in obtaining the clearances, our business prospects and results of operations could be adversely affected.

## ***2. Clearances required to secure foreign investment in our Company, may impact our ability to raise capital outside India***

Foreign investment in the media industry is regulated by the Government of India. Foreign direct investment, including investment by FIIs of up to 100% of the paid up equity capital of the applicant company is permitted with the prior permission of the Government of India, if the company is not engaged in the news and current affairs segment. The uncertainty surrounding the outcome of an application to the FIPB for approval for such foreign investment could act as a disincentive to potential foreign investors.

### **Notes**

- Public Issue of 48,12,500 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share aggregating to Rs. [●] lacs. The Issue would constitute 40.10 % of the post Issue paid up capital of the Company.
- The average cost of acquisition of equity shares by our promoters, Forbes Gokak Ltd. is Rs. 14.03. For details see the section titled “Capital Structure” on page 13 of this Draft Red Herring Prospectus.
- Our net worth before the Issue (as of 31/03/2006) is Rs. 399.13 lacs and the book value per equity share of Rs. 10/- each as of 31/03/2006 was Rs. 6.58.
- Related party transactions aggregated to Rs. 572.16 lacs for F. Y. 2005-2006. For more details refer to the section titled “Related Party Transactions” on page 99 of this Draft Red Herring Prospectus.
- Investors may note that in case of oversubscription in this Issue, allotment to QIBs, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For more information, please refer to “Issue Procedure” on page 168 of this Draft Red Herring Prospectus.
- Investors are advised to refer to “Basis for Issue Price” on page 25 of this Draft Red Herring Prospectus.
- Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner. Investors may contact the BRLM for any complaints pertaining to the Issue.

The Company and the BRLM will update the Prospectus and, in accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

## SECTION III : INTRODUCTION

### SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

#### Overview

We are a young publishing house headquartered in Mumbai and engaged in the non-news publishing industry. Our publishing activity includes special interest publications in the photography, automobiles and personal computing spaces as well as yellow pages publications for the cities of Ahmedabad, Delhi and Mumbai. We also operate a telecom BPO located in Delhi.

#### *Special Interest Publications*

Since our incorporation in October 2004, we have already launched four magazines, one for photography [**Smart Photography**], two in the automobile space [**CAR India** and **Bike India**] and one for personal computing [**Computer Active**]. Our photography magazine is already the leading photography magazine in India. In the automobile space, we are the only publishing house to publish a magazine exclusively for the two wheeler segment. Our other automobile publication is focused on four wheelers and is already among the top 3 magazines in its segment in India.

#### *Yellow Pages*

We have launched yellow pages publications in Ahmedabad and Delhi. The first editions of the Delhi and Ahmedabad Yellow Pages have been published and the first Mumbai edition is due to be published in October 2006. Our first editions in both Ahmedabad and Delhi have been successful and have achieved the number two positions in the respective cities (in terms of advertising revenue), competing with existing publications like Infomedia and Kem Cho, in Ahmedabad and Infomedia and Getit in Delhi. It is a unique multi media product offering that is available to end users via print, the internet, WAP, SMS, and CD-ROMs.

#### *Telecom BPO Operations*

We have established a 66 seat call centre in New Delhi, through which we currently service Bharti Televentures Ltd. We currently provide directory lookup services for Bharti's landline customers in Delhi. We have established a track record within the short span of our establishment of delivering high quality service consistently and have been able to procure higher contract levels from Bharti for F. Y. 2006-2007.

#### Our Strengths

##### *We have one of India's most experienced editorial and journalism teams*

During our formative period after incorporation, we were able to recruit highly experienced and qualified people from other publishing houses in order to set up our editorial, journalism, reporting and sales teams. Our publications team includes people having decades of experience in the respective industry segments. They have won accolades during their previous tenure at other publishing houses.

The editorial team of Smart photography is one of the most experienced in its field. The editor Hoshang Billimoria was the founding editor of Better Photography. Krupa Gandhi, Deputy Editor and Rohinton Mehta, Technical Editor are two of the most experienced photography journalists in the country.

Next Gen Automotive, the automotive publications division is headed by Adil Jal Darukhanawala, who is one of the most experienced automotive journalists in India. He is ably supported by the Executive Editor – Sameer Kumar, who was earlier the editor of Auto Monitor, a leading B2B automotive magazine in India.

Similarly, we have strong and experienced teams for each of our other magazine products.

***We have licensing agreements for magazine publication with two of the world's most prominent publishing houses***

We currently publish two magazines under license from global publishing houses, namely CAR India, under license from EMAP PLC, U.K. and Computer Active under license from VNU Business Publications Limited. EMAP and VNU are global leaders in publishing and publish segment leading magazines in several countries across the world. Our relationship with EMAP and VNU could give us access to other high quality titles in several industry segments for both business and consumer magazines.

***Strong brands***

In the case of CAR India and Computer Active, we have licensed the brands “CAR” and “Computer Active” which have made a global mark. CAR is a very popular magazine globally and has won the award for “The Best Designed Magazine in the U.K.” Computer Active is one of the largest selling computer magazines in the world. In other cases we have developed our own brands, namely Smart Photography and Bike India which are leaders in the segments in which they are present. Forbes Yellow Pages is one of the fastest growing Yellow Pages brand in the country.

***Professional management***

Our management team is composed of highly experienced veterans of the publishing industry in India. Human skills are among the most important factors determining success in the publishing space. A majority of the members of our management team have vast exposure to the various facets of the publishing industry that they are responsible for.

***Extensive understanding of the printing & publishing space***

The prior experience of the management in running and being a part of a successful printing and publishing company has served the team with extensive understanding of the nuances behind purchase requirements and printing requirements, both of which are large cost components for a publishing company. Our management draws on its prior experience and relationships with the suppliers of paper and the printing houses in the country to negotiate the competitive rates.

***Our Strategies***

***Launch new titles over the next 18 months in order to expand our titles basket and consolidate our coverage of addressable industry segments***

We propose to launch two lifestyle magazines in the current financial year as well as additional titles in our existing target markets. We aim to expand our presence to cover various aspects of the B2B and B2C segments in our target markets.

***Improving our market position***

We aim to consolidate and build upon the initial performance of our titles in order to challenge for the leadership positions in each market that we serve. Our Yellow Pages publication has become the number two publication in Delhi and Ahmedabad (in terms of revenue from advertisement) and we are implementing initiatives to further modify the format to make it more user friendly. Similarly, for our other publications, we have taken initiatives to differentiate our offerings from competing products in order to challenge for the leadership position.

***Conduct campaigns to increase awareness and readership of our publications***

We propose to support our publications through extensive promotional campaigns utilizing a variety of means to publicize our titles. These include workshops, exhibitions & expos (participation in expos and

exhibitions and organizing them), awards, events related to our titles, point of sales promotions. We aim to create strong name associations for our titles in the industry segments that we serve.

***Entry into the online space***

We have already launched an online presence for Forbes Yellow Pages and plan to follow up with websites around each of our magazine products. Going forward we plan to make them independent profit centers. We are also planning to start WAP versions of these sites as mobile internet access is growing at a significantly faster rate than desktop internet access.

***Explore entry into Hindi market***

Currently we do not publish any titles in the Hindi language. There is a sizeable market for Hindi language versions of some of our current titles. We are currently exploring the advertisement revenue potential for Hindi language titles. The Hindi language version would need to be priced at the same level or lower than their English language counterparts. Hence advertising would need to substantially subsidize the cover price of these magazines.

## SUMMARY FINANCIAL INFORMATION

Our financial statements for the period ended 31/03/2005 and the year ended 31/03/2006, presented in this Draft Red Herring Prospectus, have been prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines and appear in the section titled “Financial Statements” on page 100 of this Draft Red Herring Prospectus

The following tables set forth summary information on our assets and liabilities as of 31/03/2005 and 31/03/2006 and our income statements and cash flows for the period ended 31/03/2005 and the year ended 31/03/2006. The items presented below should be read in conjunction with our financial statements prepared under Indian GAAP and the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 116 of this Draft Red Herring Prospectus.

### STATEMENT OF PROFIT AND LOSS AS RESTATED

Rs. in lacs

Particulars	For the year ended March 31, 2006	October 20, 2005 to March 31, 2005
<b>Income:</b>		
Sales:		
Income from Publishing	598.60	13.34
Other sales	50.74	
	649.34	13.34
Other Income	13.70	1.11
<b>Total Income</b>	<b>663.04</b>	<b>14.45</b>
<b>Expenditure:</b>		
Raw Materials and Goods Consumed	80.18	-
Staff Costs	257.02	15.58
Other Manufacturing and Administrative Expenses	581.68	27.57
Selling and Distribution Expenses	38.05	0.96
	956.93	44.11
Interest	17.03	0.07
Depreciation	73.96	1.30
Preliminary Expenses written off	-	8.54
<b>Total Expenditure</b>	<b>1,047.92</b>	<b>54.02</b>
<b>Net Profit Before Tax</b>	<b>(384.88)</b>	<b>(39.57)</b>
Provision for Taxation		
Current Tax	-	-
Deferred Tax	(17.94)	(11.57)
Fringe Benefit Tax	18.93	-
	0.99	(11.57)
<b>Net Profit After Tax</b>	<b>(385.87)</b>	<b>(28.00)</b>
Balance Brought Forward	(28.00)	-
<b>Balance carried to Balance Sheet</b>	<b>(413.87)</b>	<b>(28.00)</b>

**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

**Rs. in lacs**

<b>Particulars</b>	<b>For the year ended March 31, 2006</b>	<b>October 20, 2004 to March 31, 2005</b>
<b>Assets:</b>		
Fixed Assets - Gross Block	434.87	22.31
Less: Depreciation	(75.25)	(1.30)
Net Block	359.62	21.01
Advance Capital Expenditure	2.19	33.18
	<b>361.81</b>	<b>54.19</b>
Investments	-	-
Deffered Tax Asset	<b>29.51</b>	<b>11.57</b>
Current Assets, Loans and Advances		
Inventories	40.08	-
Receivables	159.48	12.79
Cash and Bank Balances	249.94	182.12
Other Current Assets	0.14	0.35
Loans and Advances	642.88	53.78
	<b>1,092.52</b>	<b>249.04</b>
<b>Total Assets</b>	<b>1,483.84</b>	<b>314.80</b>
<b>Liabilities and Provisions</b>		
Loan Funds	-	-
Secured Loans	37.63	4.22
Unsecured Loans	400.00	-
	<b>437.63</b>	<b>4.22</b>
Deferred Tax Liability	-	-
Current Liabilities and Provisions		
Sundry Creditors	233.52	28.64
Other Liabilities	402.65	9.29
Interest accrued but not due	0.85	0.03
Provisions for Leave Encashment & Gratuity	10.06	0.62
	<b>647.08</b>	<b>38.58</b>
<b>Total Liabilities</b>	<b>1,084.71</b>	<b>42.80</b>
<b>Net Worth</b>	<b>399.13</b>	<b>272.00</b>
<b>Represented by:</b>		
Shareholder's Funds		
Share Capital	606.75	300.00
Reserves and Surplus	206.25	-
Profit and Loss Account	(413.87)	(28.00)
<b>Net Worth</b>	<b>399.13</b>	<b>272.00</b>

## THE ISSUE

<b>Equity Shares of face value of Rs. 10/- each offered:</b>	
Fresh Issue by the Company	48,12,500 Equity Shares
<b>Net Offer to the Public</b>	<b>48,12,500 Equity Shares</b>
A) QIB Portion	At least 24,06,250 Equity Shares (allocation on a proportionate basis)
Of which:	
Reservation for Mutual Funds	1,20,313 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	22,85,937 Equity Shares (allocation on proportionate basis)
B) Non Institutional Portion	Up to 7,21,875 Equity Shares (allocation on a proportionate basis)
C) Retail Portion	Up to 16,84,375 Equity Shares (allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	71,87,500 Equity Shares
Equity Shares outstanding after the Issue	1,20,00,000 Equity Shares
Use of proceeds of the Issue by us	Please see "Objects of the Issue" on page 20 of this Draft Red Herring Prospectus.

## GENERAL INFORMATION

### Registered Office of the Company

#### Next Gen Publishing Limited

Khatau House, 2<sup>nd</sup> Floor,  
Mogul Lane, Mahim (West),  
Mumbai 400 016

Registration Number: 11-149173

Corporate Identity Number: U22100MH2004PLC149173

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai.

### Board of Directors

The Company's Board of Directors comprises of:

No.	Name	Designation	Status
1	Mr. N. D. Khurody	Chairman	Non-Executive & Independent
2	Mr. K. C. Mehra	Director	Non-Executive & Non-Independent
3	Mr. R. N. Jha	Director	Non-Executive & Independent
4	Mr. Keki Mistry	Director	Non-Executive & Non-Independent
5	Mr. Jimmy Parakh	Director	Non-Executive & Non-Independent
6	Mr. Humayun Dhanrajgir	Director	Non-Executive & Independent

For further details regarding the Board of Directors, see "Management" on page 59 of this Draft Red Herring Prospectus.

### Company Secretary and Compliance Officer

#### Mr. C. D. Sakaria

#### Next Gen Publishing Limited

Khatau House, 2<sup>nd</sup> Floor,  
Mogul Lane, Mahim (West),  
Mumbai 400 016

Tel: (+91) (22) 6752 5252

Fax: (+91) (22) 2444 8289

Email: ipo@nextgenpublishing.net

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

## **Book Running Lead Manager**

### **Keynote Corporate Services Limited**

307, Regent Chambers  
Nariman Point  
Mumbai 400 021  
Tel : +91 22 2202 5230  
Fax: +91 22 2283 5467  
Email: nextgen.ipo@keynoteindia.net  
Website: www.keynoteindia.net  
Contact Person: Mr. Vikram Subramaniam

## **Syndicate Member**

### **Keynote Capitals Limited**

301, Regent Chambers  
Nariman Point  
Mumbai 400 021  
Tel : +91 22 2202 5230  
Fax: +91 22 2283 5467  
Email: nextgen.ipo@keynoteindia.net  
Website: www.keynoteindia.net  
Contact Person: Mr. Alpesh Shah

## **Registrar to the Issue**

### **Bigshare Services Pvt. Ltd.**

E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai 400 072  
Tel: +91 22 2856 0652 / 53  
Fax: +91 22 2852 5207  
Email: ipo@bigshareonline.com  
Contact Person: Mr. N. V. K. Mohan

## **Legal Advisors**

### **Wadia Ghandy & Co.,**

*Advocates, Solicitors & Notaries*

N. M. Wadia Buildings,  
123 Mahatma Gandhi Road,  
Mumbai 400 001.  
Tel: +91 22 2267 0669  
Fax: +91 22 2267 6784

## **Auditors to the Company**

### **Kalyaniwalla & Mistry**

Kalpataru Heritage,  
127, Mahatma Gandhi Road,  
Mumbai 400 023.  
Tel: +91 22 5634 8020  
Fax: +91 22 2267 3964

## **Bankers to the Issue and Escrow Collection Banks**

[•]

### **Bankers to the Company**

#### **HDFC Bank Ltd.**

Ground Floor,  
Maneckji Wadia Building,  
Kalpataru Heritage,  
Nanik Motwani Road, Fort,  
Mumbai 400 001  
Tel: +91-22-2705514 / 2701001  
Fax: +91-22-22705520

#### **ICICI Bank Ltd.**

Zehra Manzil, 91,  
Lady Jamshedji Road,  
Mahim,  
Mumbai 400016  
Tel: +91-22-24456146 / 24451842  
Fax: +91-22-39425727

### **Credit Rating**

As the Issue is of equity shares, credit rating is not required.

### **Trustees**

As the Issue is of equity shares, the appointment of trustees is not required.

### **IPO Grading**

We have not opted for grading of this Issue.

### **Monitoring of the utilization of funds**

As the net proceeds of the Issue will be less than Rs.50,000 lacs, under the SEBI Guidelines it is not required that a monitoring agency be appointed by the Company. Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for F.Y. 2007 clearly specifying the purposes for which such proceeds have been utilized. We will also, in our balance sheet for F.Y. 2007 and F. Y. 2008, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. No part of the proceeds of the Fresh Issue will be paid by us as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters except in the course of normal business.

### **Book Building Process**

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

The principal parties involved in the Book Building Process are:

1. the Company;
2. the Book Running Lead Managers;
3. the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and
4. the Registrar to the Issue.

The Issue is being made through the 100% Book Building Process where at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, up to 15% of the Issue shall be available for

allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of 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.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please refer to the “Terms of the Issue” on page 163 of this Draft Red Herring Prospectus.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed Keynote Corporate Services Limited as the BRLM to manage the Issue.

### **Illustration of Book Building and Price Discovery Process**

*(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)*

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

<b>Number of equity shares bid for</b>	<b>Bid Price (Rs.)</b>	<b>Cumulative equity shares bid</b>	<b>Subscription</b>
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs.42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs.42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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

#### **Steps to be taken for Bidding:**

1. Check eligibility for making a Bid (see “Who Can Bid” on page 168 of this Draft 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 attached copies of your PAN to the Bid cum Application Form (see “PAN or GIR Number” on page 184 of this Draft Red Herring Prospectus); and

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.

### Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Issue opening date but before Allotment, without assigning any reason therefore.

### Bid/Issue Programme

#### Bidding Period / Issue Period

BID / ISSUE OPENS ON	[•]
BID / ISSUE CLOSES ON	[•]

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted and uploaded till such time as permitted by the BSE and NSE.

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

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

### Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, the Company proposes to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs.)
<b>Keynote Corporate Services Limited</b> 307, Regent Chambers Nariman Point Mumbai 400 021 Tel : +91 22 2202 5230 Fax: +91 22 2283 5467 Email: nextgen.ipo@keynoteindia.net	[•]	[•]

<b>Syndicate Members</b>		
<b>Keynote Capitals Limited</b> 301, Regent Chambers Nariman Point Mumbai 400 021 Tel : +91 22 2202 5230 Fax: +91 22 2283 5467 Email: nextgen.ipo@keynoteindia.net	[●]	[●]

The amounts mentioned above are indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of the BRLM, the resources of the 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 exchanges.

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

As per the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

## CAPITAL STRUCTURE

Our share capital as at the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

	Aggregate nominal value (Rs.)	Aggregate Value at Issue Price, except per share data (Rs.)
<b>A Authorized Capital</b> 1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000	
<b>B Issued, Subscribed and Paid Up Share Capital before the Issue</b> 71,87,500 Equity Shares of Rs.10/- each	7,18,75,000	
<b>C Present Issue in terms of this Draft Red Herring Prospectus</b> Issue of 48,12,500 Equity Shares of Rs.10/- each	4,81,25,000	[●]
<b>Of Which</b>		
QIB portion of at least 24,06,250 Equity Shares of Rs. 10/- each	2,40,62,500	[●]
Non-Institutional portion of up to 7,21,875 Equity Shares of Rs. 10/- each	72,18,750	[●]
Retail portion of up to 16,84,375 Equity Shares of Rs. 10/- each	1,68,43,750	[●]
<b>D Equity Capital after the Issue</b> 1,20,00,000 Equity Shares of Rs. 10/- each fully paid up shares	12,00,00,000	
<b>E SHARE PREMIUM ACCOUNT</b>		
Before the Issue (Rs. lacs)	206.25	
After the Issue (Rs. lacs)	[●]	[●]

Changes in the authorized capital of the Company since inception are as follows:

Date	Authorised Capital Increased From	Authorised Capital Increased to
At Incorporation	----	Rs. 1,00,000/-
12/01/2005	Rs. 1,00,000/-	Rs. 10,00,00,000/-
26/05/2006	Rs. 10,00,00,000/-	Rs. 15,00,00,000/-

## Notes to the Capital Structure

### 1. Share Capital History of the Company:

The following is the history of the equity share capital of the Company:

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Paid-up Capital (Rs.)	Securities Premium Account (Rs.)
20/10/2004	10,000	10	10	Cash	Subscribers to the MoA	1,00,000	NIL
17/02/2005	29,90,000	10	10	Cash	Allotment to the promoter and to HDFC Ltd.	3,00,00,000	NIL
16/11/2005	20,00,000	10	10	Cash	Rights Issue in 2:3 ratio	5,00,00,000	NIL
29/03/2006	1,30,000	10	10	Cash	Allotment to Key Managerial Personnel	5,13,00,000	NIL
30/03/2006	9,37,500	10	32	Cash	Allotment to private investors	6,06,75,000	2,06,25,000
13/07/2006	11,20,000	10	32	Cash	Allotment to the promoter and to HDFC Ltd.	7,18,75,000	2,46,40,000

### 2. Promoters' Contribution and Lock-in

All Equity Shares, which are being locked-in are not ineligible for computation of promoter's contribution and lock-in under Clause 4.6 of the SEBI Guidelines

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue shareholding of the Company's Promoter (Forbes Gokak Ltd.) shall be locked up for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

Date of Allotment/ Acquisition and when made fully paid-up	Nature of Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue Price / Purchase Price (Rs.)	Percentage of Post-Issue paid-up capital	Lock-in Period (from the date of allotment in this issue)
17/02/2005	Transfer (Cash)	4,000	10	10	0.03	3 years
17/02/2005	Allotment (Cash)	23,96,000	10	10	19.97	3 years
<b>Total</b>		<b>24,00,000</b>	10		20.00	

In terms of clause 4.14.1 of the SEBI Guidelines, apart from the 20% of post-Issue shareholding of the Company held by the Promoters being locked-in for three years, as specified above, the entire balance pre-Issue shareholding of the promoter (25,08,240 Equity Shares) will be locked in for a period of one year from the date of Allotment in this Issue.

Forbes Gokak Ltd., the promoter, has provided its written consent for inclusion of equity shares under the promoter's contribution.

Except for the shares listed in the table above, all other pre-issue equity shares of the company will be locked in for a period of one year from the date of allotment in the Issue.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Further, in terms of clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions.

### 3. Shareholding pattern of the Company

The table below presents our shareholding pattern before and after the proposed Issue

Shareholding Pattern	Pre-Issue		Post-Issue	
	Number	%	Number	%
<b>Promoters</b>				
Forbes Gokak Ltd.	49,08,240	68.29	49,08,240	40.90
<b>Sub Total</b>	<b>49,08,240</b>	<b>68.29</b>	<b>49,08,240</b>	<b>40.90</b>
<b>Other Existing Shareholders</b>				
1. HDFC Ltd.	12,11,760	16.86	12,11,760	10.10
2. Rajpal Singh Sethi	5,00,000	6.96	5,00,000	4.17
3. Sam Nariman Polishwala	1,50,000	2.09	1,50,000	1.25
4. Cyrus Nariman Mistry	1,38,500	1.93	1,38,500	1.15
5. Hoshang Billimoria	1,00,000	1.39	1,00,000	0.83
6. Ranjan Sanghi	17,000	0.24	17,000	0.14
7. Jayashree Sanghi	17,000	0.24	17,000	0.14
8. Rajesh Sanghi	17,000	0.24	17,000	0.14
9. Pervez Mistry	15,000	0.21	15,000	0.13
10. Hilloo Mistry	15,000	0.21	15,000	0.13
11. Maharookh Noshirwan Kamdin	15,000	0.21	15,000	0.13
12. Keki Mistry *	15,000	0.21	15,000	0.13
13. Shaikh Rahil Irfan	15,000	0.21	15,000	0.13
14. Jimmy Jehangir Parakh *	10,000	0.14	10,000	0.08
15. Stephen Cyril D'Lima	10,000	0.14	10,000	0.08
16. Khushroo Khurshed Bhadha	10,000	0.14	10,000	0.08
17. Girish Mallya	10,000	0.14	10,000	0.08
18. Zubin N Kamdin	7,000	0.10	7,000	0.06
19. Krishnamurthy K G	3,000	0.04	3,000	0.03
20. Aban S. Billimoria	2,000	0.03	2,000	0.02
21. R. R. Krishnan	1,000	0.01	1,000	0.01
<b>Sub Total</b>	<b>22,79,260</b>	<b>31.81</b>	<b>22,79,260</b>	<b>18.99</b>
<b>Total pre issue share capital</b>	<b>71,87,500</b>	<b>100.00</b>	<b>71,87,500</b>	<b>59.90</b>
<b>Public</b>	--	--	<b>48,12,500</b>	<b>40.10</b>
<b>Total Post Issue Capital</b>	--	--	<b>1,20,00,000</b>	<b>100.00</b>

\* Directors of the Company

4. The Company, the Directors and the BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
5. In case of over-subscription in all categories, at least 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, up to 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Retail or Non Institutional categories would be met with spill over from other categories or combination of categories at the sole discretion of the Company in consultation with the BRLM. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.
6. The list of top ten shareholders of the Company and the number of Equity Shares held by them is as under:
- (a) The top ten shareholders of the Company as on the date of filing of the Draft Red Herring Prospectus are as follows:

<b>No.</b>	<b>Shareholder</b>	<b>No. of Equity Shares Held</b>
1	Forbes Gokak Ltd.	49,08,240
2	HDFC Ltd.	12,11,760
3	Rajpal Singh Sethi	5,00,000
4	Sam Nariman Polishwala	1,50,000
5	Cyrus Nariman Mistry	1,38,500
6	Hoshang Billimoria	1,00,000
7	Ranjan Sanghi	17,000
8	Jayashree Sanghi	17,000
9	Rajesh Sanghi	17,000
10	Others #	15,000
<b>TOTAL</b>		<b>71,34,500</b>

# Others includes five shareholders, namely, Pervez Mistry, Hilloo Mistry, Maharookh Noshirwan Kamdin, Keki Mistry and Shaikh Rahil Irfan, holding 15,000 shares each.

- (b) The top ten shareholders of the Company as on ten days prior to the date of filing of the Draft Red Herring Prospectus are as follows:

<b>No.</b>	<b>Shareholder</b>	<b>No. of Equity Shares Held</b>
1	Forbes Gokak Ltd.	49,08,240
2	HDFC Ltd.	12,11,760
3	Rajpal Singh Sethi	5,00,000
4	Sam Nariman Polishwala	1,50,000
5	Cyrus Nariman Mistry	1,38,500
6	Hoshang Billimoria	1,00,000
7	Ranjan Sanghi	17,000
8	Jayashree Sanghi	17,000
9	Rajesh Sanghi	17,000
10	Others #	15,000
<b>TOTAL</b>		<b>71,34,500</b>

# Others includes five shareholders, namely, Pervez Mistry, Hilloo Mistry, Maharookh Noshirwan Kamdin, Keki Mistry and Shaikh Rahil Irfan, holding 15,000 shares each.

(c) The top ten shareholders of the Company as of two years prior to the date of filing of the Draft Red Herring Prospectus.

(Note: the Company was incorporated on 20/10/2004, and as such has been in existence for less than two years. The shareholders listed in the table below are the subscribers to the Memorandum of Association of the Company).

No.	Shareholder	No. of Equity Shares Held
1.	Sam Nariman Polishwala	9,500
2.	Roshan Neville Avari	500
<b>TOTAL</b>		<b>10,000</b>

7. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by our Company, our Promoters, Directors, BRLM for the equity shares offered through this Draft Red Herring Prospectus.
8. The Directors of the Company have not purchased or sold any securities of the Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI. The Promoters, or the Promoter Group have not transferred any securities of the Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.
9. Employee Stock Option Scheme

The Next Gen Employee Stock Option Scheme 2006 was implemented, effective from 03/02/2006, so as to secure greater employee participation by providing a reward for loyalty and commitment to the Company, and an incentive to retain and reward Employees performing Services and by motivating such Employees to contribute to the growth and profitability of the Company. The members approved this scheme on 26/05/2006. There were no Stock Option Plans in place for the employees of the Company prior to implementation of Next Gen ESOS 2006.

Next Gen ESOS 2006 provides issue of up to 5% of the paid-up capital of the Company at any point in time, under one or more employee stock option schemes (“the Schemes”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise, exercisable into equity shares of face value of Rs. 10/- each, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

We have granted 100,000 options under Next Gen ESOS 2006 to Eligible Senior employees on 03/02/2006. All options granted vest completely by 2009. Vesting is in the ratio of 50% and 50% in February 2008 and 2009 respectively. Under the said ESOS scheme no equity shares have been allotted to date.

No employees have received options entitling him/her to subscribe to more than 1% of the equity share capital of the company during the last/current fiscal.

The following is the list of employees who have received a grant in any one year of option amounting to 5% or more of option granted during that year.

Mr. Hoshang Billimoria	40,000 Options
Mr. Mandeep Singh	10,000 Options
Mr. Stephen Cyril D'Lima	10,000 Options
Mr. Uday Jayantilal Bhatt	8,000 Options
Mr. Khushroo Khurshed Bhadha	8,000 Options
Mr. Raman Raghunath Khole	6,000 Options
Mr. Girish Suresh Mallya	6,000 Options

A summary of Employee Stock Option activity under the aforementioned plans is as follows:

Particulars	2004 – 05	2005 – 06	April 2006 – till date
<b>Opening Balance</b>	Nil	Nil	100,000
<b>Granted</b>	Nil	100,000	Nil
<b>Exercised</b>	Nil	Nil	Nil
<b>Cancelled</b>	Nil	Nil	Nil
<b>Balance</b>	Nil	100,000	100,000

The weighted average exercise price of the options granted during 2006, with option price equal to the fair the market price of the stock as on the date of grant was Rs. 10/-. There were no stock options granted during the previous three years where the exercise price is either less than or is greater than the market price.

There are no ESOSs that would become vested prior to February 2008, except under any exceptional unfortunate circumstances like death or Permanent incapacity of an employee, hence there are no equity shares arising pursuant to the exercise of Stock options for a period of three months after the listing of the equity shares of the company pursuant to this issue which would be sold during the aforementioned period of three months.

The Fair Value of the Options has been calculated using Black-Scholes Option Pricing Model. Each Vest has been considered as a separate grant and the Fair Value of each Vest has been calculated separately. The weights as per vesting schedule (50% and 50% for the first, second/Final vest respectively) are assigned to each fair value calculated and ultimately weighted average fair value of the grant is arrived at.

Fair Valuation of Options granted on 03/02/2006 as per the Black-Scholes option pricing Model

	Grant Date: 03/02/2006	
	03/02/2008	03/02/2009
	Vest 1	Vest 2
<b>Variables</b>	<b>50%</b>	<b>50%</b>
<b>Stock Price</b>	10.00	10.00
<b>Volatility</b>	0.00%	0.00%
<b>Risk free Rate</b>	6.92%	7.02%
<b>Exercise Price</b>	10.00	10.00
<b>Time To Maturity</b>	3.50	4.50
<b>Dividend yield</b>	0.00%	0.00%
<b>Option Fair Value</b>	<b>2.09</b>	<b>2.63</b>
<b>Weighted Avg. Option Fair Value</b>	<b>2.36</b>	

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the

employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

10. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
11. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
12. Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split or consolidation of the denomination of the shares or issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Draft Red Herring Prospectus or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.
13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
14. The Company has not raised any bridge loans against the proceeds of the Issue.
15. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
16. Other than options granted under the ESOS Scheme as detailed in point 8 in the “Notes to Capital Structure”, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.
17. The Equity Shares held by the Promoters are not subject to any pledge.
18. Except as disclosed in this Draft Red Herring Prospectus, none of the Company’s directors and key managerial personnel holds any Equity Shares.
19. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the Basis of Allotment.

## OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital and to achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance the Company's brand image and provide liquidity to the Company's existing shareholders. Listing will also provide a public market for the Equity Shares in India.

The Issue Amount will be determined based on the Issue Price discovered through the Book Building Process.

We intend to use the proceeds of the Issue for the following purposes:

1. Investment in launch of new publications and development of existing publications
2. Investment in information technology infrastructure
3. Repayment of existing unsecured loans
4. Working capital purposes
5. General corporate purposes
6. Meeting Issue Expenses

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

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement detailed below is based on our current business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and consequent utilization of proceeds from the fresh issue may also change. In case of any variation in the actual utilization of funds earmarked for the above activities, any shortfall for a particular activity will be met from our internal accruals and/or loans that may be availed from banks/financial institutions.

The following table summarizes the proposed use of the proceeds of the Issue:

	(Rs. lacs)
<b>Particulars</b>	<b>Amount</b>
Investment in launch of new publications and development of existing publications	820.00
Investment in information technology infrastructure	121.00
Repayment of existing unsecured loans	267.00
Working capital purposes	886.00
Future acquisitions and general corporate purposes	[●]
Issue expenses	[●]
<b>Total</b>	<b>[●]</b>

### Explanation of the Objects of the Issue

#### *1. Investment in launch of new publications and development of existing publications*

We intend to launch three new magazine titles during the current financial year for one of which, we have already tied up an agreement and availed of a license. This would necessarily entail sales and marketing activities to launch these titles and also to maintain and enhance their visibility in order to gain market share. Our marketing efforts would include brand building activities using various media including satellite and cable television, press, hoardings, radio, cinema, direct marketing and the internet both for the new and existing publications. We also intend to conduct reader promotion related activities to increase the engagement of our readers with our publications.

(Rs. Lacs)

Particulars	Up to 31/03/2007	F. Y. 2007-2008	Total
Sales and Marketing Expenses	400.00	420.00	820.00

## 2. Investment in Information Technology infrastructure

With technology opening new opportunities we intend to expand both the online and tele-information services for our businesses in order to keep pace with changing customer needs and delivering content to the customer when, where and how they desire it. For this it is essential to invest in high quality I.T. and communication equipment in order to build a scalable and reliable I.T. infrastructure which would serve our Company's needs for the near future. We intend to invest an amount of Rs. 124.26 lacs in the current financial year towards procuring equipment such as computers, servers, power backup UPS, upgradation of the existing PBAX, headsets, and other peripherals details of which are set forth below:

	Division	Rs. Lacs
a	Forbes Yellow Pages	31.63
b	BPO	65.12
c	Magazines	24.51
	<b>TOTAL</b>	<b>121.26</b>

### a) I. T. Investment for Forbes Yellow Pages

Product Description	Units	Amount (Rs.)
<b>Hardware</b>		
HP Server - Front End Application	1	2,65,200
HP Server - Search Engine Application	1	3,20,320
HP Server - SQL Server (Database Server)	1	3,20,320
HP Server - Backup Server	1	6,29,200
HP 15" LCD Monitor	1	10,400
HP - Compact - Keyboard Mouse for Rack based Server	1	4,160
<b>Firewall and Switch</b>		
Cisco PIX 506E 3DES/AES Bundle (Chassis, SW, 2 FE Ports, 3DES/AES)	1	66,133
LinkSys 10/100/1000 Desktop 16-Port Gigabit Switch	1	18,408
Installation and configuration	1	5,510
<b>Hosting Charges</b>		
One Time Registration charges	4	40,000
Half Rack Space, Annual Recurring Cost	1	3,20,000
Data Transfer: Upload / Download Capacity: (Allowed Data Transfer of 10 GB / Month), Additional GB Rs. 750 Per GB	1	49,000
<b>Software</b>		
Microsoft Windows Server Enterprise 2003 Win32 English OLP NL	4	2,92,000
Microsoft Windows Server Extn Conn 2003 English OLP NL Qualified	2	1,46,000
Microsoft SQL Server 2000 Enterprise Edtn English OLP NL	2	4,00,000
Microsoft Windows Terminal Server CAL 2003 WinNT English OLP NL User CAL	4	12,000
Symantec Antivirus Multi-Tier Enterprise Edition 10.0 (5 user)	1	11,450
Media Pack ( For Windows Server, SQL Server)	2	2,500
Microsoft Windows Server CAL 2003 CAL	4	4,800
<b>Support Cost</b>		
Support Executive	1	1,08,000
Database Administrator	1	1,38,000
<b>TOTAL</b>		<b>31,63,401</b>

**b) I. T. Investment for Telecom BPO**

Sr.	Product	Qty	Rate	Total
1	Computer	74	22,500	16,65,000
4	Computer	50	24,500	12,25,000
6	Headsets	107	4,500	4,81,500
7	Digital Instruments	57	6,500	3,70,500
8	Dial Pads	50	3,600	1,80,000
9	PBAX Upgrade	1	4,00,000	4,00,000
10	UPS	1	3,00,000	3,00,000
11	Upgradation of Servers	1	1,50,000	1,50,000
12	Routers	7	75,000	5,25,000
13	Modems	7	55,000	3,85,000
14	Software Licenses	1	1,50,000	1,50,000
15	Laptops	17	40,000	6,80,000
<b>Total</b>				<b>65,12,000</b>

**c) I. T. Investment for Magazines**

Particulars	Units	Cost per Unit (Rs.)	Amount (Rs.)
Desktops Computers for the Editorial Teams	21	32,000	6,72,000
Desktops Computers for the Marketing and Support Teams	21	26,000	5,46,000
Desktop Computers for the Design Teams	6	45,000	2,70,000
Software Licenses	51		7,38,000
Server			2,25,000
<b>TOTAL</b>			<b>24,51,000</b>

**3. Repayment of existing unsecured loans**

We have existing outstanding unsecured loans of Rs. 267.00 lacs as on 24/08/2006. Of this, Rs 238.00 lacs has been provided by our promoter, Forbes Gokak Limited and Rs 29.00 lacs has been provided by HDFC Limited. With interest rates firming up, we intend to fully repay these loans from the issue proceeds in the current financial year.

**4. Enhancement of Long Term Working Capital Requirement**

Our current assets comprise of:

- inventories of paper (for our magazine and directories divisions),
- debtors (principally for our magazine business),
- carry forward costs of our incomplete yellow pages and
- other loans and advances.

Our current liabilities comprise of:

- sundry creditors (principally for printing and advertising),
- advances from our yellow page customers and our magazine subscribers and
- other current liabilities.

Our working capital as on 31/03/2006 was Rs 196.00 lacs, excluding cash and bank balances. We expect our working capital requirements to be at Rs 450.00 lacs as on 31/03/2007 and Rs. 436.00 as on 31/03/2008.

The incremental working capital has been estimated based on our projections of future current assets and current liabilities. The table below provides incremental long term working capital requirement of the Company:

(Rs. Lacs)

Particulars	Year ended 31/03/2006	Year ended 31/03/2007 (Estimated)	Year ended 31/03/2008 (Estimated)
<b>Current Assets</b>			
Raw Materials	40.00	133.00	150.00
Work in progress			
Finished Goods			
Sundry Debtors	159.00	308.00	330.00
Advances	643.00	785.00	820.00
Other Current Assets	1.00	1.00	0.00
<b>Total</b>	<b>843.00</b>	<b>1227.00</b>	<b>1301.00</b>
<b>Current Liabilities</b>			
Sundry Creditors	234.00	200.00	215
Other Current Liabilities	413.00	577.00	650
<b>Total</b>	<b>647.00</b>	<b>777.00</b>	<b>865</b>
<b>Working Capital Gap</b>	<b>196.00</b>	<b>450.00</b>	<b>436.00</b>
<b>Financed by:</b>			
Banks	--	--	--
Unsecured Loans	<b>196.00</b>	--	--
Proceeds of the issue	--	<b>450.00</b>	<b>436.00</b>

### 5. General corporate purposes

Our management in accordance with the policies set up by the Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including future acquisitions and to finance working capital requirements. We have been approached from time to time to acquire existing titles both in the B2B and B2C publications space. Such acquisitions can provide a faster growth platform to us and we will continue to evaluate such opportunities that either fit our existing portfolio or allow us to further extend our portfolio.

We seek to further enhance our position in the publishing industry by entering into license agreements for more international titles. While we have not identified any specific opportunity our senior management team is continuously identifying and evaluating such opportunities. As on date of this Draft Red Herring Prospectus, we have not entered into any letter of intent or definitive commitment for any such opportunity. The interim use of the balance funds is explained in the paragraph titled "Interim use of funds".

### 6. Issue expenses

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

Activity	Amount (Rs. lacs)	Estimated Percentage of Issue Expenses	Estimated Percentage of total Issue size
Lead Management, underwriting and selling commission	[●]	[●]	[●]
Advertisement and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]

Others (Registrars fee, legal fee, listing fee, etc)	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

All expenses with respect to the Issue would be borne by the Company out of the Proceeds of the Issue.

### *Interim Use of Funds*

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including the money market mutual funds, deposit with banks, etc. for the necessary duration.

### *Expenses Incurred towards Objects of the Issue*

As per the certificate issued by M/s. Kalyaniwalla & Mistry, Chartered Accountants and Statutory Auditors of the Company, the utilization of funds towards the objects of the issue and the sources of finance for the same as on 21/08/2006 is given below

<b>Particulars</b>	<b>Rs. in lacs</b>
<b>Deployment of Funds</b>	
Issue Expenses	9.45
<b>Sources of Funds</b>	
Share Premium Account	9.45
<b>Total</b>	<b>9.45</b>

### *Monitoring of utilisation of funds*

Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for F.Y. 2006 clearly specifying the purposes for which such proceeds have been utilized. We will also, in our balance sheet for F.Y. 2007 and F.Y. 2008, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. No part of the proceeds of the Fresh Issue will be paid by us as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters except in the course of normal business.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares, by way of Book Building Process.

### *Qualitative Factors*

1. Experienced and professional management
2. Recognized and established editorial and journalism team
3. Strong magazine title brands
4. Licensing agreements with two of the world's leading global publishing houses

### *Quantitative Factors*

#### 1. Earnings per share (EPS) of face value of Rs.10

Period	Profit / (Loss) After Tax (Rs. lacs)	Weighted Average number of Shares*	EPS (Rs.)	Weights
Period ended March 31, 2005	(28.00)	3,57,000	(7.85)	1
Year ended March 31, 2006	(385.87)	37,51,000	(10.29)	2
<b>Weighted Average</b>			<b>(9.48)</b>	

\* The total number of shares outstanding as on date of filing of the DRHP is 71,87,500 Equity Shares of Rs. 10/- each.

EPS has been calculated as per the following formula:

$$\text{Earnings per share (Rs.)} = \frac{\text{Profit / (Loss) After Tax}}{\text{Weighted Average number of equity shares outstanding during the year}}$$

#### 2. Price/Earnings (P/E)\* ratio in relation to Issue Price of Rs. [●]

- a. Based on March 31, 2006 ended EPS of Rs. (10.29) → [●]
- b. Based on weighted average consolidated EPS of Rs. (9.48) → [●]

Industry P/E (Based on P/E of the industry peers mentioned below)

Highest (Infomedia India Ltd.):	47.3
Lowest (Cyber Media India Ltd.):	11.8
Industry Composite :	22.0

(Source: Capital Market, July 31, 2006 – Aug 13, 2006)

### 3. Return on Networth

Period	Profit / (Loss) After Tax (Rs. lacs)	Networth (Rs. lacs)	RoNW (%)*	Weights
Period ended March 31, 2005	(28.00)	272.00	(10.29)	1
Year ended March 31, 2006	(385.87)	399.13	(96.68)	2
<b>Weighted Average</b>			<b>(67.88)</b>	

RONW has been calculated as per the following formula:

$$\text{Return on Networth (\%)} = \frac{\text{Profit After Tax}}{\text{Net Worth excluding revaluation reserves (if any) at the end of the year}}$$

### 4. Minimum Return on increased Networth required to maintain pre issue EPS of Rs. [●] is [●] %

### 5. Net Asset Value (NAV) per share pre issue \*

Period	NAV per share (Rs)
As on March 31, 2005	9.07
As on March 31, 2006	6.58

\* The total number of equity outstanding as on date of filing of the DRHP is 71,87,500 Equity Shares of Rs. 10/- each.

### 6. Net Asset Value per share (NAV) after the Issue

The NAV per Equity Share after the Issue is Rs. [●]

Issue price per Equity share: Rs. [●]

(Issue Price per Equity Share will be determined on conclusion of book building process)

NAV has been calculated as per the following formula:

$$\text{Net Asset Value per share (Rs.)} = \frac{\text{Net Worth excluding revaluation reserves (if any) at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

## 7. Comparison with Industry Peers

Name of the company	Equity (Rs. cr.)	Sales (Rs. cr.)	PAT (Rs. cr.)	EPS (Rs.)	BV (Rs.)	Price (as on 18/0/2006)	P/E
Infomedia India Ltd.	22.88	124.90	8.20	3.60	68.40	165	60.7
Macmillan India Ltd.	16.82	137.00	41.10	23.30	106.20	393	17.4
Navneet Publications India Ltd.	19.06	294.30	37.00	19.4	103.00	335	16.6
Cyber Media India Ltd.	10.00	54.70	5.10	5.10	35.50	86	16.2

The Issue price of Rs. [●] has been determined by us in consultation with the BRLM, on the basis of demand from investors for the Equity Shares through the Book Building process and is justified in view of the above qualitative and quantitative parameters. See the section titled “Risk Factors” on page x of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on financial statements on page 100 of this Draft Red Herring Prospectus to have a more informed view.

## STATEMENT OF TAX BENEFITS

The possible tax benefits available to Next Gen Publishing Ltd and its shareholders under the Income Tax Act 1961, Wealth Tax Act 1957, and the Gift Tax Act 1958 presently in force in India as amended by the Finance (No. 2) Act 2006, as per the Statement of Tax Benefits dated 17/08/2006 by M/s. Kalyaniwalla & Mistry, Chartered Accountants and Statutory Auditors to the Company, are as follows:

Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the applicable statute. Hence, the ability of the company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the company faces in the future, the company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consider in his or her own case the implications of investments in shares.

We neither express any opinion nor provide any assurance as to whether:

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

The contents of the annexure are 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.

The following key tax benefits shall be available to the Company and the prospective shareholders under the current direct tax laws in India.

### **1. Key benefits available to the Company under:**

#### **A The Income-Tax Act, 1961 ('the Act')**

##### **a) Dividend Income**

Under Section 10(34) of the Act, dividend income referred to in section 115(O) (whether interim or final) received by the company from any other domestic Company (in which the company has invested) is exempt from tax.

Under section 10(35) of the Act, the income received by the Company from distribution made by any mutual fund specified under section 10(23D) of the Act in respect of which tax is paid by such mutual fund u/s. 115R of the Act or from the Administrator of the specified undertaking or from the specified companies is exempt from tax .

##### **b) Capital gains:**

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund / Zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

Under Section 48 of the Act, if any shares are sold by the Resident shareholders after being held for period exceeding twelve months, the gains (in cases not covered under section 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration , the indexed cost of acquisition. The benefit of indexation is not available in respect of long-term capital

gains arising from the transfer of long-term capital assets like bonds and debenture other than capital indexed bonds issued by the Government.

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.

Under section 10(38) of the Act, long term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction Tax shall be exempt from tax.

As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units (not covered by section 10(36) and 10(38) of the Act), are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).

As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the company from transfer of Equity shares in any other company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed for claiming set-off against subsequent years short-term as well as long-term capital gains.

Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains except loss on sale of listed shares & securities wherein security transaction tax is paid. Balance loss, if any, could be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed for claiming set-off against subsequent years' long-term capital gains.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains not exempt under sections 10(36) & 10(38) of the Act and arising to the Company on transfer of shares shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

If only a part of the capital gain is so invested, the exemption shall be proportionately reduced.

#### c) Depreciation / Business Loss

Under Section 32 of the Act, the company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.

Unabsorbed depreciation can be carried forward for set off in future assessment years.

Business losses can be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against subsequent business profits.

However the carry forward and set off of the business losses are subject to restrictions specified in section 80 of the Act.

d) Preliminary Expenditure:

Under section 35D of the Act, the Company shall be eligible for amortization of preliminary expenditure as specified in said section including the expenditure on proposed public issue of shares subject to meeting the conditions and limits specified in that section.

e) Banking Cash Transaction Tax:

Under Section 36 (1) (xiii) of the Act, the Company is entitled to claim deduction of Banking Cash Transaction Tax paid on Taxable Banking Transactions entered into by it from April 1, 2005.

## **2. Key benefits available to the Members of the Company**

### **2.1 Resident Members**

a) Dividend Income:

Under Section 10(34) read with section 115 O of the Act, dividend (whether interim or final) income received from a domestic company is exempt from tax in the hands of the resident shareholders of the company.

b) Capital gains:

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

Under Section 48 of the Act, if any shares are sold by the Resident shareholders after being held for period exceeding twelve months, the gains (in cases not covered under section 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Under section 10(38) of the Act, Long Term Capital Gains on sale of equity shares of the Company where the transaction of sale is chargeable to Securities Transaction Tax shall be exempt from tax.

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed for claiming set-off against subsequent year's short-term as well as long-term capital gains.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10(38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long term capital gains (not being residential house) which are not exempt under 10(38) of the Act, arising to shareholder who is an individual or Hindu Undivided Family are exempt from capital gains tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. Under proviso to the said section the shareholder should not own more than one residential house, other than the new asset, on the date of transfer of the original asset. 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. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the Resident shareholder from transfer of Company's shares through a recognised stock exchange are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.

As per the proviso to section 112(1) of the Act, the long term capital gains resulting on transfer of listed securities of the company (not covered by section 10(38) of the Act), are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefit or 10%(plus applicable surcharge and education cess) without considering indexation benefit at the option of the shareholder.

c) Rebate:

As per Section 88E of the Act, the Securities Transaction Tax paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income tax on the income chargeable under the head 'Profits and Gains of Business or Profession arising from taxable securities transactions.

d) Income of minor child:

In accordance with the provisions of Section 10 (32) of the Act, any income of minor child clubbed with the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1500 /- per minor child per year.

## **2.2 Non-Resident / Non-Resident Indian Member:**

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident /non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

b) Capital gains:

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

Under section 10(38) of the Act, Long Term Capital Gains on sale of equity shares of the Company where the transaction of sale is chargeable to Securities Transaction Tax shall be exempt from tax.

In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long-term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the Shareholders from transfer of Equity shares in the company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10(38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long term capital gains (not being residential house) which are not exempt under 10(38) of the Act, arising to shareholder who is an individual or Hindu Undivided Family are exempt from capital gains tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. Provided that the said shareholder should not own more than one residential house at the time of such transfer. 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. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

c) Rebate:

As per Section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

d) Tax Treaty Benefits:

As per 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/non-resident Indian shareholder. Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

e) Capital gains tax –Additional options available to a Non-Resident Indian under the Act

Non-Resident Indian:

As per Section 115-C (e) of the Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.

Where shares have been subscribed in convertible foreign exchange, the non-resident Indians (as defined in section 115C(e) of the Act), being shareholders of the company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, inter alia, entitles them to the following benefits in respect of income from shares of the company acquired, purchased or subscribed to in convertible foreign exchange.

As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of the Company's shares, will be subject to tax at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.

As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) being shares in the company, shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

As per 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.

Under section 115H of the Act, where the non-resident Indian becomes 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 the 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.

As per the provisions of section 115I 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 the return of income for that assessment 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.

### 2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1<sup>st</sup> April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

<i>Nature of income</i>	<b>Rate of tax (%)</b>
Long term capital gains	10
Short term capital gains referred to under section 111A	10
Short term capital gains (other than referred to section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of transfer. However, if the assessee transfer or converts the long term specified asset into money within a period of three years from the date of their 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.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006.

- a. By the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purpose of this section: or
  - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. 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 FII.

## **2.4 Key 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 authorised by the Reserve Bank of India are exempt from income-tax, subject to the such conditions as the central government may by notification in the Official Gazette specify in this behalf.

## **2.5 Key Benefits available to Venture Capital Companies / Funds:**

In case of a shareholder being a Venture Capital Company / Fund, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, are exempt from income-tax, subject to the conditions specified in Section 10(23FB) of the Act.

## **2.6 Benefits available under the Wealth Tax Act, 1957:**

‘Asset’ as defined under section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares are not liable to Wealth Tax.

## **2.7 Benefits available under the Gift Tax Act, 1958:**

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

### **Notes:**

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force as also under the Finance Act, 2006 and is interpreted by relevant taxation authorities as of date.
2. All the above benefits are as per the current direct tax laws and will be available only to the sale by 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 country in which the non-resident has fiscal domicile.
4. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect of specific tax consequences of his/her participation in the scheme.
5. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Next Gen Publishing Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION IV : ABOUT OUR COMPANY

### INDUSTRY

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

#### The Indian Media Industry

India has a population of 1.1 billion people with a literacy rate of 64.8% (2006, estimates). This gives India the second largest literate population in the world, just behind China. This large number of literate people along with the traditionally culturally diverse nature of the country has given rise to a thriving media industry across all forms of media such as television, print, radio and the internet.

India also boasts the largest English speaking populations in the world, with over 250 million of its population possessing English language capabilities, either as a first language or as a second language. A by-product of the British Raj, English occupies an important place in the daily life of Indians as it is used as a medium of instruction in schools as well as a preferred language for transacting business and legal matters. Although the absolute English language titles consuming population would be much less, at approximately 70 million, it still makes India the third largest market for English publications after the U.S. and the U.K. The largest selling English language daily newspaper in the world is "The Times of India" with 2.4 million copies sold on a daily basis (Source: ABC).

The media industry in India can be broadly categorized into the following segments:

- Television
- Print
- Radio
- Internet
- Cinema
- Outdoor

Television is the most popular media on the basis of reach to end users, followed by print and radio.

Set forth below is a summary of media penetration in India across media categories based on Socio-economic Classification ("SEC") as per IRS 2005 Round 1:

SEC Classification	Media Reach				
	Print	Television	Satellite Television	Radio	Cinema
A1	90.0	96.0	83.4	34.8	7.8
A2	81.7	93.8	76.9	28.7	6.3
B1/B2	66.4	90.5	67.1	24.0	5.4
C	50.4	85.0	58.8	22.4	4.8
D	33.1	76.0	47.9	20.0	4.9
E	16.9	64.0	37.8	15.0	4.6

Eight socio economic classes have been labelled as A1, A2, B1, B2, C, D, and E. A1 denotes the uppermost socio-economic class, and E2 stands for the lowest class.

As shown in the table, print media penetration in India is higher among people in upper socioeconomic classes than lower socio-economic classes. People in upper economic classes are also more likely to be able to afford to purchase more expensive goods and services making them attractive targets for advertisers.

### The Indian Print Media Industry

India has a large and thriving print media industry with over 50,000 registered newspapers and magazines. Out of these, only an estimated 7,000 titles regularly file their returns, with the others being discontinued or simply title registrations. Thus, the structure of the Indian print media industry is highly fragmented.

On the basis of statutory governance norms applicable to the various publications available in the country, the print media industry in India can be separated into news publications and non-news publications.

- News publications can be broadly categorized as regular print publications which contain information, news, articles, editorials and reports on current affairs, happenings, occurrences, and events that take place in one or more countries. They can be further sub-classified as newspapers and news based magazines and periodicals.
- Other types of publications can be categorized as non-news publications. These publications largely take the form of magazines.

This industry derives its revenues from two primary sources:

- Advertising
- Subscription / News-stand sales

Advertising revenues garnered by the publishers are determined by the ad rates charged by them for various spots on the pages of their publications. The ad rates, in turn, are influenced by the readership and circulation figures for the publication that are declared by the publisher, which is usually corroborated by some officially accepted survey. Readership, which consists of respondents who have read or looked at a publication in its periodicity (i.e. yesterday for a daily, in the last 7 days for a weekly, in the last 2 weeks for a fortnightly and in the last month for a monthly) is another useful benchmark for advertisers as it shows how many people may potentially read an advertisement. The commonly accepted surveys in India are the National Readership Survey [“NRS”] and the Indian Readership Survey [“IRS”].

Advertising typically forms the bulk of the revenues earned by a publisher and is used to subsidize the cost of procuring the publications by the readers in the form of cover price or subscription price. This aids in the wider circulation of the publication thereby increasing the ad rates that can be charged by the publisher.

Set forth below is a table showing a breakdown of the media industry by number of readers and the percentage of persons 12 years or older in India who read the particular publication as per IRS 2005 Round 1:

Particulars	Urban + Rural		Urban		Rural	
	Million	%	Million	%	Million	%
Base Population <sup>(1)</sup>	739.6		220.7		519.0	
Any Publication	173.9	23.5	94.4	42.6	79.8	15.4
Any Daily	160.4	21.7	88.6	40.2	71.8	13.8
Any English Daily	16.8	2.3	15.2	6.9	1.6	0.3
Any Hindi Daily	59.2	8.0	33.5	15.2	25.7	4.9
Any Magazine	57.0	7.7	35.6	16.1	28.0	5.4

<sup>(1)</sup> Number of persons 12 years or older.

## Magazines

Magazines are typically published weekly, biweekly, monthly, bimonthly or quarterly, with a date on the cover that is in advance of the date it is actually published. They are often printed in color on coated paper, and are bound with a soft cover.

Magazines fall into two broad categories: consumer magazines and business magazines. In practice, magazines are a subset of periodicals, distinct from those periodicals produced by scientific, artistic, academic or special interest publishers which are subscription-only, more expensive, narrowly limited in circulation, and often have little or no advertising.

Consumer magazines are aimed at the public and are usually available through retail outlets. They range from general-interest titles such as *Time*, *Esquire* and *Cosmopolitan*, which appeal to a broad spectrum of readers, to highly specialist titles covering particular hobbies, leisure pursuits or other interests. The wide range of topics covered by specialist magazines are, for example include computer games, fishing, particular marques of automobile, particular kinds of music, and particular political interests.

While most of these magazines are available in the whole of the country in which they are published, some are specific to a local area and a relatively small number are available internationally - often through localized editions so that, for example, the copy of *Reader's Digest* bought in the USA does not contain exactly the same articles as the edition on sale in India. Some, such as *TV Guide* are even tailored for local markets within a country. Most make the bulk of their money from advertising, and earn a smaller amount from the purchase price paid by readers; a few are free.

Many business magazines are available only, or predominantly, on subscription. In some cases these subscriptions are available to any person prepared to pay; in others, free subscriptions are available to readers who meet a set of criteria established by the publisher. This practice, known as *controlled circulation*, is intended to guarantee to advertisers that the readership is relevant to their needs. Very often the two models, of paid-for subscriptions and controlled circulation, are mixed. Advertising is also an important source of revenue for business magazines.

Although similar to a magazine in some respects, an academic periodical featuring scholarly articles written in a more specialist register is usually called an "academic journal". Such publications typically carry little or no advertising.

*The Gentleman's Magazine*, first published in 1731, is considered to have been the first general-interest magazine. The oldest magazine still in print is *The Scots Magazine*, which was first published in 1739, though multiple changes in ownership and gaps in publication totaling over 90 years weaken that claim. The most widely distributed magazine in the world is *The Watchtower* (founded in 1879). Its worldwide circulation including all editions comprises 32.4 million copies (*Source: www.wikipedia.org*)

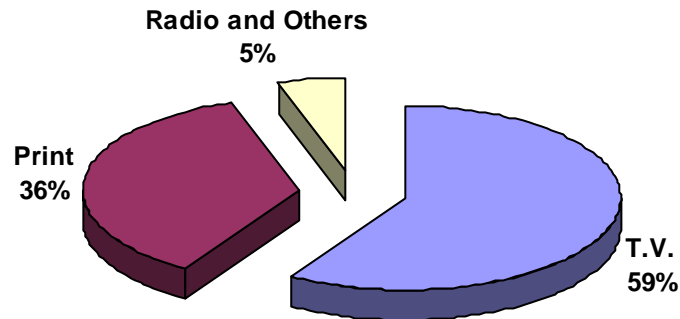
In India, the Ministry of Information and Broadcasting ["MIB"] has classified magazines into two categories:

- News and Current Affairs
- Non-news categories which includes, scientific/ technical / speciality magazines / periodicals / journals.

The regulations governing magazines differ depending on the categorization of the magazines according to the MIB classification. These regulations include limits on foreign investment and content.

## Advertising Spends in the Indian Print Media

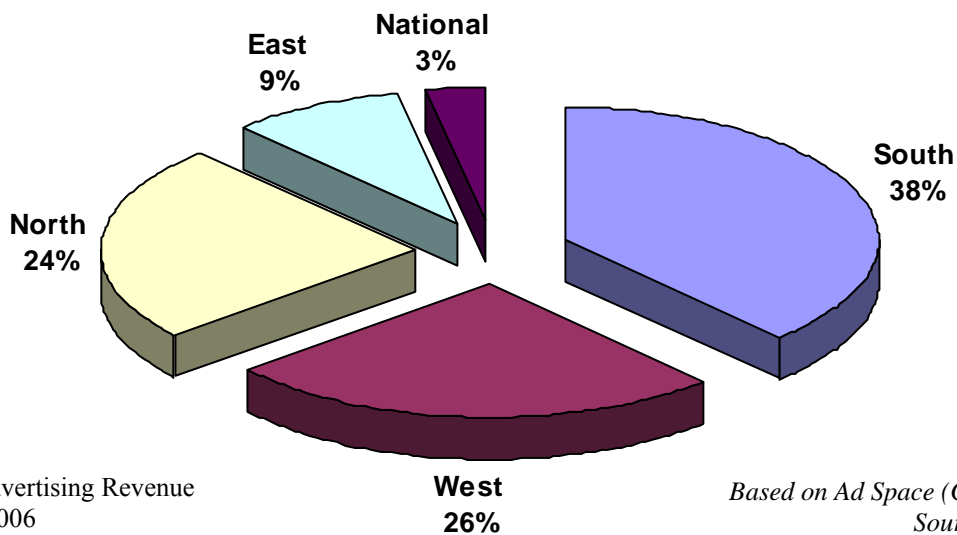
Print publishing is the second largest form of media accounting for 36% of the total advertising spend in the country for Q1 2006.



Share in Advertising Revenue  
Jan - Mar 2006

Source: AdEx

In the period January – March 2006, advertising space in the print media grew by 24% over the same period in 2005. Southern publications cornered 38% of the total ad spend in the print media.



Share in Advertising Revenue  
Jan - Mar 2006

Based on Ad Space (Col \* Cm)  
Source: AdEx

The Southern publications dominate due to the fact that, several publications among the ten largest titles by readership in both the newspapers and magazines categories are from South India.

The leading industry category in terms of ad spend in Q1 2006 was Properties / Real Estates accounting for 6% of the total print media advertising expenditure in the country, followed by corporate brand image advertising and educational institutes. Cumulatively the top ten categories accounted for 38% of the total print media advertising expenditure in the country in Q1 2006.

<b>Rank</b>	<b>Category</b>	<b>% Share *</b>
1	Properties / Real Estate	6
2	Corporate / Brand Image	5
3	Educational Institutes	4
4	Travel & Tourism	4
5	Cars / Jeeps	4
6	Independent Retailers	3
7	Two Wheelers	3
8	Events	3
9	Cellular Phone Services	3
10	Mutual Funds	2

\* based on card costs

*Source: Press Adex*

Among individual advertisers, Hewlett Packard India Ltd. topped the Jan – Mar 2006 period with 2% of the total national ad spend in the print media. It was followed by Reliance Infocomm Ltd. and Hero Honda Motors. The top ten individual advertisers accounted for 11% of the total print media ad spend in Q1 2006.

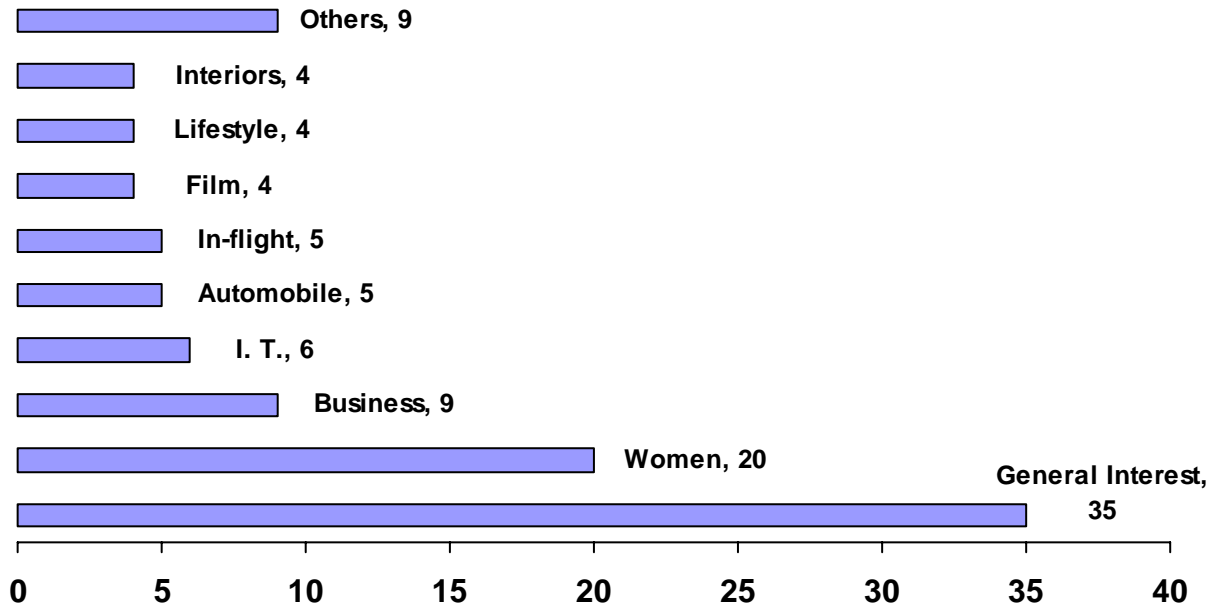
<b>Rank</b>	<b>Category</b>	<b>% Share</b>
1	Properties / Real Estate	2
2	Corporate / Brand Image	1
3	Educational Institutes	1
4	Travel & Tourism	0.9
5	Cars / Jeeps	0.9
6	Independent Retailers	0.9
7	Two Wheelers	0.8
8	Events	0.8
9	Cellular Phone Services	0.8
10	Mutual Funds	0.8

\* based on card costs

*Source: Press Adex*

In terms of type of publication, newspapers dominate every other type of publication, garnering 96% of the total ad spend in the print media, with magazines accounting for the balance 4%. Among newspapers, general interest newspapers accounted for 90% of the total ad spend in newspapers in Q1 2006 with business newspapers accounting for 9% and other types of newspapers taking the remaining.

Within magazines, general interest magazines account for the lion's share with 35% of the total magazine ad spend in the country followed by women's magazines. The following chart depicts the shares of the various types of magazines in the total magazine ad spend in the country:



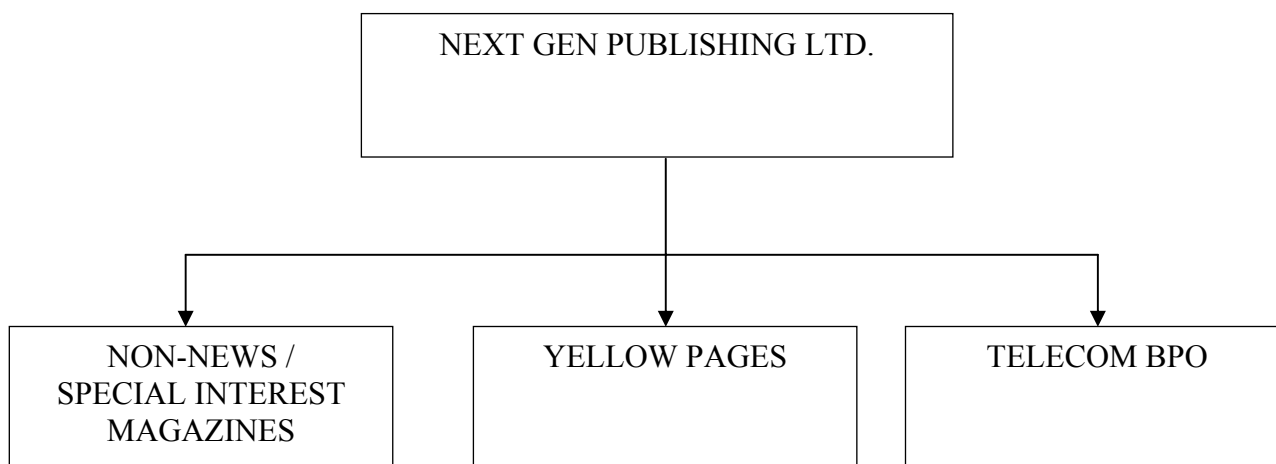
\* Based on Ad Space (Col \* Cm)

Source: Press Adex

## BUSINESS

### Overview

We are primarily a content generation company with interests in the non-news magazine publishing and Business information services space. We also operate a telecom BPO division catering to the needs of Bharti Televentures Ltd. Our three operations are functionally separate Strategic Business Units [“SBU”] as under:



### *Non-news / Special Interest Magazines*

We currently publish four titles covering three sectors viz. automobile, personal computing and photography. An overview of our titles is set forth below:

Industry	Titles
Automobiles	Car India, Bike India
Personal Computing	Computer Active
Photography	Smart Photography

### **1| CAR India**

India is the largest three wheeler market in the world & growing at a rate of 14 % annually and also the second largest two-wheeler market in the world & growing at the rate of 14.3 % annually. These growth figures currently make India, the fourth largest passenger vehicle market in Asia & growing at 11.3 % p.a. and the fifth largest commercial vehicle market in the world & growing at an annual rate of nearly 23.5 %, although from a lower base. The exports of automobiles from India have been growing at a CAGR of 39 % for the past four years.

In order to cater to the discerning and evolving needs of this fast growing market, we currently publish Car India under license from Emap PLC, one of UK's leading media companies. Car India is positioned as a premium magazine targeted at the 15 – 60 years age group in households whose monthly income is at least Rs. 25,000/-. CAR India currently reaches approximately 40,000 readers a month and is priced at Rs. 75/- per issue. It is the only exclusive four wheeler automobile magazine in the country, given the fact that the rest of the magazines cater to both two and four wheelers.

Emap is one of the U.K.'s leading media companies, listed on the London Stock Exchange, with a turnover of over GBP 1 billion covering 300 special interest magazine titles, including 25 dedicated Automotive titles

such as Car, Bike, Max Power, Motorcycle News, Classic Cars, Classic Bike, Fleet News, etc.

Emap publishes over 150 top selling consumer magazines in UK, France and around the world and regularly conducts over 200 business to business events, magazines and conferences, many of these market leaders. The group also operates 19 UK local analogue radio stations, seven digital music TV channels and one of the biggest digital radio networks in UK. The group employs around 5,500 people based in over 50 offices around the world.

## **2| BIKE India**

Bike India is our indigenously developed title and is India's first and only dedicated two wheeler magazine. It is one of our fastest growing titles. It is popular not only in the urban areas but also the smaller towns which have a strong student population and biking culture.

Bike India is targeted at the 15 to 40 years age group in households with a monthly income of at least Rs. 15,000/-. Bike India currently reaches approximately 45,000 readers a month and is priced at Rs. 50/- per issue. Most buyers of Bike India are income earners and school & college students with males being the dominated demography being served. The typical reader of Bike India would be a dedicated motorcyclist who ride the latest bikes, wear the latest gear and buy the latest accessories and are generally well educated.

In January 2006, we collaborated with NDTV to launch the “NDTV Profit Car India and Bike India Awards”.

Both of our current automotive titles are helmed by the very experienced Adil Jal Darukhanawala, one of the most respected names in the Indian and international motoring journalism domain. Adil brings with him over two decades of invaluable experience in this field. Backing him is a team of experienced industry veterans and access to the international resources of CAR and EMAP PLC (for CAR India) and the indigenous network of contacts and goodwill built up by the experienced members of our editorial team over the years.

## **3| Computer Active**

Computer Active is our maiden venture in the large I.T. magazine publishing space. It is currently published under license from VNU Global Publishing, U.K. Computer Active is licensed in 19 countries worldwide and enjoys leadership status in most of them. The magazine's Unique Selling Point is 'Simple Clear Advice' and is the only computer magazine certified by the “Plain English Campaign”.

We launched the Indian edition of Computer Active in January 2006 with the aim of reaching out to everyday users of personal computers, addressing all their information needs of all things technical in the computing experience and providing answers in plain English. We believe that Computer Active does not have any direct competition in the computing space in the Indian market as the other titles in the space are targeted at more experienced and advanced users.

The target reader profile for Computer Active is both, Male and Female, between 20 to 50 years of age, from households with a monthly income of at least Rs. 20,000/-. Computer Active is currently estimated to be read by 50,000 readers a month and is priced at Rs. 60/- per issue. The typical readers use their computers for digital photography, music etc. They are not advanced users or experts, but use technology for the benefits that it brings to their lives.

## **4| Smart Photography**

This was the first publication of our company, launched in March 2005, and is a completely indigenous title. Within a short span of 9 months Smart Photography has acquired leadership status in the digital imaging magazine market in the country.

The target market for Smart Photography is enthusiasts and professional photographers in the 20 - 60 years age group belonging to upper middle class households with a minimum monthly income of Rs. 25,000/-. Smart Photography is currently estimated to reach close to 37,000 readers a month and is priced at Rs. 60/- per issue. Most buyers are income earners and college students with a predominantly male demography. Most readers are well educated with some knowledge and a passion for photography.

Feedback received from readers has shown that Smart Photography enjoys a high library value, as most readers usually store copies and make bound volumes for future reference.

### ***Yellow Pages Publication***

We launched our Yellow Pages publication in May 2005, under the brand name “Forbes Yellow Pages”. The first edition was published in Ahmedabad and subsequently we have published editions in Delhi. We propose to launch the Mumbai edition in October 2006. These three cities together account for 50% of the Yellow Pages market. We have put together several initiatives to make our offering stand out in the market. In order to provide value added services to our advertisers, we provide wrap around services such as:

- 24 x 7 telephonic information service
- Mobile information service through WAP and SMS
- Online product offering through “www.fyp.in”
- Forbes Yellow Pages Compact Disk which is distributed free to residents and businesses throughout the city.
- S.M.A.R.T. – Short Message Alert service for telephonic enquiries. This acts as an immediate response mechanism for advertisers.

### ***Our Initiatives***

We publish India’s first true four colour Yellow Pages and have also prepared a WAP site for Forbes Yellow Pages. We also provide SMS based directory lookup facilities and are among the first Yellow Pages tele-information service provider to have a unique call center number (4545 4545) across India. Our offering is available on various forms of media including print, compact discs, telephone, SMS, Wap & the Internet

### ***Telecom BPO***

We operate a 66 member team, call centre operation in Delhi through which we are currently providing information services and directory lookup services for the customers of Bharti Televentures Ltd.’s “Airtel” phone service. The service is currently being provided to Airtel’s landline customers in certain regions of North India.

## Geographies

We are headquartered in Mumbai and have offices in four other cities in the country. The addresses of our offices are as under:

<b>Mumbai (Head Office)</b> 2nd floor, Khatau House, Mogul Lane, Mahim (W), Mumbai – 400016	<b>Mumbai (Branch Office – I)</b> Unit No. 212, Unique House, Unique Industrial Premises Co-op Soc. Ltd. Chakala Road, Andheri (East), Mumbai - 400099
<b>Mumbai (Branch Office - II)</b> 404-405, 4th Floor, Navrang Shopping Arcade, Gokhale Road, Thane (West) – 400602	<b>New Delhi (Branch Office – I)</b> Block no. 24 & 30, First floor, Okhla Industrial Estate, Phase III, New Delhi – 110020
<b>New Delhi (Branch Office –II)</b> 2nd Floor, KLJ Complex – I, 70, Najafgarh Road, New Delhi – 110015.	<b>Pune</b> 401B, Gandhi Empire, 5th floor, 2 Sareen Estate, Kondhwa Road, Pune - 411040
<b>Ahmedabad</b> 3rd floor, Chandan House, Opp. Pantaloons, Mithakali 6 Roads, Ahmedabad – 380006	<b>Bangalore</b> 1st Floor, Gopalakrishnan Complex, Residency Cross Road, Bangalore - 560025

We currently operate from leased / leave licensed premises. The particulars of the agreements of each of our offices are as follows:

### 1. Arrangement in respect of the Registered Office Premises of the Company.

Carona Ltd. as the Licensor had entered into a Leave and Licence Agreement with Sumangal Holdings (a partnership firm) as the Licensee in respect of the premises situate at on 2<sup>nd</sup> Floor, Khatau House, Mahim, (West) Mumbai – 400016 for a period of 9 years commencing from 10/03/1997. On the same day Memorandum of Understanding cum Deposit Agreement and a Service Agreement were also executed between the same parties. Under the Memorandum of Understanding a security deposit of Rs. 2,00,00,000/- (Rupees Two crores) were paid to the Licensor by the Licensee. It was also agreed that during the period of the aforesaid non refundable security deposit, the Licensee shall be entitled to use and occupy the licensed premises till such time security deposit amount is refunded by the Licensor to the Licensee with interest @ 21% per annum without paying compensation to the Licensor. Under the said Memorandum of Understanding cum Deposit Agreement, it was agreed between the parties that Licensee would be permitted to further sub-licence the said premises to Forbes Gokak Limited or its subsidiaries and/or associated companies and accordingly Sumangal Holdings entered into the Leave and Licence Agreement dated 10/03/1997 with Forbes Gokak Limited for a period of 9 years commencing from 10/03/1997 and upto 09/03/2006. On the same day Sumangal Holdings also entered into the Memorandum of Understanding cum Deposit Agreement with Forbes Gokak Limited. Under the Memorandum of Understanding cum Deposit Agreement, Forbes Gokak has paid a security deposit of Rs. 1,04,26,400/- to Sumangal Holdings. Both the aboveresferred Leave and Licence have expired on 09/03/2006. Sumangal Holdings by their letter dated 30/12/2005 to Forbes Gokak Ltd. informed that they will refund the interest free deposit to Forbes Gokak Ltd. as and when they receive the refund of their deposit from M/s. Carona Ltd. Till such time, Forbes Gokak Limited or its sister concerns like Eureka Forbes, Next Gen Publishing etc. may continue to use the said premises on existing Leave & License and service charges by making payments directly to Sumangal Holdings.

### 2. Leave and License Agreement in respect of the Company's Office at Thane

The Company has entered into Leave and License Agreement dated 12/01/2006 Arrow Global Agrotech Ltd. in respect of the its office premises at Thane situate at Office No. 404 & 405, 4<sup>th</sup> Floor, Navrang Shopping Arcade, Gokhale Road, Naupada, Thane (W) 400 602 having approximate area of about 1150 sq. ft. for initial period of 11 months commencing from 01/01/2006 to 30/11/2006 and thereafter will be extended for

2 terms of 11 months each on mutual understanding with first increase of Rs. 2,000/- p.m. after the initial period of 11 months and second term increase of Rs. 2,500/- p.m. after the completion of the period of 11 months after the initial period. The Company also has to pay a sum of Rs. 37,500/- per month to the licensor by way of license fees. The Company has paid a sum of Rs. 2,25,000/- to the licensor as interest free security deposit.

### **3. Leave and License Agreement in respect of Company's office at Andheri**

The Company has entered into Leave and License Agreement dated 04/11/2005 with Mrs. Vinita R. Ajila and Mr. Tarun N. Shetty in respect of the its office premises situated at Unit No. 212 "Unique House" Chakala Road, Andheri (East), Mumbai-400 099 for a period of 3 years commencing from 01/11/2005 The Company shall pay Rs. 65,065/- per month (i.e. Rs. 32,532.50 to each licensor) to the licensors by way of license fees. The Company has paid a sum of Rs. 6,50,650/- as interest free security deposit.

### **4. Lease Agreement in respect of the Company's office at Ahmedabad**

The Company has entered into Lease Agreement dated 11/03/2005 with M/s. Chandan Auto Agencies in respect of the Companys's office situate at 3<sup>rd</sup> Floor, Chandan House, Mithakhali Six Road, Law Garden, Ahmedabad. The lease is granted for a period of 3 years commencing from 11/03/2005 and renewable at the sole option of the company upto a maximum period of three years and thereafter further period of three years with a rent enhancement of 15% over the last paid rent. The Company pays to Lessor rent for Rs. 1,14,984 per month. The Company has paid to the lessor an interest free security deposit of a sum of Rs. 6,89,904/-

### **5. Lease Agreement in respect of the Company's Office at Najafgarh, New Delhi**

The Company has entered into a Lease Agreement dated 09/07/2005 with M/s. K.L.J. Resources Ltd in respect of its office premises situate at KLJ Complex-I, Private No B-39, at 70, Najafgarh Road, New Delhi – 110015 for a period of three years and is renewable at the sole option of the lessee for successive terms and upto a maximum of 9 years including the first 3 years (subject to the escalation of rent). The Company has agreed to pay to the Lessor a rent @ Rs. 91,200/- per month for the initial term (i.e. 3 years). The rent for the subsequent renewal of the next 3 years shall be paid to the lessor at an enhanced rate of 15% over the last rent paid i. e. Rs. 1,04,880/-. The monthly rent after the completion of second term shall be enhanced by 15% over the last rent paid i.e. Rs. 1,20,612/-. After expiry of the 9 years, the lease may be renewed at mutually agreeable terms.

### **6. Lease Agreement in respect of the Company's Office at Okhla Industrial Estate, New Delhi**

The Company has entered into a Lease Agreement dated 09/03/2005 with M/s. Rashmi Sales Pvt. Ltd. in respect of its office premises situate at Nos. 24 & 30, 1<sup>st</sup> floor Okhla Industrial Estate, Phase III, New Delhi-110020 for initially for a period of 3 years and is renewable at the sole option of the lessee for successive terms and upto a maximum of 9 years including the first 3 years (subject to the escalation of rent). The lease rent is Rs. 1,81,250/- per month payable monthly for the initial term. The rent for the subsequent renewal term of next 3 years after the completion of initial term shall be paid at an enhanced rate of 15% over the last rent paid. The monthly rent after the completion of initial term will be Rs. 2,08,438/-. On expiry of the second term the lease shall be renewed for a further term of 3 years and the rent shall be enhanced by 15% over the last rent paid (i.e. 2,39,704/-). After expiry of the 9 years, the lease may be renewed at mutually agreeable terms.

### **7. Lease Agreement in respect of the Company's Office at Pune**

The Company has entered into a Leave and Licence Agreement dated 31/04/2005 with Mr. Navnit Uttamchand Gandhi and Mr. Amit Navanit Gandhi in respect of the Company's office situate at Gandhi Empire at Plot No. 2 S.No. 595/1, Sareen Estate, Kondhwa Road, Pune- 411 040, for a period of 33 months commencing from 01/04/2005 to 31/01/2008. The Licence fees payable by the Company to the each of Licensors for the First 11 months is Rs. 29,000/- per month for the Second 11 months is Rs. 30,500/- per

month and for the Third 11 months is Rs. 32,000/- per month and the security is Rs. 3,50,000/ to each of the Licensor aggregating to Rs.7,00,000/- .

**Manpower**

We currently have 264 employees across all three SBUs. A product wise matrix of employee strength is as under:

<b>Product</b>	<b>On Payroll</b>	<b>On Contract / Consultancy</b>	<b>Total</b>
Magazines	43	14	57
Forbes Yellow Pages	178	13	191
Telecom BPO	6	60	66
Support	37	16	53
<b>TOTAL</b>	<b>264</b>	<b>103</b>	<b>367</b>

Details of the employee distribution across our office locations are as under:

<b>Office</b>	<b>On Payroll</b>	<b>On Contract / Consultancy</b>	<b>Total</b>
Ahmedabad	37	2	39
Bangalore	3	1	4
Delhi	95	71	166
Mumbai	115	27	142
Pune	14	2	16
<b>TOTAL</b>	<b>264</b>	<b>103</b>	<b>367</b>

A function-wise employee strength matrix is set forth below:

<b>Department</b>	<b>On Payroll</b>	<b>On Contract/Consultancy</b>	<b>Total</b>
Marketing /Sales	202	73	275
Editorial/Designer	20	3	23
Support	37	22	59
Circulation	5	5	10
<b>TOTAL</b>	<b>264</b>	<b>103</b>	<b>367</b>

## Our Products

### *Magazines / Special Interest Publications*

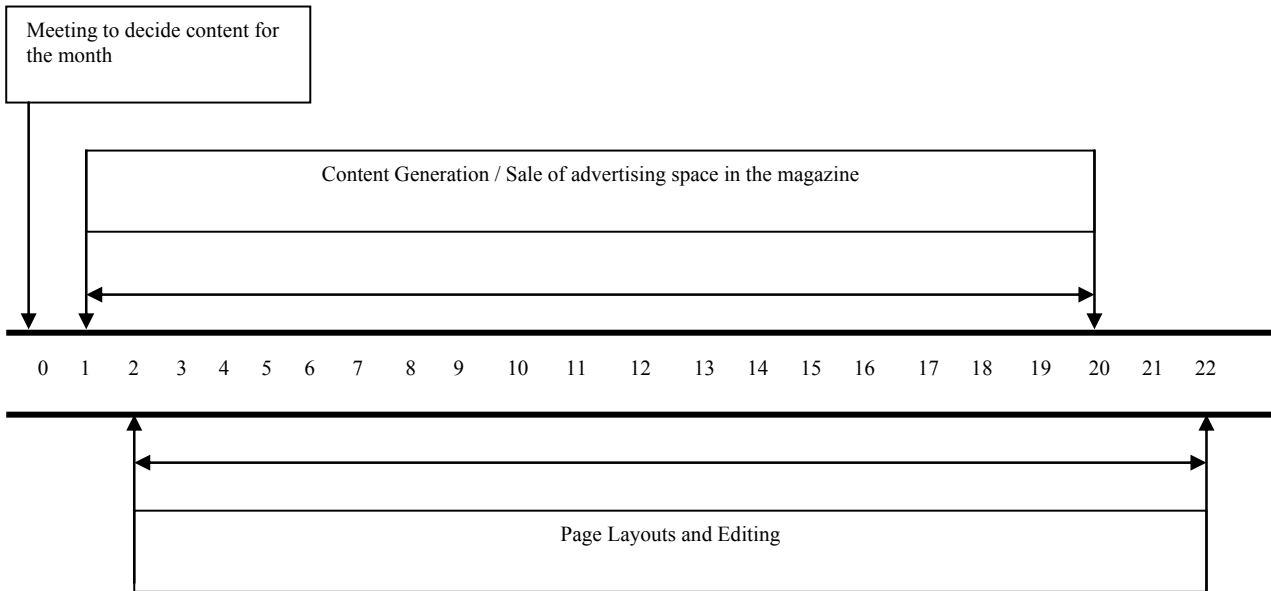
Our magazines are published on a monthly basis. We have dedicated editorial teams who are responsible for generating the content that will be published in each edition of the respective magazines. They are also responsible for the layout of each page, the designs, colour schemes and lettering. In addition, they coordinate with our sales team to adjust the page distribution between content and advertisements.

The typical lifecycle of a magazine is depicted as under:

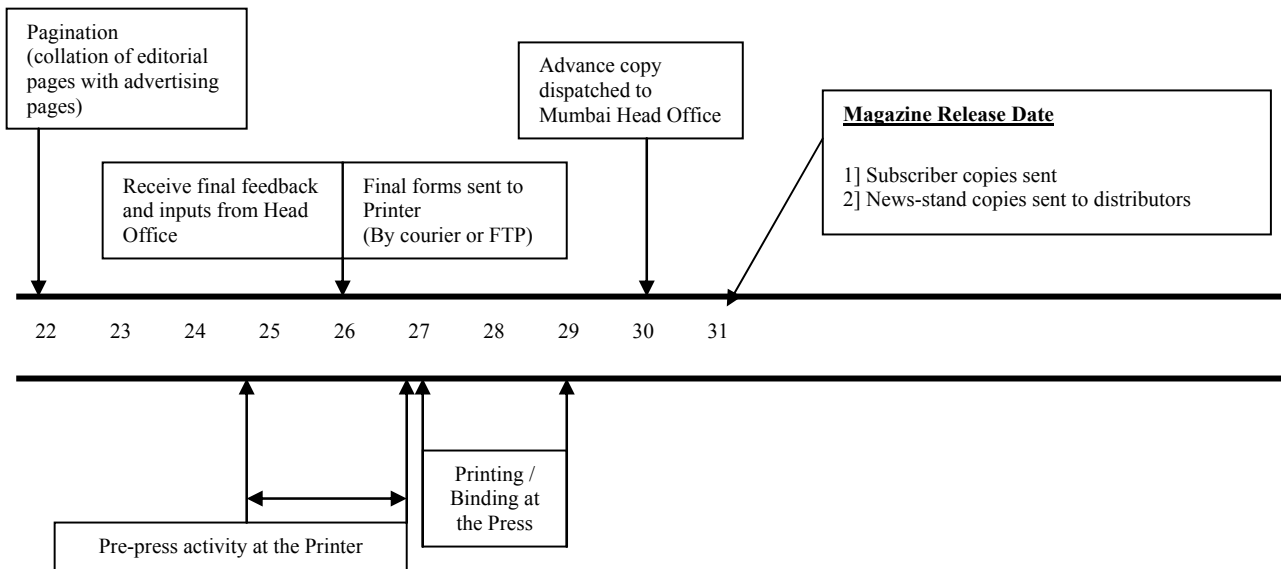
	<b>Stage</b>	<b>Description</b>
1	Concept / Idea	We first identify the major non-news magazine categories (which have substantial advertising and reader potential) and also compare this with the top International magazine publishing categories. Second, we find out those which are not adequately represented in the Indian market. Or if it's a well established category then identify specific niches or empty spots (eg. In the automotive space we recognized that there was a need for a Bike magazine & that there was no premium Car magazine, hence the birth of CAR India and BIKE India). We then thoroughly analyze the viability of launching a product in these categories, by studying the advertising potential, reader universe, ability to absorb a cover price, growth potential of the industry, etc. We then study if we should launch an indigenous or a licensed title, if the market is already dominated by strong international players and if the title demands a strong base of international content we would tend to go for a licensing or a content syndication arrangement. But if we are able to put together a very strong editorial team and are able to generate the requisite skill sets in-house, we would prefer to launch an indigenous title. The cover price of the publication is also decided based on the product specifications determined by the publisher, quotations from potential printers and market conditions.
2	Title	If it's a license, the title is automatically decided. For indigenous ones, we conduct brain storming sessions to come up with an exhaustive list of possible titles. We then, through a method of elimination, remove titles which are difficult to pronounce, too long, similar to current titles in the market, etc. And then narrow it down to five options, which are then prioritized on the basis of preferences given by the core team. These five options are then sent to RNI for approval, they will then decide and give the title based on the preference of the publisher, if there is no similar title registered from that state.
3	Man-power	The editor is often the key to success of any title and his/her recruitment is also the biggest challenge. It usually takes about 4-6months to find and recruit an editor only after which the remaining team is put in place, first the editorial team followed by the marketing and sales teams
4	Design	Once the editor is in place we immediately recruit the designer for the magazine (as it is very important for the two to initially combine their skills to come up with the most appropriate style sheet and design template for the magazine).
5	Content	Simultaneously the editor finalizes the content mix based on the brief given by the publisher, which is based on a thorough understanding of consumer requirements, often supported by research, and a detailed study of available content already offered in the domain by both international and local titles.
6	Production	Once the content and designs are finalized, the editorial team puts together a dummy issue of about 32pages, to give industry and advertisers a good feel of what audience the magazine targets and attempts to cover. This is also used as a sales tool to build awareness of the new magazine in the trade and to garner advertising for the inaugural issue.
7	Dispatch	After this, the very first issue is produced and released in the market. This is combined with a PR campaign to build awareness of the product both with the industry and among the general public and is also supported by a multi-media launch advertising campaign.

In the case of our monthly publications, there is a regular operating cycle which has to be strictly adhered to, in order to ensure consistent dispatch of the magazines to our suppliers on regular date schedules. An overview of a typical monthly cycle of one of our magazines is depicted below:

**STAGE 1**



**STAGE 2**



## **Yellow Pages Operation Cycle**

The preparation, printing and distribution of an edition of our Yellow Pages is a very lengthy process and typically involves the following stages:

### **1] Data generation**

To collect data from various sources over a 2-3 month period (before the launch of sales for a new Yellow pages city). Primary sources – Market Associations, Other forms of Directories and Yellow Pages and, classified advertisements in all the major local newspapers and all other B2B directories operating in the market. We then begin the process of validation of data collected from these sources (including data enrichment – type of business, name of decision maker, operating hours, confirmation of contact numbers & address). This process also continues after the selling process has started.

### **2] Printing of a dummy directory**

This is a sales aid used before the launch of the initial edition and helps the advertiser get a first hand feel of how his advertisement would look in the Yellow Pages and it would detail the various advertising options available to him. It would also give him an idea of the paper that would be used in the final directory & and special features & other value additions offered in the Yellow Pages directory.

### **3] Launch of sales**

Typically, the initial selling cycle for any of our Yellow Pages is flagged off with a formal press conference announcing the launch, highlighting the USPs of the product and the timelines for publication. The selling cycle is normally spread over 9-10 months and is usually divided into separate phases. Separate segments of advertisers are normally approached in each phase. Since the Company has a policy of collecting advances from the advertisers, typically payments made during the initial phases will enjoy the benefit of a lesser cost as compared to payments collected later on in the selling cycle. The policy of advance payments also ensures that advertisers benefit from the net, phone and SMS based products soon after realization of their payments.

### **4] Collection of Artwork**

Collection of artworks (only for display advertisements), is normally a continuous process, which is usually collected after booking the advertisement of the advertiser. But, invariably about 40% of artwork get collected after the completion of selling process. During this time validation of contents of artwork is also undertaken, especially in case of change in numbers (eg. In the current selling cycle the DOT changed the numbering plan and gave Airtel the number series starting with 4, Tata Indicom with 6, Reliance with 3 and MTNL with 2).

### **5] Pagination process**

After all the contracts and artworks are validated, they are incorporated in the pagination process, to ensure that they appear in alphabetical order, in a smooth and continuous manner.

### **6] Printing and binding**

The final paginated files are then sent to the printer for the printing and binding process which usually takes a couple of months (Forbes Yellow Pages, usually distributes the printing among multiple printers or multiple geographic locations of the same printer, to speed up the printing process). By crunching the turnaround time, copies of the Forbes Yellow Pages reach potential users faster and enable advertisers to get a quicker response. This also helps the sales team gear up faster to sell for the next edition of the Yellow Pages.

## **7] Distribution**

This is one of the most critical aspects of the Yellow pages business and this can make or break the directory. FYP is distributed free of charge to residents of that particular city (and this is the model that is followed internationally across countries). The distribution plan takes about 3 months to prepare, where it is decided as who should receive the final copy, ensuring the advertiser gets the maximum benefit, by ensuring effective distribution. Printed copies take a lot of time to be prepared and are also the most expensive media for distributing information, hence any number of copies that get printed shall not ensure that each and every home gets one. The aim is to reach all the offices and commercial establishments in that particular city and to reach certain major residential localities in the city. We also tie up with various hotels, trade and industrial associations to ensure that all relevant users receive a copy of our Yellow Pages.

### **Revenues**

Our primary business being publishing, our primary source of revenue is the sale of advertising space in our publications. Our magazine publications normally have a specific ratio of page distribution between content and advertisements, which is tweaked on certain occasions such as when we print anniversary issues and special issues. Our sales team is in charge of selling the space reserved for advertising in our publications. This total advertising space in any single publication is divided into various categories of space which are sold at different rates depending on both the location and size of the space. A full page, inside front cover or outside back cover advertising space will usually cost much more than a quarter page ad space in the inside pages of the publication. Typically our consumer magazines also offer classified advertising sections in the publication which are priced lower than the mainstream advertisements.

Since we have titles catering to different industry segments, we maintain excellent relationships with companies operating in those segments as well as with advertising agencies. We try to address the specific advertising needs of our customers by providing them with opportunities for content specific advertising. For example, if we publish an article on road safety in our automotive titles, we may offer ad space in between the pages of the article to customers involved in automotive products which promote safety such as helmet manufacturers, manufacturers of tubeless tyres, etc. We also look at tie ups with third party sales agencies to represent us in geographies in which we are not present. These agencies leverage their own database of advertisers against a commission allowed to them and provide a cost effective solution.

The other significant source of revenue in the magazine publishing business is circulation revenue comprising subscription sales and newsstand or single copy sales of our titles. Subscription sales provide a reliable source of income and are a key element in building a stable circulation base by reducing the reliance on the variability of newsstand demand. They also help improve the cash flow of the Company. We aim to grow subscriptions by continued offering of strong editorial content, effective mining of databases to target potential customers and through creative mailings and schemes to make our offers more attractive to subscribers. We are also targeting increased subscriptions through the internet as it has obvious savings in acquisition costs. We are also exploring tie ups with manufacturers (of related industries) to bundle a subscription with their product. Newsstand or single copy sales are normally sold through the distributor on a returnable basis (ie the distributor doesn't pay for the copies that they don't sell). However, a publisher typically needs to "overprint" to ensure sufficient visibility on the stands and also to satisfy potential new demand. Publishers normally consider that they have done well if the revenues from the sold copies (net of the discount allowed to the distributor) are enough to cover the printing costs of the entire run (which includes unsold copies). Revenues from circulation are lower than that from the sale of ad space in our magazines. Like any other publishing house, we are faced with a common dilemma concerning the cover price, quantity to stock on the newsstand and subscription rates for our titles. Any increase in cover prices / subscription rates will yield higher sales revenues per title sold, but could reduce circulation and readership figures thereby affecting the rates we can charge for ad space in our titles. Any increase in newsstand sales volumes will help increase the advertising rate base but may actually increase the deficit between the cost of manufacture and the net amount realized from the distributor. So a fine balance has to be maintained between all these factors.

We also look at additional revenue streams for our magazine publications from (a) reprint reproductions of specified content for certain manufacturers (b) photography workshops, both indoor and outdoor, (c) mail order catalogues and (d) hosting exhibitions, events and awards by leveraging the brand equity of the magazine and the relationships brought by both our editorial and marketing teams with the related industry

For the publication of Forbes Yellow Pages, the entire revenue is derived from sale of space as it is provided free of cost to residents of the cities in which they are published. Our Yellow pages publications offer primarily classified advertisement options to the advertiser, who is normally the direct customer and not the advertising agency.

In our efforts to differentiate our offerings from those of competitors, we have introduced several innovative features and add-on services such as, information requests through SMS, online directory lookup through personal computers as well as mobile phones using our WAP portal, distribution of the entire edition of FYP on a CD-ROM. We aim to make this multi point distribution effort a key selling point for our FYP customers. We also intend to sell adwords on our Yellow Pages offerings in future as well as sell adwords for third party search engines on contractual basis.

For our BPO business activity, we typically operate on a service contract model, wherein our clients pay us a fixed charge per call completed for our services. We currently provide business directory lookup services to customers of Bharti Televentures Ltd.'s telecom services in the Northern region of India.

### **Raw Materials**

Forbes Yellow Pages is printed on Bollore Primalux thin paper. The Bollore Group is today's world leader in Thin Opaque Printing Papers, having approximately 20% of the world market and is located in France.

For printing of magazines we use "M Real Galerie Fine Gloss" and "UPM Ultra Gloss" from mills based in Finland, if the grammage of paper required for the magazine is upto 70 gsm. This paper is known as Light Weight Coated paper ["LWC"]. The current international prices for LWC range from US\$ 900 to US\$ 1,000 per ton. For magazines which require higher grammage paper and for the paper used for our magazine covers, locally available paper of suitable grammage is used, which is either procured directly by our printers or by us from local paper mills such as Ballarpur Industries Ltd.

We supply paper to the printer only if the required paper has to be imported, if a suitable alternative is not available locally. We would prefer a turnkey solution, whereby the printer provides both the paper and print services, but the government gives a concessional rate of duty of 9.54% for import of LWC only if the purchase and import of the paper is done by the publisher. If the same is done by a printer, the full duty of 32.21% becomes applicable.

Our payment terms are 30 days from delivery of the consignment, if the printer has supplied the paper and 60 days from printing if we have supplied the paper. This is in line with the current practices adopted by the publishing industry in India. We normally maintain stocks of paper for 3 issues of the respective magazine titles. Paper for Forbes Yellow Pages is normally procured closer to the time of manufacture.

### **Marketing**

**Yellow Pages:** We primarily use direct marketing to reach our potential Yellow Pages advertiser base. This is supplemented by press advertising in local news papers and magazines, regional radio and outdoor advertising. The referral of the book is boosted by using radio and newspaper advertising, in addition to using localized, neighbourhood specific newspaper inserts.

**Magazines:** Each of our magazines is promoted using specific medium. For the Automotive titles, we have used television during the launch period (primarily focused on sports channels beaming automotive programming like MotoGP). We make extensive use of radio & outdoor channels for promoting Computer Active, and newspaper advertising for Smart Photography. With this we also extensively use direct marketing initiatives to boost subscriptions, point of sales initiatives to boost newsstand sales and also

conduct sampling initiatives in malls and other relevant areas like using auto service workshops and petrol pumps for our automotive titles, computer training institutes for Computer Active and libraries across the country for sampling all our magazine titles. Going forward we plan to leverage internet adwords advertising in a big way to promote our magazine titles.

During the launch year we usually spend between 10-15% of our revenues towards marketing expenses and over the next two years expect it to settle down to 6-8% of revenues. It is important to continuously invest in the brand, even after it has achieved leadership position in the market.

### **I.T. Usage**

We utilize I.T. in several ways for a plethora of different functions within our operations.

1] Online presence: We operate our website, [www.nextgenpublishing.in](http://www.nextgenpublishing.in) through which we source online subscriptions for our magazines. We have an e-payment gateway for online payments for subscriptions.

2] SMS: We have tied-up with a short message service provider, Air2Web (6161), for SMS based subscription and information access for Forbes Yellow Pages.

3] Data transfer: We utilize FTP protocols for the online transfer of advertisements from our regional offices to our editorial desk. Transfer of files from our editorial desk to our printers is carried out through FTP transfers as well as physical DVD formats.

4] Web server – [www.fyp.in](http://www.fyp.in) is host on our servers which are located at VSNL. Management and updation of the website is completely handled by our IT team.

## REGULATIONS AND POLICIES IN INDIA

The Government of India has over the years formulated various legislations which govern the company engaged in the business of publishing newspapers and books in India.

### **Newspaper Industry Regulations**

The Press and Registration of Books Act, 1867 (hereinafter referred to as the (“**PRB Act**”)) defines “newspaper” as any printed periodical work containing public news or comments on public news. Every person publishing, or intending to publish, a newspaper in India is required to obtain a certificate of registration in respect of that newspaper under the PRB Act and in pursuance of the Registration of Newspapers (Central) Rules, 1956. The Press Registrar is the Registrar of newspapers for India appointed by the Central Government which performs the functions of issue of certificate of registration to newspapers, compilation and maintenance of a register of newspapers containing particulars about the newspapers published in India. The chief objective of the Press Registrar is to regulate the newspaper industry and ensure compliance with the provisions of the PRB Act. While granting the registration certificate the Press Registrar stipulates certain conditions in relation to the newspapers registered under PRB Act. The Press Registrar seeks to ensure the governance of the working of the newspapers. The publisher of the newspapers is obliged to furnish annual statements to the Press Registrar. Further, the publisher of a newspaper is also required to publish in every issue of his newspaper the retail-selling price of each copy and in case of any change, the same has to be intimated to the Press Registrar within stipulated time. Every copy of every newspaper is also required to print legibly on it the names of the printer, publisher, owner and editor and the place of its printing and publication.

### **Regulation of the Press**

The Press Council of India is appointed by the Central Government under the Press Council Act, 1978 for the purpose of preserving the freedom of the press and of maintaining and improving the standards of newspapers and news agencies in India. The functions of the Council include prescribing a code of conduct for newspapers, news agencies and journalists, and to concern itself with the developments such as concentration of or other aspects of ownership of newspapers and news agencies that may affect the independence of the press. The Press Council Act empowers the Press Council to warn, admonish or censure the newspaper, the news agency, the editor or the journalist or disapprove the conduct of the editor or the journalist if it finds that a newspaper or a news agency has offended against the standards of journalistic ethics or public taste or that an editor or a working journalist has committed any professional misconduct.

### **Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955**

The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 regulates the conditions of service of working journalists, non-journalists newspaper and news-agency employees. The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 also deals with the fixing or revising rates of wages in respect of working journalists. In this regard, the Central Government is empowered to constitute a Wage Board who recommends wages for such working journalists, non-journalists newspaper and news-agency employees. The recommendations of the Wage Board are then forwarded to the States and the Central Government monitors.

### **The Delivery of Books & Newspapers (Public Libraries) Act, 1954**

The Delivery of Books & Newspapers (Public Libraries) Act, 1954 has been enacted to develop public libraries in India and to encourage scholarship. Under this Act, publishers of newspapers is required to deliver one copy of each issue of newspaper as soon as it is published to each such public library as may be notified by the Government of India.

### **Trade Marks Act, 1999**

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘Mark’ may consist of a word

or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colours and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

### **Foreign Investment Regulations**

Foreign investment in the print media sector is regulated by the Government of India through both Ministry of Information and Broadcasting (“**the MIB**”) and the Foreign Investment Promotion Board (“**FIPB**”).

Under Guidelines dated June 1, 2005 issued by MIB, foreign investment upto 100% in Indian entities publishing scientific/technical/speciality magazines / periodicals / journals. Under these guidelines after due inter-Ministerial consultation to decide whether the proposed publication is covered under the categories laid down in the guidelines in appropriate cases, the MIB will issue a ‘No objection Certificate for foreign investment a copy of such NOC would be sent to Registrar of Newspapers for India (“**RNI**”), Secretariate for Industrial Assistance (“**SIA**”) and the Reserve bank of India (“**RBI**”) and to the applicant. Thereafter the applicant is required to approach FIPB/RBI for clearance after obtaining the NOC from MIB.

## HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated on 20/10/2004 as a private limited company under the Companies Act, 1956 and subsequently was converted into a public limited company w.e.f. 31/03/2005. The Promoter of the Company is Forbes Gokak Limited which is a part of the Shapoorji Pallonji Group of Companies.

Next Gen Publishing Ltd. was established with a view to offer the finest in the field of publishing. Starting operations in January 2005, we have launched Smart Photography, a classy niche photography magazine, Forbes Yellow Pages in Ahmedabad and New Delhi in full colour with CD and Internet versions - supported by SMS for the first time in India, Car India & Bike India for automobile enthusiasts, and ComputerActive. The inaugural Mumbai edition of the Forbes Yellow Pages is proposed to be published in October 2006.

**Smart Photography:** Smart Photography is a monthly magazine that covers the entire spectrum of the photography industry and related products. It carries various sections through which readers get detailed information on products, services and techniques for both digital and analogue photography ranging from cameras, film, output devices, equipment, supplies and services. We hosted our first Awards for the photography industry in Mumbai. The 'Uniross Smart Photography Awards 06' was held as a gala entertainment driven event and was attended by eminent personalities from the photography and Imaging industry.

**Car India & Bike India:** Both Car India and Bike India are monthly magazines that cover the entire spectrum of the car and bike industry, providing in-depth information on various models and their performance, analysis of manufacturing capabilities, accessories, tips and recommendations, auto lifestyle and sporting news. Car India is licensed from EMAP Plc, UK and the brand is recognised as one of the world's leading car magazines. Bike India is India's first bike magazine. Next Gen Publishing Ltd and NDTV Profit recognized excellence in the automotive industry by jointly hosting the 'NDTV Profit Car India & Bike India Awards 2006' in New Delhi.

**Computer Active:** Computer Active is a monthly computing and technology lifestyle magazine that offers expert information and advice on how to buy and maximize computing productivity in a simple, jargon free style that every computer user can understand. Computer Active is licensed from VNU Plc, UK and is UK's largest selling computer magazine.

**Forbes Yellow Pages:** FYP is an attractive, easy to use, comprehensive and well-produced business directory of large, medium and small businesses. The information carried in FYP is available in four colour print product, SMS Yellow pages, state of the art internet product and searchable CD versions. Forbes Yellow Pages has been launched in the cities of New Delhi and Ahmedabad and is proposed to be launched in Mumbai in October 2006. We have plans to launch FYP in more cities in the coming years.

**Telecom BPO:** We operate a call centre division which currently caters exclusively to Bharti Televentures Ltd. We provide directory lookup facilities to Bharti's landline customers in certain sectors of North India.

The following table consists of the summary of corporate information about our Company

<b>Name of the Company</b>	Next Gen Publishing Limited
<b>Date of Incorporation</b>	20/10/2004
<b>Registration No</b>	11-149173
<b>Corporate Identity No</b>	U22100MH2004PLC149173
<b>Registered Office</b>	Khatau House, 2nd Floor, Mogul Lane, Mahim (West), Mumbai 400 016
<b>Corporate Office</b>	As above
<b>Corporate Status</b>	Public Limited Company.

<b>Authorised Capital</b>	Rs. 15,00,00,000/- comprising of 1,50,00,000 equity shares of face value of Rs. 10/- each.
<b>Paid up Capital</b>	Rs. 7,18,75,000/- comprising of 71,87,500 Equity Shares of face value of Rs. 10/- each

The following table illustrates some of the key events in our history:

<b>Date/Year</b>	<b>Event</b>
October 2004	Incorporation of the Company by Mr. Sam Nariman Polishwala and Mr. Roshan Neville Avari
January 2005	Company starts operation with 5 employees at its Mahim Office
February 2005	<ul style="list-style-type: none"> <li>▪ The original Promoters, Mr. Sam Nariman Polishwala and Mr. Roshan Neville Avari sold all their shares to Forbes Gokak Limited.</li> <li>▪ Forbes Gokak Ltd. and HDFC Ltd. invested in the Share Capital of the Company.</li> </ul>
March 2005	<ul style="list-style-type: none"> <li>▪ Publication of its first niche magazine "Smart Photography" targeted at photography enthusiasts</li> <li>▪ Conversion from Private Limited Company to Public Limited Company</li> </ul>
May 2005	<ul style="list-style-type: none"> <li>▪ Launch of the multi-format Forbes Yellow Pages specially customized for Ahmedabad</li> <li>▪ Launch of the multi-format Forbes Yellow Pages specially customized for New Delhi</li> </ul>
July 2005	Launched Car India and India's first magazine dedicated to the two wheeler industry, Bike India
August 2005	Launched First Comprehensive B2B & B2C Tele-Information Service Forbes Yellow Dial Service in Ahmedabad.
November 2005	Launch of Unique Multi-format Forbes Yellow Pages specially customized for Mumbai
January 2006	<ul style="list-style-type: none"> <li>▪ Launch of Computer Active in India.</li> <li>▪ Organised "Uniross Smart Photography Awards 06" for the photography industry, in Mumbai</li> <li>▪ Organised 'NDTV Profit CarIndia &amp; BikeIndia Awards 2006' jointly with NDTV in New Delhi</li> </ul>
February 2006	Publication of Forbes Yellow Pages - Ahmedabad
June 2006	Publication of Forbes Yellow Pages – Delhi

### **Main Objects of the Company**

The main objects of our Company as contained in our Memorandum of Association are as follows:

1	To carry on the business of owners, and publishers of newspapers, journals, magazines, books, pamphlets and other literary works and undertakings and book sellers, printers, lithographers, engravers, stationers, and dealers in paper, advertising agents and contractors, literary agents and contractors and retailers and dealers in machinery, plant and other equipments used in connection therewith.
1A	To carry out in India or elsewhere globally, the business of telemarketing campaigns, list management and list marketing campaigns, direct marketing campaigns, direct mail campaigns, DRTV campaigns, launch financial products, financial products sales program and campaigns, credit card and debit card selling and campaigns, health and medicals benefit program campaigns, buying and selling telemarketing leads, travel program campaigns and management, fulfillment services, back office processing, business processing outsourcing, inbound customer support, out bound tele marketing, tele survey and help desk, telecom activation processing, telecom provisioning, voice-mail services, broadcasting services, both within India and outside India, the business of setting, maintaining, marketing, consulting for operating call centers services, telecom services including installation, maintenance and servicing of equipments like Multiplexers, Predictive Dialers, Switch, PBX ACD for providing information, assistance, support, services, replies, response, answers, data, utilities to

	various clients, customers, companies, industries, Governments, Government authorities, Boards, individuals, bodies corporate whether incorporated or not, association of persons, body of individuals, societies, organizations and for that purpose to employ, utilize, take assistance of all available scientific, technological and communication equipment, internet, electronic data processing facilities and all other types of communication and other media.
1B	To carry on the business of designing, creating, producing, editing, proof reading, validating, publishing, typesetting, conversion of data from one format to another, animations, web designing, construction and operation of websites for others, gaming, archival, re-purposing of content for various media and any other process or a combination of two or more processes connected with printing, electronic publishing and/or data conversion, on job work basis or otherwise, and also providing software solutions, consulting, technical support, training, project management services, subscription management and/or business process outsourcing for domestic and/ or foreign customers, in India or abroad, through the use of internet, CDs or any other delivery mechanism.

*Note: Insertion of Clause 1A and 1B has been approved by the shareholders of the Company vide resolution dated 01/08/2006. The insertions will be effected on receipt of approval for the same from the RoC.*

### **Changes in the Memorandum of Association**

Since our Company's incorporation, the following changes were made to the Memorandum of Association.

<b>Date of Change</b>	<b>Amendment</b>
12/01/2005	Increase in authorized capital of the Company from. Rs. 1,00,000/- to Rs. 10,00,00,000/-
26/05/2006	Increase in authorized capital of the Company from Rs. 10,00,00,000/- to Rs. 15,00,00,000/-
01/09/2006	Incorporation of additional main objects and ancillary objects. (subject to receipt of approval from the RoC.)

## MANAGEMENT

### Board of Directors

The Company currently has 6 directors on its Board of Directors.

The following table sets forth details regarding the Board of Directors as of the date of filing of this Draft Red Herring Prospectus:

Sr No	Name, Father's Name, Address, Occupation	Status	Age	Appointment and Term	Other Directorships
1.	Mr. N. D. Khurody s/o Mr. Dara N. Khurody 12A, Darbhanga Mansions, M. L. Dhanukar Marg, Mumbai 400 026 Occupation: Company Director	Chairman and Independent Director	69	First Date of appointment: 31/01/2005  Term: To retire by rotation.	Voltas Ltd. Eureka Forbes Ltd. Samrat Holdings Ltd. Khurody Technical Services Pvt. Ltd. HSBC Asset Management (I) Pvt. Ltd. Vantech Investments Ltd. Forbes Gokak Ltd. Forbes Infotainment Ltd. Tata Ceramics Ltd.
2.	Mr. K. C. Mehra s/o Mr. Dewan Vazirchand Mehra Volkart House, Off. Bhulabhai Desai Road, Mumbai 400 026 Occupation: Service	Non- Independent Director	67	First Date of Appointment: 31/01/2005  Term: To retire by rotation.	Forbes Infotainment Ltd. Nypro Forbes Products Ltd. SKF India Ltd. Forvol International Services Ltd. Volkart Fleming Shipping & Services Ltd. Forbes Gokak Limited Eureka Forbes Limited Forbes Campbell Holdings Ltd. Goodlass Nerolac Paints Ltd. Telco Construction Equipment Co. Ltd. Afcons Infrastructure Ltd. Sovereign Pharma Pvt. Ltd. Tikassel Forbes Ltd., Malaysia Forbes Technosys Ltd. Forbes Edumetry Ltd. Forbes Engineering & Marketing Services Ltd., UK
3.	Mr. R. N. Jha s/o Mr. Chumbitalal Jha Flat No. 101-B, Cottage Land CHS Ltd. Plot No. 16A, Sector 19A Nerul, Navi Mumbai Occupation: Management Consultant	Independent Director	67	First Date of Appointment: 31/01/2005  Term: To retire by rotation.	Forbes Gokak Ltd.
4.	Mr. Keki Mistry s/o Mr. Mino K. Mistry 702-703, Hasmukh Mansion, 7th Floor, 39, Chitrakar Dhurandhar Marg, 14th Road Junction, Khar (W), Mumbai 400052. Occupation: Service	Non- Independent Director	51	First Date of Appointment: 31/01/2005  Term: To retire by rotation	Housing Development Finance Corporation Ltd. HDFC Developers Ltd. HDFC Bank Ltd. HDFC Trustee Co. Ltd. HDFC Standard Life Insurance Co. Ltd. HDFC Chubb General Insurance Co. Ltd. Gruh Finance Ltd. Infrastructure Leasing & Financial Services Ltd. Intelnet Global Services Ltd. Sun Pharmaceutical Industries Ltd. Mahindra Holidays & Resorts India Ltd. The Great Eastern Shipping Co. Ltd. India Value Fund Advisors Pvt. Ltd.

<b>Sr No</b>	<b>Name, Father's Name, Address, Occupation</b>	<b>Status</b>	<b>Age</b>	<b>Appointment and Term</b>	<b>Other Directorships</b>
5.	Mr. Jimmy Parakh s/o Mr. Jahangir Parakh 502, Sterling Tower, H. G. Marg, Gamdevi, Mumbai 400 007 Occupation: Service	Non-Independent Director	56	First Date of Appointment: 03/02/2006  Term: To retire by rotation.	Adaro Securities Private Limited Advance Tech Energy Additives Private Limited Afcons Infrastructure Limited Afcons (Mid East) Constructions Investments Pvt Ltd Blue Arrow Finance Co Private Limited Cyrus Investments Limited Cyrus Engineers Private Limited Chinsha Property Private Limited Crystal Investment Company Private Limited Dhan Gaming Solution (India) Private Limited Day Star Investments Private Limited Faery Estates Private Limited Fortuno Infotainment Private Limited Floral Finance Private Limited Finvestco Investments Private Limited Cama Properties Private Limited Forbes Infotainment Private Limited Flooraise Developers Private Limited Grand View Estates Private Limited Glittering Gold Finance Private Limited Heminishi Investment Private Limited Highstreet Developers Private Limited Kaisha Manufacturers Private Limited Mangal Shruti Gruh Nirmiti Private Limited Meriland Estates Private Limited Manjri Developers Private Limited Palchin Real Estates Private Limited Sterling Overseas Impex Private Limited Sterling Investment Corporation Private Limited Sterling Generators Private Limited Shapoorji Pallonji And Company Limited Shapoorji Hotels Private Limited Shapoorji Pallonji Finance Limited Shapoorji Data Processing Private Limited S P Finance Private Limited S P Fabricators Private Limited S P Oil Exploration Private Limited S C Finance And Investments Private Limited S C Impex Private Limited Silver Streak Investment Private Limited United Motors India Limited West Star Finance And Investments Private Limited Windward Builders Private Limited
6.	Mr. Humayun Dhanrajgir s/o Mr. Raja Dhanrajgir F37/38, Dhanraj Mahal, CSM Road, Apollo Bunder, Mumbai 400 039 Occupation: Company Director	Independent Director	69	First Date of Appointment: 05/05/2006  Term: To retire by rotation.	Emcure Pharmaceuticals Ltd. Neuland Laboratories Ltd. HDFC Asset Management Co. Ltd. Sami Labs Ltd. Themis Medicare Ltd. Cadila Healthcare Ltd. Kemwell Pvt. Ltd.

Sr No	Name, Father's Name, Address, Occupation	Status	Age	Appointment and Term	Other Directorships
					Lintas India Pvt. Ltd. H. Dhanrajgir Estates Pvt. Ltd.

### ***Brief Biographies***

1. **Mr. N. D. Khurody** shortly after taking his masters degree in Economics (Hons) from Trinity College, Cambridge joined the Tata Administrative Service, with postings in the steel, tea and engineering interests of the Tata Group. For seven years he joined the Corporate Management of Mannai Corporation, Qatar – a large engineering and trading conglomerate – returning to India to take up the stewardship of the pharmaceutical interests of the Tata Group. His last posting saw him as the Managing Director of Voltas Limited, which went through a total restructuring. He has wide and varied experience in formulation and implementation of business plans, risk evaluation, business investment strategy and funds management. He has special expertise in turning around sick/small organisations, quickly putting them on sustainable growth paths. Presently he serves on the Boards of some reputed companies and also undertakes specific advisory assignments.

2. **Mr. K. C. Mehra** is a Hon. Graduate in Arts and has operational and managerial experience of over 40 years and has led teams of professional managers. He has held several senior positions in the Tata Group over a tenure of more than 35 years. Mr. Mehra has held senior positions in several industry and trade organisations such as Assocham, Bombay Chamber of Commerce, EU Chambers of Commerce of India, Confederation of Indian Industries [“CII”] (Eastern Region) Kolkata, and Bengal Chamber of Commerce and Industry. He has also been appointed as the Hon. Consul General of Sweden in Mumbai. Presently Mr. Mehra is the Deputy Chairman & Managing Director of Forbes Gokak Limited. As Deputy Chairman and Managing Director of Forbes Gokak Limited, Mr. Mehra was elected as member and later Chairman of the Board of Multi Port Ship Agencies. Currently, Mr. Mehra is a special invitee to this prestigious international body.

3. **Mr. R. N. Jha** is a B. A. (Hons.) and has held several senior positions in Life Insurance Corporation of India (LIC) over the years. He retired as a executive Director of LIC. Mr. Jha was appointed as Nominee Director of LIC on the Board of Forbes Gokak Limited and subsequently was appointed as regular Director. His area of expertise includes funds management and resource mobilization, general management, formulation and implementation of compensation packages and development and administration of properties.

4. **Mr. Keki Mistry** is the Managing Director of Housing Development Finance Corporation Limited, one of the leading financial institutions in India. He is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Mistry is the Chairman of Gruh Finance Limited and Intelnet Global Services Pvt. Ltd. He is also a Director on the Board of reputed companies like HDFC Bank Ltd., HDFC Chubb General Insurance Co., Ltd, HDFC Standard Life Insurance Co. Ltd., The Great Eastern Shipping Company Ltd., Sun Pharmaceutical Industries Ltd. and Infrastructure Leasing and Financial Services Ltd.

5. **Mr. Jimmy Parakh** is Fellow member of the Institute of Chartered Accountants of India and holds a senior management position in the Shapoorji Pallonji Group of Companies. He has over 30 years of experience in the management of corporate affairs of the companies engaged in diversified business activities. He has been involved in setting up and running of companies specializing in various activities such as civil engineering contracts, property development, automobile marketing, finance and infrastructure.

6. **Mr. Humayun Dhanrajgir** is a graduate Chemical Engineer from UK and has done an Advanced Management Program from Harvard. Mr. Dhanrajgir has a very rich experience in the industry having held several senior management positions including that of Executive Vice Chairman and Managing Director of Glaxo India Ltd. After his stint with Glaxo he joined Lupin Laboratories Ltd. for a brief period after which he joined Kodak India as their Managing Director. He is an erstwhile President of the Organisation of Pharmaceutical Producers of India and member of the General Committee of the Bombay Chamber of

Commerce and Industry. He has experience in various facets of corporate management, such as finance, sales and marketing, corporate financing, international marketing, HRD and project control.

### ***Compensation of Directors***

All the directors on our board are non-executive and do not receive any salary or other such regular compensation from our Company. The directors on the board are entitled to sitting fees as is permissible under the Companies Act, and actual travel, boarding and lodging expenses for attending the Board/committee meetings and reimbursement of such other actual expenses as may be incurred by them towards discharge of their duties as Directors. They may also be paid commission and any other amounts as may be decided by the board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations. No other remuneration by way of commission or compensation is paid.

### ***Sitting Fees***

The sitting fee payable to the directors would be Rs. 5,000/- per meeting for Board Meetings and Rs. 5,000/- per meeting for Audit Committee Meetings.

### ***Payment or benefit to officers of the Company***

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers except the normal remuneration for services rendered as officers or employees of the Company.

The Company has appointed Mr. C. D. Sakaria as the Manager of the Company pursuant to the provisions of the Companies Act.

### **Interests 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, if any, under our Articles of Association. Since none of our Directors are executive in nature, no remuneration by way of salary or other compensation is paid to them for services rendered by them as officers or employees of our Company or otherwise. 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.

### **Corporate Governance**

The Board of Directors of the company comprises 6 (Six) directors, all of whom are non-executive. We have an independent chairman, three non-independent directors and two independent directors.

We have complied with the requirements of the applicable regulations contained in the listing agreement with Stock Exchanges and the SEBI Guidelines, in respect of corporate governance, including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees, majority of them comprising of independent directors and chaired by an independent director to oversee critical areas. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The management of the Company duly provides the Board of Directors detailed reports on its performance periodically.

### **Committees of the Board**

### ***Audit Committee***

The committee consists of non-executive independent and non-independent directors, with the majority being independent directors. The committee currently comprises of 3 members namely Mr. Humayun Dhanrajgir, Mr. N. D. Khurody and Mr. Jimmy Parakh. Mr. Humayun Dhanrajgir is the Chairman of our Audit Committee. Mr. C. D. Sakaria, Company Secretary, acts as the Secretary of the Audit Committee. The powers, roles and review of the Audit Committee are in accordance with Section 292A of the Companies Act and listing agreements to be entered into with the Stock Exchanges.

### ***Remuneration Committee***

The Company has not formed the remuneration committee. This is one of the non-mandatory requirements of the Listing Agreement.

### ***Shareholders / Investors Grievances and Share Transfer Committee***

The Shareholders / Investors Grievances and Share Transfer Committee comprises of 2 members namely, Mr. N. D. Khurody and Mr. R. N. Jha. Mr. N. D. Khurody is the Chairman of this committee. The Shareholders / Investors Grievances and Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and reference to statutory and regulatory authorities. The scope and functions of the Shareholders / Investors Grievances and Share Transfer Committee are as per Clause 49 of the Listing Agreement.

### ***Shareholding of the Directors***

The Articles do not require the Directors to hold any qualification shares in the Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them as of 30/06/2006 is set forth below:

<b>Sr. No.</b>	<b>Shareholders</b>	<b>No. of Equity Shares held</b>
1.	Mr. Jimmy Parakh	10,000
2.	Mr. Keki Mistry	15,000

### ***Borrowing Powers of our Board***

Subject to the provisions of Sections 292 and 293 of the Act and of these Articles, the Board of Directors may, from time to time at its discretion, by a resolution passed at a Meeting of the Board (and not by a Circular Resolution) accept deposits from members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums Of money for 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 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 of Directors shall not borrow such moneys without the consent of the shareholders in General Meeting.

Vide resolution dated 17/06/2005 approved by our members at the Extraordinary General Meeting, the Board of Directors is empowered to borrow up to Rs. 700.00 lacs exclusive of interest.

***Changes in the Board of Directors in the last 3 years:***

The following are the changes to our Board of Directors in the last 3 years and no changes thereafter have taken place.

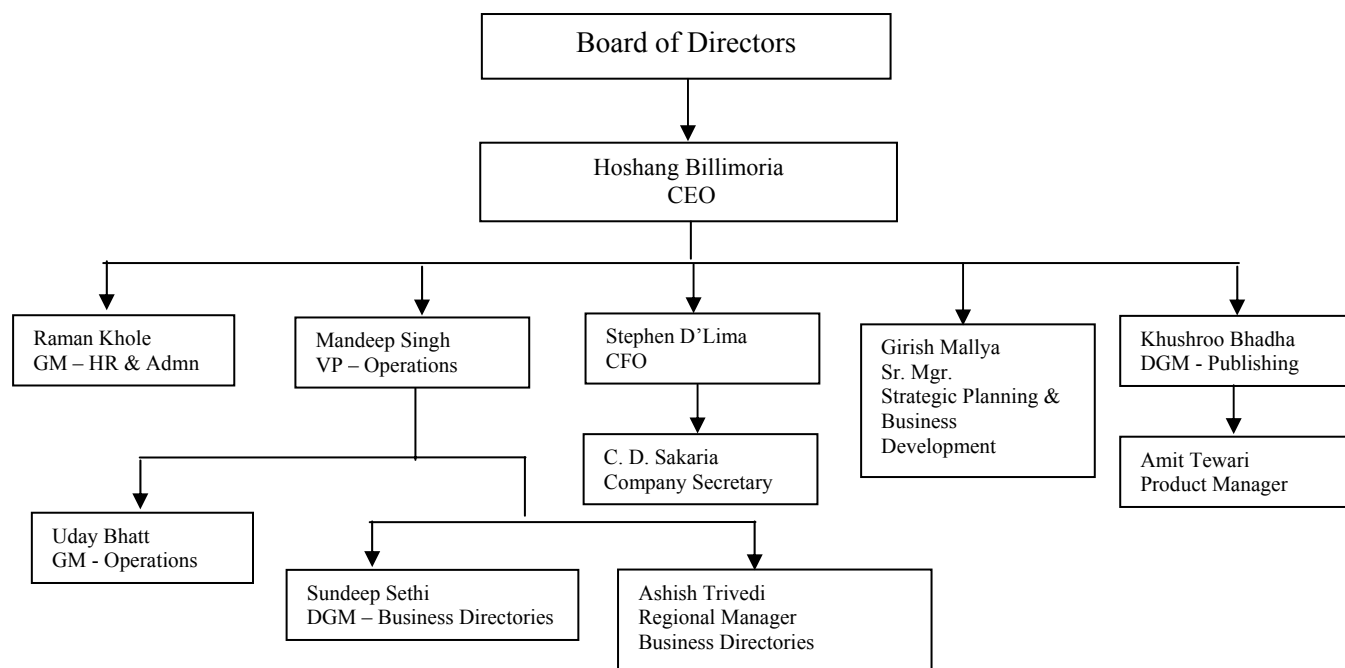
<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Sam Nariman Polishwala	Since Incorporation	31/01/2005	Resignation due to stake sale to FGL
Mr. Roshan Neville Avari	Since Incorporation	31/01/2005	Resignation due to stake sale to FGL
Mr. N.D. Khurody	31/01/2005	N/A	To broad base the Board
Mr. K. C. Mehra	31/01/2005	N/A	Representative of the Promoter Company
Mr. R. N. Jha	31/01/2005	N/A	To broad base the Board
Mr. Keki Mistry	31/01/2005	N/A	To broad base the Board
Mr. Jimmy Parakh	03/02/2006	N/A	To broad base the Board
Mr. Humayun Dhanrajgir	05/05/2006	N/A	To broad base the Board

**Key Managerial Personnel**

Sr. No.	Name	Designation	Age	Qualification	Date of Joining	Work Areas Handled	Total Experience (Years)	Previous Employment / Designation
1	Hoshang Billimoria	Chief Executive Officer	54	B. Com (Hons.), FCA (England & Wales), FCA (India)	12/01/2005	General Management & overall in charge	29	Infomedia India Ltd. - Vice Chairman & Managing Director
2	Stephen D'Lima	Chief Financial Officer	38	B. Com, ACA (India)	12/01/2005	Finance, Accounts, Treasury, Banking and Taxation	14	Infomedia India Ltd. - Senior Manager, Finance
3	Khushroo Bhadha	Head – Special Interest Publications	38	B. Com& Masters in Marketing Management (NMIMS)	18/01/2005	Strategic Planning & Profit Centre Management of all magazines / websites	14	Infomedia India Ltd. - National Product Manager
4	Mandeep Singh	Vice President – Operations, Business Directories	39	B. Com, Diploma in Management (IMI, Delhi)	01/04/2005	Profit Center Management, new initiatives development and implementation planning for Business Publications and Content Division for all cities.	17	Infomedia India Limited – General Manager
5	Girish Mallya	Senior Manager– Strategy & Business Development	30	B. Com, LLB, MBA (TAPMI, Manipal)	01/02/2005	Strategic Planning & New Business Development	8	Infomedia India Ltd. – Manager, Corporate Office
6	Raman R. Khole	General Manager - Administration & Human Resource	46	B. Com, PGCPM (TISS), LLB	01/09/2005	Human Resources, Administration	25	Infomedia India Ltd. - General Manager, HR
7	Uday Bhatt	General Manager – Operations, Business Directories	52	B. Com, MBA (Lucknow University)	01/04/2005	Ahmedabad Branch Operations in charge	24	Infomedia India Ltd. - DGM, Marketing
8	C. D. Sakaria	Company Secretary & Compliance Officer	27	B. Com, ACS	02/05/2006	Secretarial & Legal Compliances	3	PCS Technology Limited – Asst. Company Secretary
9	Amit Tewari	National Product Manager	35	B. Sc, MBA (IMS,Indore)	02/08/2005	Product Management, Sales & Marketing	11	Infomedia India Ltd. – Head, Marketing

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Age</b>	<b>Qualification</b>	<b>Date of Joining</b>	<b>Work Areas Handled</b>	<b>Total Experience (Years)</b>	<b>Previous Employment / Designation</b>
10	Sundeep Sethi	Deputy General Manager – (Operations)	39	B. A. (Hons), PG Diploma in Business and Marketing (Delhi)	01/04/2005	Branch Responsibility for Delhi Business Content Division	17	Infomedia India Limited – Branch Manager
11	Ashish Trivedi	Regional Manager - Operations	31	B.Com	07/03/2006	Branch Responsibility for Mumbai Business Content Division	12	A&M Communications Pvt. Ltd. – Branch Manager
12	Adil Jal Darukhanawala	Chief Editor – Automotive Publications Division	49	NCTVT & DME (Pune)	14/04/2005	Editor in Chief of Next Gen Automotive Publications division	25	Infomedia India Ltd. – Editor, Overdrive

## Organization Structure



Note: The above organization chart depicts only reporting relationships and not grades.

## Shareholding of the Key Managerial Personnel

Save and except as stated below, none of our Key Managerial Employees hold Equity Shares in our Company.

Shareholders	No. of Equity Shares held
Hoshang Billimoria	1,00,000
Stephen D'Lima	10,000
Khushroo Bhadha	10,000
Girish Mallya	10,000

## Changes in the Key Managerial Personnel since last three years:

Other than the following there has been no change in the key managerial personnel of our Company:

Name	Designation	Date of Joining	Date of Leaving	Reasons for Change
Hoshang Billimoria	Chief Executive Officer	12/01/2005	N.A.	N.A.
Stephen D'Lima	Chief Financial Officer	12/01/2005	N.A.	N.A.
Khushroo Bhadha	Head – Special Interest Publications	18/01/ 2005	N.A.	N.A.
Mandeep Singh	Vice President – Operations, Business Directories	01/04/2005	N.A.	N.A.
Girish Mallya	Senior Manager– Strategy & Business Development	01/02/2005	N.A.	N.A.
Raman R. Khole	General Manager - Administration & Human Resource	01/09/2005	N.A.	N.A.
Uday Bhatt	General Manager – Operations, Business Directories	01/04/2005	N.A.	N.A.

<b>Name</b>	<b>Designation</b>	<b>Date of Joining</b>	<b>Date of Leaving</b>	<b>Reasons for Change</b>
C. D. Sakaria	Company Secretary & Compliance Officer	02/05/2006	N.A.	N.A.
Amit Tewari	National Product Manager	02/08/2005	N.A.	N.A.
Sundeep Sethi	Deputy General Manager – (Operations)	01/04/2005	N.A.	N.A.
Ashish Trivedi	Regional Manager (Operations)	07/03/2006	N.A.	N.A.
Adil Jal Darukhanawala	Chief Editor – Automotive Publications Divisions	14/04/2005	N.A.	N.A.
Ramesh Kathuria	Company Secretary	28/02/2005	05/05/2006	Resignation

### **Compensation of the Key Managerial Personnel**

<b>Name</b>	<b>Designation</b>	<b>Remuneration (Rs.)</b>	<b>Commissions (Rs.)</b>
Hoshang Billimoria	Chief Executive Officer	49,01,550/-	10,00,000/-
Stephen D'Lima	Chief Financial Officer	7,39,391/-	N.A.
Khushroo Bhadha	Head – Special Interest Publications	8,16,199/-	N.A.
Mandeep Singh	Vice President – Operations, Business Directories	14,32,097/-	N.A.
Girish Mallya	Senior Manager– Strategy & Business Development	5,01,566/-	N.A.
Raman R. Khole	General Manager - Administration & Human Resource	10,67,016/-	N.A.
Uday Bhatt	General Manager – Operations, Business Directories	11,36,548/-	N.A.
C. D. Sakaria	Company Secretary & Compliance Officer	4,02,493/-	N.A.
Amit Tewari	National Product Manager	7,83,648/-	N.A.
Sundeep Sethi	Deputy General Manager – (Operations)	8,55,513/-	N.A.
Ashish Trivedi	Regional Manager (Operations)	7,41,360/-	N.A.
Adil Jal Darukhanawala	Chief Editor – Automotive Publications Divisions	12,50,522/-	N.A.

## PROMOTER AND PROMOTER GROUP

### Background & Brief history

Our Company is promoted by Forbes Gokak Limited, a public limited company and is a part of the Shapoorji Pallonji group of companies. Pursuant to a Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956, Forbes Forbes Campbell & Co. Ltd, amalgamated with Gokak Patel Volkart Ltd. with effect from 01/01/1992 vide an order dated 23/07/1992 of the Bombay High Court. Upon the amalgamation, the name of the amalgamated company was changed to Forbes Gokak Limited. The fresh certificate for change of name was issued on 28/09/1992.

Gokak Patel Volkart Ltd., traces its origin to The Gokak Water Power & Manufacturing Co. Ltd. which was incorporated in U.K. in 1885. This company commenced operations in 1887. The Gokak Mills Ltd. was incorporated on 18/11/1919 to take over as a going concern the undertaking of The Gokak Water Power & Manufacturing Co. Ltd. Over the years, the company's activities were mainly in the field of textiles. In 1972, Patel-Volkart Ltd., a Company engaged mainly in shipping agencies, cotton trading and investments amalgamated with the Company and the name of the Company was then changed to Gokak Patel Volkart Ltd.

Forbes Forbes Campbell & Co. Ltd (FFC) had evolved in India over a period of more than 200 years and FFC was perhaps, the oldest surviving firm in India. It owed its origin to the arrival in Bombay of its founder John Forbes in the year 1764. It was known then as Forbes & Co. Trading was its main activity but it soon developed other activities particularly in shipping. In 1903, its merger with Ritchie Steuart & Co. (then owned by the Campbell family and regarded as the second oldest firm in Bombay after Forbes & Co.) enabled a diversification in the activities and brought with it the managing agency of Gokak Mills. The Managing Agency Business and promotion of new ventures became the predominant activities in the following years. FFC was incorporated as a Private Limited Rupee Company on 21/12/1934. Most of the foreign holding in FFC was disinvested in 1957 and a major part of this was acquired by some investment companies of the Tata Group. FFC made a Public Issue during 1986 and became a listed company on the Bombay Stock Exchange.

The company is a recipient of the K.P. Goenka Memorial Award for environment for the year 1988 for its afforestation work at Gokak Falls. On the occasion of Earth summit at Rio-de-Janerio i.e. United Nations conference on Environment and Development, the International Chamber of Commerce issued a publication setting out efforts by industries in various nations, wherein afforestation efforts of the Company at Gokak Falls received a citation.

The activities of Forbes Gokak Ltd. at the present include textiles, engineering, shipping, business automation, health and hygiene, travel, publishing, business process outsourcing and infotainment. It has valuable shareholdings in a number of subsidiary and associate companies.

The equity shares of FGL are presently listed on the BSE.

## Shareholding Pattern of Forbes Gokak Limited

(As on 30/06/2006)

Category of shareholder	No. of shares	% Holding
<b>(A) Shareholding of Promoter and Promoter Group</b>		
<b>(1) Indian</b>		
Bodies Corporate	94,61,691	73.35
<b>Sub Total</b>	<b>94,61,691</b>	<b>73.35</b>
<b>(2) Foreign</b>	--	--
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>94,61,691</b>	<b>73.35</b>
<b>(B) Public Shareholding</b>		
<b>(1) Institutions</b>		
Mutual Funds / UTI	423	--
Financial Institutions / Banks	20,559	0.16
Central Government / State Government(s)	1,10,343	0.86
Insurance Companies	8,17,551	6.34
Foreign Institutional Investors	30,055	0.23
<b>Sub Total</b>	<b>9,78,931</b>	<b>7.59</b>
<b>(2) Non-Institutions</b>		
Bodies Corporate	6,99,581	5.42
<b>Individuals</b>		
Individual shareholders holding nominal share capital up to Rs. 1 lakh	16,50,043	12.79
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,07,630	0.83
Any Others (Specify)	--	--
Trusts	740	0.01
<b>Sub Total</b>	<b>24,57,994</b>	<b>19.06</b>
<b>Total Public shareholding (B)</b>	<b>34,36,925</b>	<b>26.65</b>
<b>Total (A)+(B)</b>	<b>1,28,98,616</b>	<b>100.00</b>

## Board of Directors

Sr. No.	Name
1	Mr. Pallonji S. Mistry
2	Mr. Shapoor P. Mistry
3	Mr. K. C. Mehra
4	Mr. D. B. Engineer
5	Mr. D. S. Soman
6	Mr. C. G. Shah
7	Mr. R. N. Jha
8	Mr. Cyrus P. Mistry
9	Mr. N. D. Khurody
10	Mr. S. L. Goklaney

## Financial Performance

(Rs. Lacs)

Particulars for the year ending March 31,	2006	2005	2004
Equity Capital	1,289.86	1,245.34	1,245.34
Reserves & Surplus (Excluding Revaluation Reserves)	29,069.25	19,053.16	17,274.58
Total Income	61,446.40	49,092.96	43,694.77
Profit/(Loss) after Tax (PAT)	2,160.09	2,494.56	1,575.04
Book value per Share (Face Value Rs. 10/-)	225.37	153.00	138.71
Earning per Share (Rs.)	16.75	20.03	12.65

## Other Details

<b>PAN</b>	AAACF1765A
<b>Bank Account Details</b>	Punjab National Bank, PNB House, Fort, Mumbai. A/c No: 0062008700017939  Standard Chartered Bank, M. G. Road, Fort, Mumbai A/c No: 222-0-501984-2
<b>Registration Number</b>	11-00628
<b>CIN</b>	L17110MH1919PLC000628
<b>RoC</b>	Registrar of Companies Maharashtra at Mumbai

The above information of the Promoter has been submitted to the Stock Exchanges on which the equity shares of the Company are proposed to be listed.

### Promise v/s Performance of Past Issues of FGL

FGL conducted a rights issue in May 1993. The objects of that issue have been fulfilled within the stated timeframe.

### Share Price Information of FGL

The shares of FGL are listed on the BSE. The monthly high and low of the market price of the shares on the BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
March 2006	600.00	520.00
April 2006	674.90	520.00
May 2006	710.00	531.00
June 2006	565.00	390.00
July 2006	506.00	390.00
August 2006	487.75	409.00

Source: [www.bseindia.com](http://www.bseindia.com)

### Details of public issues / rights issues in the last three years

FGL has not conducted any public issues or rights issue in the past three years

### Mechanism of redressal of investor grievances

FGL has constituted a Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company. The Company Secretary is appointed as the Compliance Officer, who inter alia resolves shareholders' complaints. Share transfers, dividend payments other investor related activities and grievances / complaints are attended to and processed at the office of our Registrars and Transfer Agents.

Investors can also directly approach the Compliance Officer and report their complaints personally or through letters, emails, and various other modes. Efforts are made to resolve all the grievances immediately.

### Status of Investor Complaints for the year ended 31/03/2006 and for the past two years / Track record in redressal of investor grievance

Majority of the complaints from the shareholders are in the nature of non receipt of dividend, non receipt of shares with reference to change in address, bank mandate, ECS, and other grievances of similar nature.

## Status of Complaints

Status of complaints as on	Opening Balance	No. of complaints received during the years	No. of complaints resolved	No. of complaints pending
As on 31/03/2004	5 *	47	47	5 *
As on 31/03/2005	5 *	35	35	5 *
As on 31/03/2006	5 *	6	6	5 *

\* Court Cases

## Subsidiaries and other Group Companies of our Promoter

The following companies form part of our Promoter Group companies:

1	Eureka Forbes Ltd.
2	Aquamall Water Solutions Limited
3	Volkart Fleming Shipping Services Ltd.
4	Forbes Finance Ltd.
5	Euro Forbes International Pte. Ltd.
6	Latham India Ltd.
7	Forbes Sterling Star Ltd.
8	Forbes Container Line Pte. Ltd.
9	Warrior (Investment) Ltd.
10	Forbes Campbell Holdings Ltd.
11	Forbes Dorris Naess & Maritime Ltd.
12	Edumetry Inc.
13	Nypro Forbes Products Pvt. Ltd.
14	Nypro Forbes Moulds Pvt. Ltd.
15	Warrior Logistics & Shipping Ltd.
16	Forbes Edumetry Ltd.
17	Forbes Infotainment Ltd.
18	Barwil Forbes Shipping Services Ltd.
19	Forbes Tinsley Company Ltd.
20	Forbes Services Ltd.
21	Forbes Technosys Ltd.
22	P. T. Gokak, Indonesia
23	SCI Forbes Ltd.
24	Forbes Aquamall Ltd.
25	Forbes Abans Cleaning Solutions Pvt. Ltd.

With the exception of our Promoter, Forbes Gokak Limited, none of the companies forming part of our Promoter Group Companies are listed.

## 1. EUREKA FORBES LTD

The Company was incorporated in the year 1931 under the Indian Companies Act, 1913 as Samuel Osborne India Private Ltd which later on became Samuel Osborne India Ltd. The Company was in the main business of manufacturing and selling “Tea Manufacturing Machineries” and other allied items.

On 26/01/1982, a joint venture agreement was entered into between Forbes, Campbell & Co. Ltd., and Osborne Tools Manufacturing Pte Ltd (the name of which stood changed to Lux Singapore Pte Ltd w.e.f 20/07/1992 (a subsidiary of AB Electrolux) whereby all the equity shares of Samuel Osborne India Ltd was acquired by them in the ratio of 60:40 respectively.

With this acquisition of shares and as per the Joint Venture Agreement, the Company the name of the Company was changed to Eureka Forbes Ltd w.e.f 02/04/1982 (vide certificate of change of name dated 12/04/1982 issued by the Asst. Registrar of Companies, Calcutta) which carried out main business of marketing vacuum cleaners and water purifiers.

With the change in the management of AB Electrolux, they decided to withdraw from direct selling activities worldwide (except India). Accordingly, the entire equity shares viz., 40% of total paid up equity shares of Eureka Forbes Ltd was acquired by AB Electrolux from its subsidiary Lux Singapore Pte Ltd on 30/05/2000. Three Directors from AB Electrolux were then inducted in the Board of Eureka Forbes Ltd.

On 15/03/2002 due to sale of equity shares held in Forbes Gokak Ltd by Tata Sons Ltd to Shapoorji Pallonji Group, there was change in the management.

In February 2005, AB Electrolux sold all its equity shares (viz., 1980000 equity shares of Rs.10/- each fully paid up which formed 40% of total paid up equity capital of Eureka Forbes Ltd) to Forbes Gokak Ltd (and its subsidiary viz., Forbes Finance Ltd.) under the right of first offer as per the Joint Venture agreement of 1982.

The Company (Eureka Forbes Ltd) under buy back scheme purchased 690000 equity shares of Rs.10/- each fully paid up on 15/04/2005 from Forbes Gokak Ltd and Forbes Finance Ltd (in proportionate ratio) thereby bringing down the total paid up capital of the Company from Rs.4,95,00,000/- (49,50,000 equity shares of Rs.10/- each fully paid up) to Rs.4,26,00,000/- (42,60,000 equity shares of Rs.10/- each fully paid up)

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	42,60,000	100.00
<b>TOTAL</b>	<b>42,60,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. Shapoor Mistry
2	Mr. K. C. Mehra
3	Mr. S. L. Goklaney
4	Mr. D. E. Udawadia
5	Mr. J. C. Chopra
6	Mr. N. D. Khurody
7	Mr. C. G. Shah

## Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

<b>Particulars</b>	<b>31/03/2004</b>	<b>31/03/2005</b>	<b>31/03/2006</b>
Equity Capital	495.00	495.00	4.26
Reserves & Surplus (Excluding Revaluation Reserves)	7,613.14	7,072.54	6,883.91
Sales and Other Income	49,216.32	55,024.35	63,357.03
Profit/(Loss) after Tax (PAT)	1,952.63	2,277.91	2,197.36
Book value per Share (Face Value Rs. 10/-)	163.80	152.88	171.59
Earning per Share (Rs.)	38.76	45.76	51.24

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

## 2. AQUAMALL WATER SOLUTIONS LIMITED

Aquamall Water Solutions Ltd. was incorporated in the state of Andhra Pradesh in the year 1980 as A P Industrial Components Private Limited. The company commenced production of Water Filter-cum-Purifier (AquaGuard) at its first factory located at Sanathnagar, Hyderabad in the year 1981-82. In the year 1983, the company became a wholly owned subsidiary of M/s. Eureka Forbes Limited, which is a subsidiary of Forbes Gokak Limited. The company became a deemed public Limited Company from December, 1985.

The name of the company was changed to AQUAMALL WATER SOLUTIONS LIMITED with effect from 20/03/2002. The Company is the largest producer of UV based Water Filter-cum-Purifiers in the World.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	20,00,000	100.00
<b>TOTAL</b>	<b>20,00,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. P J Reddy
3	Mr. A V Suresh
4	Mr. J N Ichhaporia

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	200.01	200.01	200.01
Reserves & Surplus (Excluding Revaluation Reserves)	2,621.29	3,084.25	3,891.11
Sales and Other Income	1,2162.42	14,363.48	18,100.85
Profit/(Loss) after Tax (PAT)	775.28	899.07	1,034.92
Book value per Share (Face Value Rs. 10/-)	141.06	164.21	204.55
Earning per Share (Rs.)	38.76	44.95	51.74

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

### 3. VOLKART FLEMING SHIPPING & SERVICES LTD

Volkart Fleming Shipping & Services Ltd. was incorporated in 1920 and was originally known as John Fleming & Company Limited. The company was involved in the business of painting and securing contracts for painting related matter. In the year 1985 the company's name was changed from John Fleming & Company Limited to Volkart Fleming Shipping & Services Ltd. Volkart Fleming Shipping & Services Limited is 100% Subsidiary company of Forbes Gokak Limited and is engaged in the business as Shipping Agents.

#### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	60,000	100.00
<b>Total</b>	<b>60,000</b>	<b>100.00</b>

#### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. K C Mehra
2	Mr. C G Shah
3	Mr. C A Karnik
4	Capt. S P Rao

#### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lac)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	60.00	60.00	60.00
Reserves & Surplus (Excluding Revaluation Reserves)	556.39	601.74	654.55
Services and Other Income	522.76	301.77	386.82
Profit/(Loss) after Tax (PAT)	116.39	79.56	86.72
Book value per Share (Face Value Rs. 100/-)	1027.32	1102.90	1190.91
Earning per Share (Rs.)	194	133	145

#### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

#### 4. FORBES FINANCE LIMITED

Forbes Finance Limited was incorporated in 1981 and was originally known as Forbes Estate Limited. The Company is engaged in the business of investment and Finance. The name of the Company was changed from Forbes Estates Limited to Forbes Finance Limited on 05/07/2004 and is 100% subsidiary of Forbes Gokak Limited.

##### Shareholding pattern (As on 31/03/2006)

Name of the Shareholder	No. of Equity Shares held		Total	% of Shareholding
	Fully Paid	Partly Paid		
Forbes Gokak Ltd.	2,500	490,000	492,500	100.00
<b>Total</b>	<b>2,500</b>	<b>490,000</b>	<b>492,500</b>	<b>100.00</b>

##### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. Chandrakant Girdharlal Shah
2	Mr. Rajendra kumar Tejkaraji Doshi
3	Mr. Ashok Thakorlal Shah
4	Mr. M. L. Khetan

##### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. Lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	22.30	22.30	22.30
Reserves & Surplus (Excluding Revaluation Reserves)	75.01	453.87	546.11
Sales and Other Income	9.56	412.22	266.25
Profit/(Loss) after Tax (PAT)	8.34	378.86	143.09
Book value per Share (Face Value Rs. 10/-)	19.76	96.68	115.41
Earning per Share (Rs.) (fully diluted)	1.69	16.99	64.17

##### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

## 5. EURO FORBES INTERNATIONAL PTE LTD

Euro Forbes International Pte. Ltd. was incorporated on 20/09/2004 in Singapore. It commenced commercial operation on 11/01/2005. Euro Forbes International Pte. Ltd. is promoted by Eureka Forbes Limited. It is engaged in the business of trading in water filters cum purifiers & vacuum cleaners in ASEAN countries.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	10,00,000	100.00
<b>TOTAL</b>	<b>10,00,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. Pallonji Mistry
3	Mr. A V Suresh
4	Mr. J N Ichhaporia
5	Mr. S K Palekar
6	Mr. Govind Bommi
7	Mr. Jagdish Shahani

### Financial Performance

The brief audited financials of the company for the past two Financial Years are as follows:

Particulars	31/03/2005		31/03/2006	
	SG \$	Rs.	SG \$	Rs.
Equity Capital	1,000,000	2,90,00,000	3,500,000	10,15,00,000
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL	NIL
Sales and Other Income	119,366	34,61,614	2,951,498	8,55,93,442
Profit/(Loss) after Tax (PAT)	(178,627)	(51,80,183)	57,687	16,72,923
Book value per Share (Face Value SG\$1/-)	0.82	23.78	0.97	28.13
Earning per Share (Rs.)	NIL	NIL	0.017	0.49

(SG\$ 1.00 = Rs. 29.00)

### Other Details:

The Company is an unlisted company incorporated in Singapore, and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year.

## 6. LATHAM INDIA LIMITED

Latham India Ltd. was incorporated on 25/04/1977 in Chennai. The Company is engaged in trading activities of office automation products, namely FACIT brand typewriters and facsimile machines. The Company is headquartered in Chennai and operates through branches in major towns of India. Since 1999 due to decline in demand for typewriters, the company was forced to close its branches and business activities were ceased during the year 2000 onwards.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	12,80,000	100.00
<b>Total</b>	<b>12,80,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. S. S. Rewre
2	Mr. K. C. Raman
3	Mr. M. K. B. Capadia

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	128.00	128.00	128.00
Reserves & Surplus (Excluding Revaluation Reserves)	100.59	100.59	100.59
Sales and Other Income	130.57	39.93	17.95
Profit/(Loss) after Tax (PAT)	97.91	25.41	11.29
Book value per Share (Face Value Rs. 10/-)	Negative	Negative	Negative
Earning per Share (Rs.)	7.65	1.99	0.88

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has also not made a loss in the immediately preceding year. The accumulated losses of the Company are greater than its networth as on 31/03/2006.

## 7. FORBES STERLING STAR LIMITED (FSSL)

FSSL was incorporated on 13/04/2004 as an International Company Limited by shares in the Republic of Vanuatu. It is engaged in the business of deploying its ships on time charter basis.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	1,000	100.00
Total	1,000	100.00

### Board of Directors (As on March 31, 2006)

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. Timothy A. Hartnoll
3	Mr. V. K. Shetty

### Financial Performance

The brief audited financials of the company for the past two Financial Years are as follows:

Particulars	31/03/2005		31/03/2006	
	US \$	Rs.	US \$	Rs.
Equity Capital	1,000	46,000	1,000	46,000
Reserves & Surplus (Excluding Revaluation Reserves)	102,572	47,18,312	102,484	47,14,264
Sales and Other Income	1,817,326	8,35,96,996	1,981,511	9,11,49,506
Profit/(Loss) after Tax (PAT)	262,572	1,02,78,312	(88)	(4,048)
Book value per Share (Face Value \$ 1/-)	103.57	4,764.22	103.48	4,760.08
Earning per Share (Rs.)	262.57	12,078.22	NIL	NIL

(US\$ 1.00 = Rs. 46.00)

### Other Details:

The Company has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## 8. FORBES CONTAINER LINE PTE. LTD.

Forbes Container Line Pte. Ltd. was incorporated on 07/08/2006 in the Republic of Singapore. The company has not started any operations till date. Its intended business activity is to undertake shipping and container line businesses.

### Shareholding pattern

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Forbes Gokak Ltd	80,000	100.00
<b>TOTAL</b>	<b>80,000</b>	<b>100.00</b>

### Board of Directors

<b>Sr. No.</b>	<b>Name</b>
1	Capt. S. P. Rao
2	Mr. R. K. Chattanathan
3	Mr. P. Unnikrishnan

### Other Details:

The Company is an unlisted company incorporated in Singapore and has not even completed six months of operations. No financial statements have been prepared. The Company has not conducted any public or rights issues in the preceding three years.

## 9. WARRIOR (INVESTMENT) LIMITED

Warrior (Investment) Limited was incorporated on 04/07/1975 and is engaged in the business of investment and finance.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1,280,000	64.00
Forbes Campbell Holding Ltd.	720,000	36.00
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. C. G. Shah
2	Mr. R. T. Doshi
3	Mr. C. A. Karnik
4	Mr. M. L. Khetan

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	200.00	200.00	200.00
Reserves & Surplus (Excluding Revaluation Reserves)	621.44	642.79	601.70
Sales and Other Income	57.59	44.85	41.50
Profit/(Loss) after Tax (PAT)	40.56	21.36	(18.28)
Book value per Share (Face Value Rs. 10/-)	41.07	42.14	40.09
Earning per Share (Rs.)	2.03	1.06	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## 10. FORBES CAMPBELL HOLDINGS LTD

Forbes Campbell Holdings Ltd. was incorporated in April 27, 1974 in Mumbai and was originally known as Latham Finance Co. Ltd. In July 1992, the name of the Company was changed to Forbes Campbell Holdings Ltd. The Company is engaged in the business of investment and finance. It is 100% subsidiary of Forbes Gokak Ltd.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1,280,000	64.00
Warrior (Investment) Limited	720,000	36.00
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. C. G. Shah
3	Mr. R. T. Doshi
4	Mr. C. A. Karnik
5	Mr. M L. Khetan
6	Mr. J. G. Kanga

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	200.00	200.00	200.00
Reserves & Surplus (Excluding Revaluation Reserves)	560.35	582.02	547.42
Sales and Other Income	50.38	37.65	36.42
Profit/(Loss) after Tax (PAT)	39.32	20.02	(12.99)
Book value per Share (Face Value Rs. 10/-)	38.02	39.10	37.37
Earning per Share (Rs.)	1.97	1.00	NIL

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## 11. FORBES DORIS & NAESS MARITIME PVT. LTD (FDNM)

FDNM earlier named as Forbes Wilhemsen Logistics Pvt. Ltd was incorporated on 25/02/2002 as a Private limited company. Its registered office is at Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400001. On 19/10/2004 the name of the company was changed to Forbes Doris & Naess Maritime Pvt. Ltd. (FDNM). On 04/03/2005, the status of FDNM (P) was changed to limited company. It is not listed on any Stock Exchange. It became a subsidiary of Forbes Gokak Ltd. with effect from 24/01/2005.

The company is authorized to establish, acquire, maintain and operate shipping Agencies, Shipping Services, Travel Services, Maritime and other transport and total logistics and integrated procurement and supply chain management services, etc.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1, 30, 470	60.00
Maltese Sun Maritime Company Ltd.	86, 980	40.00
<b>Total</b>	<b>2,17,450</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. N. Wirth
3	Mr. J. H. Rand IV
4	Mr. A. Menon

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	1.00	21.75	21.75
Reserves & Surplus (Excluding Revaluation Reserves)	*	NIL	NIL
Services and Other Income	*	13.70	19.18
Profit/(Loss) after Tax (PAT)	*	(3.30)	(20.69)
Book value per Share (Face Value Rs. 10/-)	*	7.38	Negative
Earning per Share (Rs.)	*	Negative	Negative

\* **Note:** There has been no activity during the period ended 31/03/2004. Accordingly no profit and loss account has been prepared.

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year. The accumulated losses of the company has greater than its networth as on 31/03/2006

## 12. EDUMETRY INC.

Edumetry Inc. was incorporated in the Delaware, New Castle, United States of America on 24/08/2005. It procures onshore contracts in USA with universities by Edumetry USA and thereafter back to back contract with Forbes Edumetry Ltd. The company is promoted by Forbes Gokak Ltd. along with three venture executives and two venture capitalists. It is engaged in the business model for Edumetry ventures encompassing onshore contracts in USA with various universities and internet based online universities and thereafter back-to-back contracts with Forbes Edumetry Ltd.

### Shareholding pattern (As on March 31, 2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	2,500	50.00
Indovina International Establishment	1,250	25.00
Mr. Chandrasekaran Rajam	250	5.00
Ms. Rachel Davis	187.5	3.75
Mr. M. Shivkumar	187.5	3.75
Tikassel Holdings Ltd., Mauritius	625	12.50
<b>Total</b>	<b>5,000</b>	<b>100.00</b>

### Board of Directors (As on March 31, 2006)

Sr. No.	Name
1	Mr. S. Shankar
2	Mr. C. Rajam
3	Mr. R. S. Srinivasan

### Financial Performance

The brief audited financials of the company for the past Financial Year is as follows:

(In Rs.)

Particulars	31/03/2006
Equity Capital	7,125,600
Reserves & Surplus (Excluding Revaluation Reserves)	
Sales and Other Income	
Profit/(Loss) after Tax (PAT)	(6,315,829)
Book value per Share (Face Value Rs. 10/-)	
Earning per Share (Rs.)	

### Other Details:

The Company has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year. The Company has not issued any equity shares. The capital is composed of share application money pending allotment as on 31/03/2006.

### 13. NYPRO FORBES PRODUCTS PVT. LTD

The company was incorporated on 03/08/1995 under a Joint Venture Agreement between M/s. Nypro Inc. USA and M/s. FAL Industries Ltd. Chennai, in the year 1995 with the Registered office located in Chennai, Tamilnadu, India, under the name, Nypro Forbes Products Private Limited. The Company is engaged into manufacture of Engineering and Industrial Plastic Products.

#### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Nypro Inc. , USA	3,380,000	50.00
Forbes Gokak Ltd.	1,000,000	15.00
FAL Industries Ltd.	2,380,000	35.00
<b>Total</b>	<b>6,760,000</b>	<b>100.00</b>

#### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. Kamalesh Chander Mehra
2	Mr. M Singh
3	Mr. K R N Menon
4	Mr. Gordon B Lankton
5	Mr. Goh Hock Kim
6	Mr. James R Buonomo

#### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	476.00	476.00	676.00
Reserves & Surplus (Excluding Revaluation Reserves)	34.57	94.98	107.39
Sales and Other Income	707.02	970.02	1,374.93
Profit/(Loss) after Tax (PAT)	32.49	60.40	12.41
Book value per Share (Face Value Rs. 10/-)	10.73	11.99	11.59
Earning per Share (Rs.)	0.68	1.27	0.18

#### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year.

#### 14. NYPRO FORBES MOULDS PVT. LTD.

Nypro Forbes Moulds Pvt. Ltd. was incorporated under a joint venture agreement between M/s. Nypro Singapore Pte. Ltd. Singapore and M/s. Forbes Gokak Ltd. Mumbai, in the year 2002 with the registered office located in Chennai, Tamilnadu, India, under the name, Nypro Forbes Moulds Private Limited.

The Company's Works / Office is situated in Hosur, Tamilnadu. The core business of the Company is to manufacture of Moulds, Tools, their parts and accessories.

#### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
M/s Nypro Singapore Pte. Ltd.	22,25,000	50.00
Forbes Gokak Ltd.	22,25,000	50.00
<b>Total</b>	<b>44,50,000</b>	<b>100.00</b>

#### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. M. Singh
2	Mr. H. L. Narasimha
3	Mr. A. V. Suresh
4	Mr. James R. Buonomo
5	Mr. Goh Hock Kim
6	Mr. Richard H. Landry
7	Mr. James Porter Elliott
8	Mr. G. M. Nachane

#### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(In Rs.)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	19,500,000	19,500,000	44,500,000
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	3,733,896	15,400,748	26,249,454
Profit/(Loss) after Tax (PAT)	(1,990,496)	(1,681,930)	53,934
Book value per Share (Face Value Rs. 10/-)	8.98	8.12	9.19
Earning per Share (Rs.)	Negative	Negative	0.012

#### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year.

## 15. WARRIOR LOGISTICS AND SHIPPING LTD

Warrior Logistics And Shipping Ltd. (Formerly known as Barwil Shipping (India) Pvt. Ltd.) incorporated in the year 1996 as joint venture Company with Barwil Agencies A. S. of Oslo, Norway.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	500,010	50.00
Barwil Agencies A. S. Oslo	500,010	50.00
<b>Total</b>	<b>1,000,020</b>	<b>100.00</b>

### Board of Directors (As on March 31, 2006)

Sr. No.	Name
1	Capt. S. P. Rao
2	Mr. K. C. Raman
3	Mr. Kunt Bratejhan
4	Mr. Richard Mogg

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31.03.2004	31.03.2005	31.03.2006
Equity Capital	5,000,200	5,000,200	5,000,200
Reserves & Surplus (Excluding Revaluation Reserves)	1,666,618	567,120	1,716,675
Sales and Other Income	3,765,866	4,115,296	8,220,212
Profit/(Loss) after Tax (PAT)	806,754	596,620	2,859,999
Book value per Share (Face Value Rs. 10/-)	13.33	11.13	13.44
Earning per Share (Rs.)	1.61	1.19	5.72

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year.

## 16. FORBES EDUMETRY LIMITED

Forbes Edumetry Limited was incorporated on 17/11/2005. It is engaged in providing academic and administrative relevant management, information, resources and technology in all forms and modes, specialized academic and analytical support and knowledge management services and IT enabled services. It is a subsidiary of Forbes Gokak Limited.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	1,440,000	50.00
Indovina International Establishment Lichtenstein	720,000	25.00
Tikassel Holdings Limited	360,000	12.50
Dr. Chandrasekaran R. Rajam	144,000	5.00
Dr. Rachel Davis	108,000	3.75
Mr. Muthukrishnan Shivkumar	108,000	3.75
<b>Total</b>	<b>2,880,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. Ravi Shankar
3	Dr. Chandru Rajam
4	Mr. Eddie Poonawala

### Financial Performance

The brief audited financials of the company for the past Financial Year are as follows:

(In Rs.)

Particulars	31/03/2006
Equity Capital	28,800,000
Reserves & Surplus (Excluding Revaluation Reserves)	NIL
Sales and Other Income	33,288
Profit/(Loss) after Tax (PAT)	(8,479,066)
Book value per Share (Face Value Rs. 10/-)	7.06
Earning per Share (Rs.)	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## 17. FORBES INFOTAINMENT LIMITED

Forbes Infotainment Ltd. was incorporated on 21/03/2003. It launched DhanDhanaDhan, an online lottery business in March 2003 to market and promote the Arunachal Pradesh and Nagaland State lotteries. The company has over 40 distributors and over 1500 realtime connected retailers spread across the country supported by leading business associates.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Mr. Manoj Katira	5000	0.04
Mr. Mahesh Rajde	5000	0.04
Turbo Technologies Pvt. Limited	2,391,900	19.92
Mr. Paresh Rajde	100	0.00
Forbes Gokak Limited	5,884,900	49.00
Anand Agencies Pvt. Limited	3,723,100	31.00
<b>Total</b>	<b>12,010,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. Kamlesh Chander Mehra
2	Mr. Shapoor Mistry
3	Mr. Paresh Rajde
4	Mr. Mahesh Rajde
5	Mr. Jimmy Parakh
6	Mr. Suresh Goklaney
7	Mr. Noshir Khurody

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/08/2004 (17 Months)	31/03/2005 (7 Months)	31/03/2006
Equity Capital	1,201.00	1,201.00	1,201.00
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	10,592.01	9,873.16	28,651.59
Profit/(Loss) after Tax (PAT)	(4,254.95)	(987.64)	(635.34)
Book value per Share (Face Value Rs. 10/-)	Negative	Negative	Negative
Earning per Share (Rs.)	Negative	Negative	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year. The accumulated losses of the company as greater than its networth as on 31/03/2006.

## 18. BARWIL FORBES SHIPPING SERVICES LTD.

Barwil Forbes Shipping Service Ltd. was formerly known as Forbes Shipping Corporation Ltd, a joint venture company with Barwil Agencies A. S. Oslo.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	20,998	42.00
Forbes Campbell Holdings Ltd.	2,000	4.00
Warrior Investment Ltd.	2,000	4.00
Barwil Agencies AS, Oslo	25,000	50.00
Mr. A. T. Shah	1	0.00
Mr. C. A. Karnik	1	0.00
<b>Total</b>	<b>50,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Capt. S P Rao
2	Mr. K C Raman
3	Mr. Knut Brathejan
4	Mr. Richard Mogg

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	50.00	50.00	50.00
Reserves & Surplus (Excluding Revaluation Reserves)	74.42	110.95	140.53
Sales and Other Income	305.34	446.75	381.96
Profit/(Loss) after Tax (PAT)	75.01	149.60	98.00
Book value per Share (Face Value Rs. 100/-)	251.61	321.89	381.06
Earning per Share (Rs.)	150.02	299.20	196.00

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year.

## 19. FORBES TINSLEY COMPANY LIMITED

Forbes Tinsley Company Limited was incorporated on 06/07/1990. It is engaged in the business of Manufacturers, dealers, exporters, assemblers and fabricators, repairer's maintainers, Commission Agents and Operators of all kinds of telecommunication equipment. It is a subsidiary Company of Forbes Gokak Limited.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
H. Tinsley & Co. Ltd. U.K.	100,000	40.00
Forbes Gokak Ltd.	75,000	30.00
Forbes Finance Ltd.	37,500	15.00
Warrior (Investment) Ltd.	37,470	14.99
Mr. R. T. Doshi	10	0.00
Dr. S. S. Rajadhyaksha	10	0.00
Mr. C. A. Karnik	10	0.00
<b>Total</b>	<b>250,000</b>	<b>100.000</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. G. Mukharjee
2	Mr. Rajendrakumar Tejkaranji Doshi
3	Mr. Ashok Thakorlal Shah

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(In Rs.)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	2,500,000	2,500,000	2,500,000
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	1,292,345	243,506	3,240
Profit/(Loss) after Tax (PAT)	387,079	49,268	(57,288)
Book value per Share (Face Value Rs. 10/-)	Negative	Negative	Negative
Earning per Share (Rs.)	1.55	0.20	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year. The accumulated losses of the company as greater than its networth as on 31/03/2006.

## 20. FORBES SERVICES LTD

Forbes Services Limited was incorporated in 1975 and was originally known as Forbes Services Private Limited. The Company was engaged in the business of providing security assistance to Forbes Gokak Limited and its group companies. The name of the company was changed from Forbes Services Private Limited to Forbes Services Limited and it is a subsidiary of Forbes Gokak Limited.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	15,000	30.00
Forbes Campbell Holdings Limited	5,000	10.00
Warrior (Investment) Limited	10,000	20.00
Volkart Fleming Shipping & Services Limited	5,000	10.00
IVP Limited	1,000	2.00
Vibronics Private Limited	1,000	2.00
Trident Shipping Agencies Limited	998	2.00
Mr. R. T. Doshi	1	0.00
Mr. C. A. Karnik	1	0.00
Seaspeed Shipping Agencies Limited	12,000	24.00
<b>Total</b>	<b>500,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. C. A. Karnik
2	Mr. R. T. Doshi
3	Mr. A. T. Shah
4	Mr. M. L. Khetan

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(in Rs.)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	100,000	500,000	500,000
Reserves & Surplus (Excluding Revaluation Reserves)	222,393	214,552	148,036
Sales and Other Income	14,192	2,224	9,577
Profit/(Loss) after Tax (PAT)	2,492	(7,841)	(66,516)
Book value per Share (Face Value Rs. 10/-)	32.24	14.29	12.96
Earning per Share (Rs.)	0.25	Negative	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## 21. FORBES TECHNOSYS LIMITED

Forbes Technosys Limited was incorporated in 1991, and was originally known as Wandel & Goltermann & Forbes Limited to Forbes Technosys Limited. The Company is engaged in the business of information & technology system and business process outsourcing and call centers.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Limited	192,020	24.01
Warrior Investment Limited	392,000	49.00
Forbes Campbell Holdings Limited	215,980	26.99
<b>Total</b>	<b>800,000</b>	<b>100</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. K. C. Mehra
2	Mr. C. G. Shah
3	Mr. C. A. Karnik
4	Mr. G. Mukharjee
5	Mr. A. T. Shah

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	80.00	80.00	80.00
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL	NIL
Sales and Other Income	2.77	18.32	122.36
Profit/(Loss) after Tax (PAT)	1.92	(75.81)	(68.46)
Book value per Share (Face Value Rs. 10/-)	2.20	Negative	Negative
Earning per Share (Rs.)	0.24	Negative	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year. The accumulated losses of the company as greater than its networth as on 31/03/2006.

## 22. PT. GOKAK INDONESIA

PT. Gokak Indonesia was incorporated on 03/03/1980 in Indonesia. Its main business activity is to run industrial business which produce various kinds of cotton yarn, synthetic yarn, blended yarn made of cotton and synthetic fibre including yarn for industrial purpose.

### Shareholding pattern (As on 31/12/2005)

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd.	1,375	22.00
Euro Asean Manager Ltd.	1,250	20.00
Warrior (Investment) Ltd.	688	11.00
Forbes Campbell Holdings Ltd.	687	11.00
Thakral brother Inc.	1,000	16.00
PT. Multibis prima Agung	1,000	16.00
Humphrey R. Djemat	250	4.00
<b>Total</b>	<b>6,250</b>	<b>100.00</b>

### Board of Commissioners (As on 31/12/2005)

Sr. No.	Name
1	Mr. F. A. Mehta
2	Mr. K. C. Mehra
3	Mr. C. G. Shah
4	Mr. Paul Adolf Werner Wihler
5	Mr. Wencesssiaus La Rangka
6	Mr. Manmohan Singh Thakeral

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(in Million)

Particulars	31/12/2003		31/12/2004		31/12/2005	
	Rupiah	Rs.	Rupiah	Rs.	Rupiah	Rs.
Equity Capital	2,593.75	12.97	2,593.75	12.97	2,593.75	12.97
Reserves & Surplus (Excluding Revaluation Reserves)	1,406.25	7.03	1,406.25	7.03	1,406.25	7.03
Sales and Other Income	102,438.16	512.19	134,025.80	670.13	145,070.80	725.35
Profit/(Loss) after Tax (PAT)	19,219.42	96.09	(5,490.32)	(27.45)	1,470.36	7.35
Book value per Share (Face Value Rupiah. 415000/-)	Negative	Negative	Negative	Negative	Negative	Negative
Earning per Share (in million)	3.08	0.02	Negative	Negative	0.24	0.0012

Note: The company's share capital consists of 6,250 fully paid shares at the par value of Rupiah 415,000 (Indonesian Rupiah 1.00 = Rs. 0.005)

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year. The accumulated losses of the company as greater than its networth as on 31/12/2005.

### 23. SCI FORBES LTD

The company was incorporated on 18/07/2006 and was originally known as Shipindia Forbes Limited. The company is engaged in the business to purchase, charter hire or otherwise deal with steam and other ships or vessels, of any description with all equipment and furniture, and to establish maintain and operate transport services by water and land between India and other countries of the world for the conveyance or passengers, mails and freight and for any other purpose including the conveyance of troops, carriage of munitions of war, live-stocks, corn and other produce.

The name of the company was changed from Shipindia Forbes Limited to SCI Forbes Limited on 14/08/2006 and it is a joint venture between Forbes Gokak Limited and The Shipping Corporation of India Limited.

#### Shareholding pattern

Name of Shareholder	No. of Shares	% of Shareholding
Forbes Gokak Ltd Jtly with Mr. A. T. Shah	10,000	20.00
Mr. K. C. Mehra	10,000	20.00
Capt. S. P. Rao	10,000	20.00
Mr. A. K. Barat	10,000	20.00
Mr. M. K. Sonawala	5,000	10.00
Mr. S. P. Kadakia	3,000	6.00
Mr. V. K. Vora	2,000	4.00
<b>Total</b>	<b>50,000</b>	<b>100.00</b>

#### Board of Directors

Sr. No.	Name
1	Mr. K. C. Mehra
2	Capt. S. P. Rao
3	Mr. A. K. Barat
4	Mr. J. N. Das
5	Mr. V. S. Jonnalagaddarao

#### Other Details:

The Company is an unlisted company and has not made any public or rights issue in the preceding three years. As the company was incorporated in July 2006, no financial statements have been prepared.

## 24. FORBES AQUAMALL LIMITED

Forbes Aquamall Limited was incorporated on 28/08/2002. It commenced its commercial operations on 28/10/2002. It is promoted by Aquamall Water Solutions Limited. It is engaged in the business of Manufacture of Water filters cum purifiers.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Aquamall Water Solutions Limited	5,00,000	100.00
<b>TOTAL</b>	<b>5,00,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. S L Goklaney
2	Mr. P J Reddy
3	Mr. A V Suresh
4	Mr. J N Ichhaporia
5	Mr. R Ganguly
6	Mr. Vicco Syiem

### Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006
Equity Capital	50.00	50.00	50.00
Reserves & Surplus (Excluding Revaluation Reserves)	216.79	386.24	603.31
Sales and Other Income	1,375.75	1,554.24	1,904.39
Profit/(Loss) after Tax (PAT)	188.56	166.42	217.58
Book value per Share (Face Value Rs. 10/-)	53.36	87.25	130.66
Earning per Share (Rs.)	37.71	33.28	43.50

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has not made a loss in the immediately preceding year.

## 25. FORBES ABANS CLEANING SOLUTIONS PVT LTD

Forbes Abans Cleaning Solutions Pvt. Ltd. was incorporated on 28/07/2004. It commenced operations on 01/10/2005. It is engaged in contract cleaning business and mechanised cleaning of industrial & commercial premises.

### Shareholding pattern (As on 31/03/2006)

Name of Shareholder	No. of Shares	% of Shareholding
Eureka Forbes Limited	5,10,000	51.00
Stock Traders Private Limited	1,90,000	19.00
Abans Limited, Srilanka	3,00,000	30.00
<b>Total</b>	<b>10,00,000</b>	<b>100.00</b>

### Board of Directors (As on 31/03/2006)

Sr. No.	Name
1	Mr. S. L. Goklaney
2	Mr. C. A. Karnik
3	Mr. J. N. Ichhaporia
4	Mr. Sushil Premchand
5	Mr. Phiroze Pestonjee

### Financial Performance

The brief audited financials of the company for the past two Financial Years are as follows:

(Rs. lacs)

Particulars	31/03/2005	31/03/2006
Equity Capital	100.00	100.00
Reserves & Surplus (Excluding Revaluation Reserves)	NIL	NIL
Sales and Other Income	2,816	279.35
Profit/(Loss) after Tax (PAT)	(36.51)	(6.04)
Book value per Share (Face Value Rs. 10/-)	6.35	5.75
Earning per Share (Rs.)	Negative	Negative

### Other Details:

The Company is an unlisted company and has not conducted any public or rights issues in the preceding three years. It has made a loss in the immediately preceding year.

## **RELATED PARTY TRANSACTIONS**

We have various transactions with the following:

- Promoter; and
- Associate Company

The related party transactions with the promoter and the associate company, Directors and key managerial personnel include the following:

- payments for premises;
- purchase and sale of services rendered;
- interest payments; and
- equity and debt financing.

For more details on our related party transactions, see Annexure XIII to the financial statements at page 112 of this Draft Red Herring Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividend 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 position. Our Company has no stated dividend policy. Due to the lack of distributable profits since inception, we have not declared and paid any dividend since F.Y. 2004 – 2005.

## SECTION V : FINANCIAL STATEMENTS

August 17, 2006

The Board of Directors,  
Next Gen Publishing Limited,  
Khatau House, 2<sup>nd</sup> Floor,  
Mogul Lane,  
Mahim (West),  
Mumbai 400 016.

Dear Sirs,

Re: Public issue of Equity Shares of Next Gen Publishing Limited

We have examined the financial information of Next Gen Publishing Limited ('the Company') annexed to this report and initialed by us for identification. The financial information has been prepared in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") and related clarifications thereto issued by the Securities and Exchange Board of India (SEBI) under section 11 of the Securities and Exchange Board of India Act, 1992.

### Financial Information

The financial information referred to above, relating to profits and losses, assets and liabilities and cash flows of the Company is contained in the following Annexures to this report:

Annexure I contains the Statement of Profits and Losses, as restated for the period ended March 31, 2005 and year ended March 31, 2006.

Annexure II contains the Statements of Assets and Liabilities, as restated as at March 31, 2005 and March 31, 2006.

Annexure III contains the Statement of Cash Flows, as restated for the years ended March 31, 2005 and March 31, 2006.

Annexure IV contains the Notes on Accounts for the year ended March 31, 2006.

Annexure V contains of Significant Accounting Policies.

### Other Financial Information

Other financial information relating to the Company is attached in Annexures VI to XVI to this report:

Annexure VI contains Details of Other Income.

Annexure VII contains Details of Loans and advances.

Annexure VIII contains Details of Investments.

Annexure XIV contains Details of Sundry Debtors.

Annexure X contains Details of dividend paid.

Annexure XI contains Details of Contingent Liabilities.

Annexure XII contains Segment Disclosure.

Annexure XIII contains Details of Related Party transactions.

Annexure XIV contains Summary of Accounting ratios.

Annexure XV contains Tax Shelter Statement.

Annexure XVI contains Capitalisation Statement.

We have examined, as appropriate, the financial information contained in the aforesaid annexures and have to state that the financial information, prepared by the Company, is based on the financial statements of the Company for the years ended March 31, 2005 and March 31, 2006 audited by R.P Upadhyaya and Company Chartered Accountants and adopted by the Board of Directors / Members for those respective years.

In our opinion, the financial information of the Company as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for the use of the Company for the purpose of inclusion in the Red Herring Prospectus in connection with the proposed Public Issue of Equity by the Company. This report may not be used or relied upon by, or disclosed to, or referred to or communicated by the Company (in whole or in part) to, any third party for any purpose other than the stated use, except with our written consent, which may be given, only after full consideration of circumstances at that time.

For Kalyaniwalla & Mistry,  
Chartered Accountants

Sd/-

K. M. Elavia  
Partner  
Membership No 12737

## STATEMENT OF PROFIT AND LOSS AS RESTATED

Rs. in lacs

Particulars	For the year ended March 31, 2006	For the period ended March 31, 2005
<b>Income:</b>		
Sales:		
Income from Publishing	598.60	13.34
Other sales	50.74	
	649.34	13.34
Other Income	13.70	1.11
<b>Total Income</b>	<b>663.04</b>	<b>14.45</b>
<b>Expenditure:</b>		
Raw Materials and Goods Consumed	80.18	-
Staff Costs	257.02	15.58
Other Manufacturing and Administrative Expenses	581.68	27.57
Selling and Distribution Expenses	38.05	0.96
	956.93	44.11
Interest	17.03	0.07
Depreciation	73.96	1.30
Preliminary Expenses written off	-	8.54
<b>Total Expenditure</b>	<b>1,047.92</b>	<b>54.02</b>
<b>Net Profit Before Tax</b>	<b>(384.88)</b>	<b>(39.57)</b>
Provision for Taxation		
Current Tax	-	-
Deferred Tax	(17.94)	(11.57)
Fringe Benefit Tax	18.93	-
	0.99	(11.57)
<b>Net Profit After Tax</b>	<b>(385.87)</b>	<b>(28.00)</b>
Balance Brought Forward	(28.00)	-
<b>Balance carried to Balance Sheet</b>	<b>(413.87)</b>	<b>(28.00)</b>

## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

Rs. in lacs

Particulars	For the year ended March 31, 2006	For the period ended March 31, 2005
<b>Assets:</b>		
Fixed Assets – Gross Block	434.87	22.31
Less: Depreciation	(75.25)	(1.30)
Net Block	359.62	21.01
Advance Capital Expenditure	2.19	33.18
	<b>361.81</b>	<b>54.19</b>
Investments	-	-
Deferred Tax Asset	29.51	11.57
Current Assets, Loans and Advances		
Inventories	40.08	-
Receivables	159.48	12.79
Cash and Bank Balances	249.94	182.12
Other Current Assets	0.14	0.35
Loans and Advances	642.88	53.78
	<b>1,092.52</b>	<b>249.04</b>
<b>Total Assets</b>	<b>1,483.84</b>	<b>314.80</b>
<b>Liabilities and Provisions</b>		
Loan Funds	-	-
Secured Loans	37.63	4.22
Unsecured Loans	400.00	-
	<b>437.63</b>	<b>4.22</b>
Deferred Tax Liability	-	-
Current Liabilities and Provisions		
Sundry Creditors	233.52	28.64
Other Liabilities	402.65	9.29
Interest accrued but not due	0.85	0.03
Provisions for Leave Encashment & Gratuity	10.06	0.62
	<b>647.08</b>	<b>38.58</b>
<b>Total Liabilities</b>	<b>1,084.71</b>	<b>42.80</b>
<b>Net Worth</b>	<b>399.13</b>	<b>272.00</b>
<b>Represented by:</b>		
Shareholder's Funds		
Share Capital	606.75	300.00
Reserves and Surplus	206.25	-
Profit and Loss Account	(413.87)	(28.00)
<b>Net Worth</b>	<b>399.13</b>	<b>272.00</b>

## STATEMENT OF CASH FLOW

Rs. in lacs

Particulars	For the year ended March 31, 2006	For the period ended March 31, 2005
<b>CASH FLOW FROM OPERATING ACTIVITIES AS RESTATED:</b>		
Net Profit/ (Loss) Before Tax and Extraordinary Items	(384.88)	(39.57)
Adjustment for		
Depreciation	73.96	1.30
Interest received	(3.02)	(1.11)
Interest charged	17.03	0.07
Preliminary Expenses amortised	-	8.54
	<b>87.97</b>	<b>8.80</b>
Operating Profit/(Loss) Before Working Capital Changes	<b>(296.91)</b>	<b>(30.77)</b>
Adjustments for:		
Increase/ Decrease in trade and other receivables	(775.66)	(66.92)
Increase/ Decrease in trade and other payables	608.50	38.58
Inventories	-	-
	<b>(167.16)</b>	<b>(28.34)</b>
Cash Generated from Operations	<b>(464.07)</b>	<b>(59.11)</b>
Direct Taxes Paid	(18.93)	-
<b>(A) NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(483.00)</b>	<b>(59.11)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(381.57)	(55.49)
Interest Received	3.02	1.11
<b>(B) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(378.55)</b>	<b>(54.38)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares- share capital	306.75	300.00
Proceeds from issue of shares- share premium	206.25	-
Proceeds from Borrowing	433.40	4.22
Interest paid	(17.03)	(0.07)
Preliminary and share issue expenses	-	(8.54)
<b>( C ) NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>929.37</b>	<b>295.61</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A)+(B)+( C )</b>	<b>67.82</b>	<b>182.12</b>
<b>Cash and Cash Equivalents as at the commencement of the period, comprising Cash and Bank Balances</b>	182.12	-
<b>Cash and Cash Equivalents as at the end of the period, comprising Cash and Bank Balances</b>	249.94	182.12
<b>Net Increase as disclosed above</b>	<b>67.82</b>	<b>182.12</b>

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006

Previous years figures have been regrouped wherever necessary. However the same were for the period from the date of incorporation, i.e. 20<sup>th</sup> October 2004 uptill 31<sup>st</sup> March 2005 and are hence, not comparable with the figures for the current year.

Estimated amounts of contracts remaining to be executed on Capital account (net of advances) and not provided for Rs 4,70,597 (p/y Rs.74,13,784).

Contingent Liabilities not provided for : Guarantee given by the bankers on behalf of the Company Rs 1,13,774 (Previous year Rs. Nil )

Expenditure in Foreign Currency on account of travel, books and periodicals etc. Rs 24,37,237 (p/y Rs.49,660/-)

Earnings in Foreign Currency on account of Advertisement sales Rs 56,04,109 (p/y Rs.4,28,297/-)

The surplus /unsold copies of printed products are normally distributed free of cost for promotional purposes and have little other use, although in rare cases they may be sold on future occasions. Therefore quantitative details have not been disclosed for the purposes of part 2 of schedule VI of the Companies Act,1956. Opening and closing stocks of these printed products are also not valued.

Raw materials consumed :

Type of material	Units	Quantity	Value (Rs)	
Paper	kgs	1,37,158	80,18,394	(previous year Nil )
CIF Value (Rs) of imports of Raw materials			2005-06 73,39,859	(previous Year Nil)
Capital goods			6,82,413	(previous year Nil)

Value (Rs) of imported and indigenous raw materials consumed during the financial year and the percentage of each to the total consumption.

	2005-06	%	
Imported raw materials	61,19,147	76%	(previous year Nil)
Indigenous raw materials	18,99,247	24%	(previous Year Nil)

The Company has, during the year 2005-06 changed the policy of accounting for newsstand sales of its publications through newsagents. Hitherto, such revenue was being recognised on a gross basis with the corresponding commission being treated as an expense. The Company now accounts for the sale on a net basis. Consequent to the change in policy, the sales and expenses for the year are each lower by Rs 55,17,604 with no impact on the loss for the year.

The Company operates only in one segment – Publishing of printed products. Accordingly, in the context of Accounting Standard 17 dealing with “Segment Reporting” issued by the Institute of Chartered Accountants of India, the operations are constituted under one primary segment only.

As required under Accounting Standard 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is disclosed below.

(i) Names of related parties and nature of related party relationship for the period ended 31st March, 2006.

(A) Enterprise collectively having more than one half of voting power of Next Gen Publishing Ltd.  
Forbes Gokak Limited

(B) Associate Company  
Forvol International Services Limited

(ii) Transactions with related parties for the year ended 31st March , 2006

Nature of Transactions	Referred to in A above	Referred to in B above
Purchases	---	---
Services Rendered	---	10,85,863
Sales	---	---
Services Rendered	1,95,000	---
Expenses	---	---
Rent and other Service Charges	22,67,529	---
Interest	10,97,775	---
Finance	---	---
Equity Contribution	16,040,000	---
Loans Taken	36,000,000	---
Outstandings	---	---
Sundry Creditors	2,98,074	230,797

To the best of information available, there are no small scale industrial undertakings to whom the company owes any sum outstanding for more than 30 days.

Net Deferred Tax Asset as at 31st March 2006 is as summarised below.

Deferred Tax Assets arising from :	2005-06	2004-05
(i) Unabsorbed depreciation loss.	Rs. 33,25,725	Rs. 12,82,388
(ii) Disallowances u/s 43B -reversible	Rs. 4,17,407	
Deferred Tax Liabilities arising from :		
(i) Timing difference of Depreciation in the financial statements and for Income Tax Purpose		
.	Rs. 7,92,490	Rs. 1,26,088
<b>Net Deferred Tax Asset taken to Balance Sheet</b>	Rs. 29,50,642	Rs. 11,56,300

Note : Deferred Tax assets are recognised only if there is reasonable certainty that they will be realised.

Earnings per share : The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 37,51,411 (previous year 10,63,852)

**SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF ACCOUNTING:**

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

**B. FIXED ASSETS:**

Fixed Assets (Gross) are stated at the aggregate of cost of acquisition including any attributable cost related to bringing the asset to its working condition for its intended use. Costs relating to software licenses of an enduring benefit are capitalised as computer software. Improvements to the leased properties are capitalised under furniture, fittings and office equipments and the same are written off over the balance period of the lease.

**C. DEPRECIATION:**

(a) Depreciation is calculated on pro-rata basis. Items costing less than and upto Rs.5,000 are fully depreciated.

(b) The details as to method and the rates of depreciation are as under:

<b>Class of Assets</b>	<b>Method of Providing Depreciation</b>	<b>Rate of Depreciation</b>
(i) Fixed Assets, other than assets referred in (ii),(iii),(iv) (v),(vi),(vii),(viii) and (ix) below	Straight Line Method	Schedule XIV of the Companies Act, 1956.
(ii) Computer Equipments	Straight Line Method	25%
(iii) Computer Softwares	Straight Line Method	25%
(iv) Furniture and Fittings	Straight Line Method	10%
(v) Electrical and Office Equipments	Straight Line Method	15%
(vi) Photographic Equipments	Straight Line Method	25%
(vii) Vehicles	Straight Line Method	20%
(viii) Intangible Assets	Straight Line Method	25%
(ix) Improvements to properties taken under lease	Depreciated over the balance period of lease.	

**D. INVENTORIES**

Inventories of raw materials are valued at cost or net realisable value, whichever is lower. Cost is determined using the weighted average method.

**E. REVENUE RECOGNITION:**

Revenues are accounted gross of commissions allowed to advertising agencies but net of discounts allowed to newsagents. Advertisement sales are recognised in the month in which the publication is printed. Copy sales are recognised in the month of despatch to the customer. The estimated returns of unsold copies are reduced from sales. Subscription sales are recognised on a proportionate basis over the period of subscription. Service Income is recognised when the work is performed. Interest income is recognised on the time proportion basis.

**F. FOREIGN CURRENCY TRANSACTIONS:**

(i) Transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction.

(ii) Monetary assets and liabilities determined in foreign currencies are stated at the exchange rates prevailing at the year end.

(iii) Gains or losses on settlement and translation of foreign exchange transactions are recognised as income or expense.

#### G. TAXATION

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### H. RETIREMENT BENEFITS:

In respect of defined contributory employee retirement benefit plans (Provident and Superannuation Fund) contribution/ provision to the recognised funds are charged to the Profit and Loss Account based on percentage of salary. In respect of defined benefit plan (Gratuity and Leave Encashment ) provision is made based on actuarial valuation.

#### I. PRELIMINARY EXPENDITURE

Preliminary expenses are fully charged off in the financial year in which the same is incurred.

### ANNEXURE VI

#### DETAILS OF OTHER INCOME

Rs. in lacs

Other Income	For the year ended March 31, 2006	For the period ended March 31, 2005
<b>Other Income</b>		
Interest on Fixed Deposits	3.02	1.11
Dividend Income	-	-
Commission Received	-	-
	-	-
<b>Non-recurring income</b>	-	-
Insurance Claim	8.90	-
Misc Receipts	1.78	-
Profit On Sale of Investments	-	-
<b>Total</b>	<b>13.70</b>	<b>1.11</b>

<b>Profit Before Tax as per restated Profit and Loss Account</b>	<b>(384.88)</b>	<b>(39.57)</b>
Total Other income / PBT	-4%	-3%
Other income / PBT	-1%	-3%

## DETAILS OF LOANS AND ADVANCES

## (A) Secured Loans – Vehicle Loan

Rs. in lacs

Bank Name	Amount Rs.	Security
Loan for Alto at Delhi	2.11	Hypothecation of Vehicles
Loan for Esteem at Delhi	3.40	Hypothecation of Vehicles
Loan for Esteem-KB	3.50	Hypothecation of Vehicles
Loan for Honda City-Delhi	5.23	Hypothecation of Vehicles
Loan for Innova Car	4.99	Hypothecation of Vehicles
Loan for Toyota Corolla	7.91	Hypothecation of Vehicles
Loan for Vehicle at Ahmedabad	1.19	Hypothecation of Vehicles
Loan of GETZ	3.82	Hypothecation of Vehicles
Loan of Hyundai Ascent-Viva	5.48	Hypothecation of Vehicles
<b>Total</b>	<b>37.63</b>	

**Note:** The secured loans are taken for purchase of vehicles on Equated Monthly Installments comprising of Principal and interest on written down value basis.

## (B) Unsecured Loans

Rs. in lacs

Bank Name	Amount Rs.	Interest Rate
Intercompany Loans from HDFC Ltd.	40.00	9.50%
Intercompany Loans from Forbes Gokak	240.00	8.50%
Intercompany Loans from Forbes Gokak	120.00	9.00%
<b>Total</b>	<b>400.00</b>	

## ANNEXURE VIII

## DETAILS OF INVESTMENT AS ON MARCH 31, 2006

Rs. in lacs

No	Details of the investment	No of Shares	Aggregate Book value	Aggregate Market / Quoted value	Diminution in the Value
	NIL				
	<b>TOTAL</b>				

## ANNEXURE IX

## DETAILS OF SUNDRY DEBTORS

Rs. in lacs

Age wise Break-up for the year ended March 31, 2006	Amount
Less than six months	148.84
More than six months	10.64
	159.48
Less: Provision for Doubtful Debts	-
<b>Total</b>	<b>159.48</b>

## ANNEXURE X

## DETAILS OF DIVIDEND PAID

Rs. in lacs

Particulars	For the year ended March 31, 2006	For the period ended March 31, 2005
60,67,500 (Previous Year 30,00,000) Equity Shares of Rs. 10/- Each fully paid up	606.75	300.00
	-	-
The Company has not declared any Dividend	-	

**DETAILS OF CONTINGENT LIABILITIES**

The Company has following contingent liabilities for which no provisions have been made in the books of accounts of the Company for a year ended March 31, 2006.

Rs. in lacs

Particulars	Amount
Bank Guarantee given by HDFC Bank to Deputy Commissioner of customs ICD Tughlakabad New Delhi	1.14

**SEGMENT DISCLOSURES**

The Company's operations during the year could broadly be classified as publishing activity (magazine and yellow pages) and other activity (non publishing). For the purposes of segment reporting in the context of Accounting Standard 17, the Company's operations were considered under a single segment of "publishing" since the income from other activity was within the limit of 10% of total income as indicated in the standard. The income from non publishing was disclosed under "other sales" in schedule 9 to the accounts as under:

1. Income from call centres	Rs. 40.79 lacs
2. Income from Sponsorship	Rs 5.00 lacs
3. Income from workshops	Rs. <u>4.95 lacs</u>
Total	Rs. <u>50.74 lacs</u>

**DETAILS OF RELATED PARTY TRANSACTIONS**

Related party Disclosures as required by AS 18 of the Institute of Chartered Accountants of India is as follows:

- i) Enterprise collectively having more than one half of voting power of Next Gen Publishing Ltd. Forbes Gokak Ltd.
- ii) Forvol International Services Limited- Associate Company
- iii) Details of transactions with related parties for the year ended March 31, 2006 are as under:

	<b>Nature of Transaction</b>	<b>Forbes Gokak Limited</b>	<b>Forvol International Services Limited</b>
a)	Purchases of Services Rendered		10.86
b)	Sale of Services Rendered	1.95	
c)	Expenses Rent and other Services Charges	22.68	
d)	Interest	10.98	
e)	Finance- Equity Contribution	160.40	
	Loans taken	360.00	
f)	Outstanding Payable	2.98	2.31

## SUMMARY OF ACCOUNTING RATIOS

Rs. in lacs

-	For the year ended March 31, 2006	For the period ended March 31, 2005
Networth (Rs.) (A)	399.13	272.00
Adjusted Profit after Tax (Rs.) (B)	(385.87)	(28.00)
No. of Shares outstanding at the end (C)	60.68	30.00
Weighted average number of shares outstanding (D)	37.51	3.57
Earnings per Share (EPS) (Rs.) (B/D)	(10.29)	(7.85)
Return on Net worth (%) (B/A)	-96.68%	-10.29%
Net Asset Value per Share (Rs.) (A/C)	6.58	9.07
<b>OTHER RATIOS</b>		
<b>Cash Profit</b>		
<b>Profit After Tax</b>	(385.87)	(28.00)
<b>Add: Non-Cash Expenses</b>		
Depreciation	73.96	1.30
Loss on sale of Assets	-	-
<b>Loss on sale of Investments</b>	-	-
	(311.91)	(26.70)
Cash Earnings per Share (Rs.)	(8.31)	(7.49)

-		
Return on Assets (%)	-26.53%	-9.23%
Return on Average Net Worth (%)	-114.99%	-20.59%

<b>Calculation of Net Worth</b>		
Share Capital	606.75	300.00
Reserves & Surplus and Profit and Loss	(207.62)	(28.00)
Net Worth	399.13	272.00
Adjusted Profit after Tax	(385.87)	(28.00)
Avg Net Worth	335.57	136.00
	-114.99%	-20.59%

## TAX SHELTER STATEMENT

Rs. in lacs

Particulars	For the year ended March 31, 2006	For the period ended March 31, 2005
	Actual	Actual
<b>Net Profit before Tax</b>	<b>(384.88)</b>	<b>(39.57)</b>
<b>Tax</b>	<b>33.66%</b>	<b>36.59%</b>
	<b>(129.55)</b>	<b>(14.48)</b>
<b>Permanent Diff</b>		
Less Other Adjustments	-	-
Add Other Adjustments	-	-
Dividend	-	-
80 Deductions	-	-
80 HHC	-	-
80 G	-	-
<b>Timing Diff</b>		
Book Dep	73.96	1.30
IT Dep	(94.27)	(4.75)
	-	-
43 B Items	-	-
Disallowed	11.94	1.14
Allowed	(1.71)	6.83
Provision for Doubtful Debts	-	-
Unabsorbed Business Loss & Depreciation	-	-
<b>Total Taxable Income</b>	<b>(394.96)</b>	<b>(35.05)</b>
<b>Tax on above</b>	-	-
Provision for Tax in Accounts	-	-

## CAPITALISATION STATEMENT

Rs. in lacs

	Pre-issue as at 31st March 2006	Pre-issue as at 31st March 2005	Pre-issue as at 14th Aug. 2005
<b>Borrowing</b>			
Short - Term debt			
From Banks	-		
Vehicle Loans from Banks	37.63	4.22	
Unsecured loan from HDFC & Forbes Gokak	400.00	-	
	<b>437.63</b>	<b>4.22</b>	
Long-term debt			
From Banks	-		
<b>Total Debt</b>	<b>437.63</b>	<b>4.22</b>	
<b>Shareholders' funds</b>			
Share Capital			
- Equity	606.75	300.00	
Less: Calls- in- arrears	-		
- Preference	-		
Share premium	206.25		
Reserves & surplus	-		
Less: Miscellaneous Expenditure not written off	-		
<b>Total Shareholders Funds</b>	<b>813.00</b>	<b>300.00</b>	
Debt/Equity ratio	0.54	0.01	

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

*You should read the following discussion of our financial condition and results of operations together with our Indian GAAP financial statements for fiscal 2005 and 2006 including the notes thereto and reports thereon which begin on page 101 of this Draft Red Herring Prospectus.*

*Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year except for F.Y. 2004-2005 which is for a six month period.*

### Overview

- Publishing Company headquartered at Mumbai engaged in non-news B2C magazine titles, Yellow Pages in print and multi media platforms and in the telecom BPO space.
- Commenced operations in January 2005
- Senior management having considerable experience in the publishing industry.
- Major shareholding with Forbes Gokak (66.09%). HDFC Limited holds 16.32%, HNIs 15.45% and Employees the balance 2.14% as on March 31 2006.
- Allotment to HNIs @ Rs 32 per share in March 2006.
- Smart Photography launched in April 2005 established as the leader in its genre
- CAR India launched in August 2005 under licence from EMAP
- India's only dedicated magazine for the two wheeler industry, BIKE India, launched in August 2005
- Computer Active launched in January 2006 under licence from VNU
- Forbes Yellow Pages, Ahmedabad edition published in February 2006, operations for Forbes Yellow Pages Delhi and Mumbai also launched during the year.

### Factors Affecting our Results of Operations

The scale of operations for the two periods are not comparable because the previous period figures only comprised the launch and first issue expenses of Smart Photography and corporate costs. During the current year, the Company ended the year with income from 4 magazine titles (Smart Photography, CAR India, BIKE India, Computer Active), Forbes Yellow Pages Ahmedabad and the telecom BPO operation for Bharti Televentures.

The non-news publishing industry is extremely competitive with competition both from other publications and other media for advertising and consumer attention. Competition impacts the ability of the Company to increase advertising rates and cover prices of its publications. Since circulation revenues do not cover the cost of manufacture, the increase in duty on the import of LWC, a major raw material used in our magazine publications, is a cause of concern. In such a scenario, the Company's 4 magazine titles have been well accepted by both industry and the readers. The Company has also organized the Uniross Smart Photography awards and the NDTV CAR India and Bike India awards which were well attended and appreciated by senior representatives from respective industries. In an attempt to build communities around the brand, the Company also made a beginning in conducting digital photography workshops at Mumbai and Delhi during the current year.

The Company commenced operations for the Forbes Yellow Pages at Ahmedabad, Delhi and Mumbai during the year. The Company's Yellow Pages are available on multi-media platforms of print, internet, WAP, SMS, CD-Rom and phone at Ahmedabad (print edition published in February 2006). The Yellow Pages space is extremely competitive with multiple players existing in each of the cities that the Company operates in. Such competition does impact the advertising rates of the Company's product. Advertising payments are collected in advance and with this being the first year of operation for the division some advertisers have either postponed their commitment to the second issue or taken a smaller sized advertisement. The Company believes that the pedigree of the principal shareholders and the management team and the initiatives taken by it to differentiate the product from other competing products will be appreciated by both users and advertisers and will serve the products well in the years to come and considers the high initial costs incurred as an investment towards building the brand and gaining market share.

The Company also started operations in the telecom BPO space by leveraging its yellow pages databases at Delhi to service inbound directory enquiries for a single customer, Bharti Televentures, for their landline subscribers in certain sectors of North India. As is common within this industry, attrition levels and the ability to scale up or down, in a short period, are the two single factors that affect this operation.

### Discussion on Results of Operations and Reasons for Variance

#### STATEMENT OF PROFIT AND LOSS AS RESTATED

Particulars	Rs. in lacs	
	For the year ended March 31, 2006	For the period ended March 31, 2005
<b>Income:</b>		
Sales:		
Income from Publishing	598.60	13.34
Other sales	50.74	
	649.34	13.34
Other Income	13.70	1.11
<b>Total Income</b>	<b>663.04</b>	<b>14.45</b>
<b>Expenditure:</b>		
Raw Materials and Goods Consumed	80.18	-
Staff Costs	257.02	15.58
Other Manufacturing and Administrative Expenses	581.68	27.57
Selling and Distribution Expenses	38.05	0.96
	956.93	44.11
Interest	17.03	0.07
Depreciation	73.96	1.30
Preliminary Expenses written off	-	8.54
<b>Total Expenditure</b>	<b>1,047.92</b>	<b>54.02</b>
<b>Net Profit Before Tax</b>	<b>(384.88)</b>	<b>(39.57)</b>
Provision for Taxation		
Current Tax	-	-
Deferred Tax	(17.94)	(11.57)
Fringe Benefit Tax	18.93	-
	0.99	(11.57)
<b>Net Profit After Tax</b>	<b>(385.87)</b>	<b>(28.00)</b>

#### Income

Publishing revenues of Rs 598.60 lakhs in the current year comprised revenues from 4 magazine titles (some for part of the year) and the Forbes Yellow Pages at Ahmedabad. The revenues for the previous period of Rs 13.34 lakhs only included the launch issue revenues of Smart Photography. Other sales of Rs 50.74 lakhs for the current year comprised the telecom BPO operation for Bharti Televentures, digital photography workshops revenue and sponsorship revenues.

Other income for the current year comprised Rs 3.02 lakhs of interest on fixed deposits with banks vs Rs 1.11 lakhs in the previous period. Other income in the current year also included an insurance claim of Rs 8.90 lakhs towards an import consignment of paper that was damaged and for which the Company has lodged a claim with the insurers.

## **Expenditure**

Raw materials expenditure of Rs 80.18 lakhs comprises the cost of paper, sourced both locally and from overseas, that was consumed in the manufacture of the Company's publications. During the previous period the Company had outsourced the manufacture of the turnkey product to its printer and had not separately purchased any raw material.

Staff costs of Rs 257.02 lakhs represent the editorial, design, marketing, systems & administrative personnel costs related to the Company's 4 magazine publications, its Forbes Yellow Pages Ahmedabad and the telecom BPO operations in addition to the costs of personnel attached to its corporate office. Staff costs of Rs 15.58 lakhs incurred during the previous year represented the cost of editorial, design and marketing personnel related to Smart Photography and of the personnel attached to the Corporate office.

Manufacturing, administrative, selling & distribution expenses during the current year relate to 4 magazine publications with operations at multiple locations across the country, the first edition of Forbes Yellow Pages Ahmedabad, the telecom BPO operations and the costs of the corporate office while the corresponding figures for the previous period relate to the expenses on the first issue of Smart Photography & costs of its corporate office.

## **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

## **Known trends or uncertainties**

Other than as described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

## **Future relationship between costs and income**

Other than as described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operation and finances.

## **New product or business segment**

Other than as described in this Draft Red Herring Prospectus, to our knowledge, there are no new products or business segments as on the date of filing of this Draft Red Herring Prospectus.

## **Seasonality of business**

The Company's businesses are not significantly season dependent. However, the Yellow Pages follow an annual cycle and thus the result of each city's Yellow Pages is recognized in a certain quarter in each year which does impact the financial results of that quarter as compared with the results of the immediately preceding quarter.

## **Competitive conditions**

We expect competition to intensify from existing and potential competitors in the publishing business in India and internationally. For further details, please refer to the discussions on our competition in "Risk Factors" and "Business" beginning on pages x and 43 in this Draft Red Herring Prospectus.

### **Dependence on single or few suppliers/customers**

The magazine publications business has advertisers principally across the industries related to the magazine content. In all our titles there are a number of advertisers who advertise on a contractual basis as well as on a one off basis. Since the numbers of advertisers are fairly large, the loss of any single account will not significantly impact our result. Circulation revenues are even broader based with the end reader paying for the copy either on the newsstand or through a subscription.

Yellow pages advertisers are even larger in number and there is even less exposure to revenue concentration.

Our telecom BPO operation has only a single customer, Bharti Televentures. The Company is exploring relationships with other customers and has also taken steps to minimize the risk in the eventuality of any termination of the existing relationship.

### **Material Developments after March 31, 2006**

The Company has issued 11,20,000 Equity Shares of Rs. 10/- each at a price of Rs. 32/- per Equity Share including premium of Rs. 22/- per Equity Share on 13/07/2006, to Forbes Gokak Ltd. and HDFC Limited.

The Company has appointed Mr. Humayun Dhanrajgir as an Independent Director on the Board of Directors with effect from 05/05/2006.

The Company published Forbes Yellow Pages in Delhi in May 2006.

The shareholders of the Company have passed a resolution dated 01/09/2006 to alter the Objects Clause of the Memorandum of Association of the Company to include new objects. These alterations will be effected on receipt of approval for the same from the RoC.

## SECTION VI : LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION

#### **LITIGATION BY AND /OR AGAINST THE COMPANY AND ITS DIRECTORS:**

**There are no cases filed by or against the company and its directors which relate to or involving:**

- a. contingent liabilities, outstanding or pending litigations or disputes in which the company is involved,
- b. defaults to the financial institutions / banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the company;
- c. violation of statutory regulations or alleging criminal offence;
- d. proceedings initiated for economic offences / civil against the company;
- e. past cases in which any disciplinary action taken and/or penalties were imposed on the company by any authorities (including the stock exchanges and/or SEBI);
- f. 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 the company,
- g. 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, 1956) against the company.

### **LITIGATION BY AND/OR AGAINST THE PROMOTER:**

Save and except the litigations provided hereinbelow, no cases are filed by or against any of the Promoter which relate to or involving:

- a. contingent liabilities, outstanding or pending litigations or disputes in which the company is involved,
- b. defaults to the financial institutions / banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the company;
- c. violation of statutory regulations or alleging criminal offence;
- d. proceedings initiated for economic offences / civil against the company;
- e. past cases in which any disciplinary action taken and/or penalties were imposed on the company by any authorities (including the stock exchanges and/or SEBI);
- f. 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 the company,
- g. 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, 1956) against the company.

### **LITIGATION BY THE PROMOTER:**

#### **A) Litigation Pending- Income Tax:**

<b>Sr. No.</b>	<b>Arbtrn. Suit No./ Petn. No.</b>	<b>Date of Filing</b>	<b>Claimant/ Plaintiff/ Petitioner</b>	<b>Respondent/ Defendant</b>	<b>Name of the Court/Arbitration Panel</b>	<b>Nature of the case</b>	<b>Amount under consideration (in Rs.)</b>	<b>Present Status</b>
1.	Y.E 31-3-01 A.Y.2001-02 IDA/9500/ M/04	27/12/04	<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Income Tax Appellate Tribunal, Mumbai.	Appeal against Various additions/ disallowances to Returned Income	12087582/-	Appeal hearing before ITAT completed on 04/09/2006. Order awaited
2.	Y.E. 31.3.02 A.Y. 2002-03	15/4/05	<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Commissioner of Income Tax Appeals-I Aaykar Bhavan Mumbai.	Appeal against Various additions/ disallowances to Returned Income	12488971/-	Appeal heard in November, 2005 and order awaited.

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/Arbitration Panel	Nature of the case	Amount under consideration (in Rs.)	Present Status
3.	Y. E. 31-3-03 A.Y. 2003-04 II(A)/II/126/06-07	25/4/06	<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Commissioner of Income Tax Appeals-I Aaykar Bhavan Mumbai.	Appeal against Various additions/ disallowances to Returned Income	36504500/-	Appeal hearing on 11/10/2006
4.	Y.E. 31.3.00 A.Y. 2000-01 IIA No.5896 March 2004		<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Income tax appellate Tribunal, Mumbai.	Appeal against Various additions/ disallowances to Returned Income	9955274/-	Appeal order read in June 06 and part relief given in addition to setting aside certain matter for verification which remains pending from I – T Dept side.
5.	Y. E. 31-3-89 A.Y. 1989-90 II(A)/I/II/14 9/ 06/07	27/4/06	<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Commissioner of Income Tax Appeals - I Mumbai.	Appeal against Various additions/ disallowances to Returned Income	1,25,48,375	Appeal hearing scheduled on 27/09/2006.
6.	Wealth Tax		<b>FGL</b>	Deputy Commissioner of I-Tax Circle 1 (1)Aaykar Bhavan, Mumbai	Income Tax Appellate Tribunal Mumbai.	Appeal against Addition made to the Returned Net Wealth	1,30,120 1,30,120 1,30,120 1,30,120	Appeal heard on 2/8/06 and now scheduled on 6/9/06. ITAT bench has refixed case on 09/10/2006

B). **Litigation Pending- Sales Tax:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	IInd Appeal No.260 (1999-00)	October 2005	Forbes Gokak Limited ("FGL")	Maharashtra State Govt.	Maharashtra State Sales Tax Tribunal	The "C" forms for relevant financial year were received after the assessment, in two installments. Therefore, to claim the allowance for the said "C" forms, First and Second Appeals were made on receipt of each installment respectively.	Rs.2.58 Lacs (value of "C" forms) Involving a Approx. relief of Rs.29,148	The appeal is yet to come up for hearing till date.
2.	IInd Appeal No.261 (2000-01)	October 2005	Forbes Gokak Limited	Maharashtra State Govt.	Maharashtra State Sales Tax Tribunal	The "C" forms for relevant financial year were received after the assessment, in two installments. Therefore, to claim the allowance for the said "C" forms, First and Second Appeals were made on receipt of each installment respectively.	Rs.11.33 Lacs (value of "C" forms) Involving a Approx. relief of Rs.1.28 lacs	The Appeal is Yet to come up for hearing till date.
3.		22-08-98.	FAL Industries Ltd., Bhubaneswar ( now merged with FGL).	Asst. Commissioner of Sales Tax , Appellate Unit, Bhubaneswar.	Sales Tax Tribunal Cuttack.	Appellant (dealer) was receiving vacuum cleaner from its head office at Madras on stock transfer basis and thereafter was selling the same only to Eureka Forbes at an under-price of Rs.1,950/- per piece whereas the market price of the same was Rs.3,330/- per piece. This was violating sub-section 9 and 10 of section 12 of the O.S.T. Act. Therefore, the Sales Tax Officer passed an order dated 27.10.1993 requiring the Appellant to pay the differential tax of Rs.8,76,037/-.  Thereafter, the Appellant filed an appeal. Challenging the said order.	8,76,037/-	Appeal is pending.

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
4.	430-431 / 1996  142-143 / 2000	15-10-96  23-03-00	FAL Industries ltd., Patna( now merged with FGL).	State of Bihar	Sales Tax Tribunal Patna.	The Appellant was paying the sales tax @ 8% classifying vacuum cleaner as unspecified item. However, in view of the sales tax officer, vacuum cleaner is to be classified as "Domestic Electrical Goods" which is to be taxed at 12%, because vacuum cleaner cannot work without electricity. Therefore the differential duty was levied.  Thereafter, the Appellant filed an appeal challenging the said order.	4,67,064 (for 1990-91)  14,34,969 (for 1991-92)  15,76,786 (for 1992-93)  10,87,634 (for 1993-94)	Appeal is pending.

**C) Litigation Pending- Excise Duty:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	Order-in-Original No. 39-40/Comm./ M-II/05 dt. 29-12-2005 & SCN C.No. V(15)Adj./ M-II/FAL/45/0 6/4786 dt. 01-05-2006.	21-07-06	FAL Industries Ltd., Bhimtal (now merged with FGL)	Commissioner of Central Excise, Meerut – II.	Commissioner of Central Excise, Meerut-II.	The Appellant was claiming exemption from excise duty pursuant to the Central Excise Notification No. 50/2003 dated 10.6.2003. The said exemption was available to new industrial units which have commenced their commercial production on or after 7 <sup>th</sup> January, 2003 subject to the condition that such units falls under specified Khasra numbers as detailed in the Annexure II contained therein. However, the respondent passed an order partially disallowing the said exemption to the Appellants on the ground that some areas of the unit were built on those	14,12,11,789/ (for period from 1.11.2003 to 30.4.2005)  4,89,85,508/- (for period from 1.5.2005 to 30.09.2005)	Commissioner has fixed 12-09-06 as the next date of hearing.

						<p>Khasra numbers which are not covered in the said notification. Therefore, order was passed by the respondent demanding Rs.14,12,11,789.27/- as excise duty plus interest thereon for the period from 1.11.2003 to 30.4.2005.</p> <p>Further, Show Cause Notice dated 1.5.2006 was also issued as to why excise duty of Rs.4,80,25,008.31 and education cess amounting to Rs.9,60,500.17 plus interest and penalty thereon should not be imposed.</p> <p>Against the said order of the Commissioner, the appellant has preferred Stay petition and Appeal before the Central Excise Tribunal at Delhi and the matter has now been remanded by Tribunal(on the ground of "Principal of Natural Justice") to the Commissioner for re-consideration.</p>		
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**D) Litigation Pending- Money Recovery and Other Civil Suits:**

<b>Sr. No.</b>	<b>Arbtrn. Suit No./ Petn. No.</b>	<b>Date of Filing</b>	<b>Claimant/ Plaintiff/ Petitioner</b>	<b>Respondent/ Defendant</b>	<b>Name of the Court/ Arbitration Panel</b>	<b>Nature of the case</b>	<b>Amount under consideration (in rupees)</b>	<b>Present Status</b>
1.	O.S.No. 2516 of 2004	February 20, 2004	FAL Industries Ltd. (Now merged with FGL)	<b>1. Sarada Agencies</b> Chennai and <b>2. Mr. P. Balasubramanian</b>	IV Assit. City Civil Court, Chennai	The plaintiff has filed a case against the Defendants for the recovery of Rs.4,63,146/- being the amount due on the pending bills.	Rs.4,63,146/- plus interest @ 18% till the date of realization plus cost of the suit.	The Suit was numbered and was adjourned from time to time. It was again adjourned to 10/02/2006 for filing proof affidavit. It was again adjourned to 17/02/2006 and 28/02/2006, for making the documents. The above case came up from time to

								time since the notice in the IA's filed by the defendant to re-open and recall PW1 evidence, has been served on the plaintiff now and the matter stands adjourned to 01/09/2006 for filing the counter Next hearing on 15/9/2006 for final order.
2.	2193/96	November 22, 1996	Gokak Vadodara Spinning Mills (GVSM) (now unit of FGL)	Gujarat Electricity Board (GEB)	Civil Judge Vadodara	Defendant alleged the transfer of power to New India Industries and demanded penalty equivalent to 6 months consumption. The plaintiff filed for stay order which was subsequently vacated after closure of unit. Admitted liability is Rs.2.80 lakhs. However, at present the plaintiff has paid Rs.1.40 lakhs.	Rs.189.68 lacs	Reply filed. Next date of hearing is 30-11-2006.
3.	Recovery Suit No. 3/2003	20/12/2002	Campbell Knitwear Ltd. (Now merged with FGL)	Ramona Knitext Pvt. Ltd.	II Addl. Civil Judge (Sr. Dn.), Belgaum	Job work of manufacturing T-Shirts was done by the Plaintiff on behalf of the Defendant but amount of Rs. 26,96,337.15 was not paid by the Defendant.	Rs.26,96,337.15	Decree passed on 06.07.2005. Defendant has to pay the amount of Rs. 26,96,337.15 with interest at the rate of 18% p.a. from the date of the suit till the realization of the entire amount from the defendant. EP 168/05 transferred to High Court Mumbai.
4.	Recovery Suit No. 50/2003	10/02/2003	Campbell Knitwear Ltd. (Now merged with FGL)	Ramona International	Civil Court, Belgaum.	Job work of manufacturing T-shirts was done by the plaintiff on behalf of the defendant but amount of Rs. 93,525.00 not paid by the defendant. Hence recovery suit was filed	<b>Rs.93,525/-</b>	Decree passed by the Civil Court, Belgaum. EP also filed in Civil Court Belgaum and has requested to transfer the Decree

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
5.	Recovery Suit No. 92/2003	27/03/03	Campbell Knitwear Ltd. (Now merged with FGL)	M/s. Spectrum Magazines Ltd., New Delhi	III Addl. Civil Judge (Sr. Dn.), Belgaum at Belgaum	The Plaintiff has sold the T-shirt to M/s. Spectrum Magazines Ltd. aggregating to Rs.6,00,000/- who has not paid the money, hence recovery suit is filed by the Plaintiff.	Rs.6,00,000/- + 18 % interest. And Cost of filing suit is Rs.51,023	<i>Decree was passed on 12.04.2005 Defendants jointly and severally liable to pay a sum of Rs. 6,00,000/- along with current and future interest at the rate of 18% p.a. from the date of the suit till its realization.</i> Defendants were also ordered to pay a sum of Rs. 51,023/- towards costs for the suit. Execution petition is Pending before the Dist. Judge Tis Hazari Court New Delhi. EP 168/05 accepted by court but the. Party is not available in The address given at time of the Transaction. No further action has been taken.
6.	Recovery Suit No. 49/2000	14/12/2000	Campbell Knitwear Ltd. (Now merged with FGL)	Magnum Enterprises	Civil Court of Belgaum	The defendants had purchased the fabric from the plaintiff. However, the defendant failed to pay the money of Rs.89,460/-. Therefore, plaintiff filed the recovery suit.	<i>Rs.89,46,0.00 along with 24% interest per annum and the necessary court fees.</i>	The case is pending before Principal Civil Judge Belgaum and it is fixed for Cross-examination of plaintiff on 7/09/2006. Matter is now adjourned to 13/10/2006
7.	Special Civil Application No. 4799 of 1999	July 05, 1999	Gokak Vadodara Spinning Mills (now unit of FGL)	Madhya Gujarat Vij Co. Ltd. (erstwhile Gujarat Electricity Board)	HIGH COURT OF GUJARAT	Petitioner applied for reduction of load from 2000 KVA to 100 KVA but the respondent refused the request on the ground that a case in the Civil Court in Vadodara is pending	<i>26.81 lakhs</i>	Listed for final Hearing.

**E) Litigation Pending- Criminal Litigations:-**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	Criminal Case.No 24/2006/ U/s 138 NI Act.	11/08/2006	Campbell Knitwear Ltd. (Now merged with FGL)	Tanya D'signs Bangalore	Addl. IV JMFC Belgaum	Tanya D'signs Cheque has been dishonoured hence complainant has filed Cr.case U/s 138 of NI. Act.	3,00,000 + 18% interest + Cost of the proceeding.	The criminal complaint is pending before JMFC Belgaum & it was fixed for hearing on 04/09/2006. On 4.9.2006, the evidence was heard and summons has been served to the respondent.

**F) Litigation Pending- Writ Petitions:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	W.P.No. 44020	December 05, 2002	FAL Industries Ltd (Now FGL).	DGFT,SBI & others New Delhi	High Court Madras	SBI has issued a Bank Guarantee for Rs.153.26 Lakhs against non-fulfillment of Export Obligations. Against this, the petitioner has paid an amount of Rs.53.26 Lakhs (Rs.44 Lakhs towards duty and Rs.9.26 Lakhs towards penalty). The petitioner had filed a petition in Madras High Court praying for an order for release of Bank Guarantee for Rs.153.26 Lakhs so that State Bank of India can release the deposits kept as margin amount against the above Bank Guarantee.	Rs.64,87,912/-	The petitioner got back Bank Guarantee for Rs.153.26 Lakhs from DGFT and given a fresh guarantee for Rs.64.88 Lakhs as per Madras High Court Order. The final hearing is yet to take place on the claim of interest by DGFT. CEGAT has already issued on Order quashing interest and penalty and damages and confirming duty only.

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
2.	WMP No. 29962/2003 in WMO No. 29963/2003 in W.P.No. 24345/2003	26-08-03.	FAL Industries Ltd., (now merged with FGL)	Commercial Tax Officer, Thiruvanmiyur Assmt. Circle, Chennai – 90.	Madras High Court.	<p>The petitioner was manufacturing vacuum cleaner and was claiming exemption inter alia on transfer of stocks to various branches outside the State. However, during inspection, the respondent's inspecting officers noticed that so called stock transfers to branches are not properly vouched by supporting evidences. It further noted that the vacuum cleaner were moving from the petitioner to destinations outside the State only as a result of inter-state sales since there is an ascertained buyer (i.e. Eureka Forbes Ltd.), although the petitioner was claiming that the vacuum cleaners were moving only to their branches. Therefore, the said stock transfers to branches outside the State were considered as inter state sale of vacuum cleaners to Eureka Forbes Ltd. Therefore, the Respondent passed an order dated 30<sup>th</sup> May, 2003 imposing tax liability of Rs.1,57,16,926/- and also Rs.2,31,97,486/-.</p> <p>Thereafter, the petitioner filed a Writ Petition challenging the above order.</p>	<p>Tax – 1,57,16,926/-</p> <p>Penalty – 2,31,97,486/-.</p>	Stay is granted and the Petition is pending for Hearing.
3.	W.P.No. 13462 / 2004 in W.P.M.P.15 768/ 2004.	04-05-04	FAL Industries Ltd., (now merged with FGL)	Commercial Tax Officer, Thiruvanmiyur Assmt. Circle, Chennai – 90.	Madras High Court	<p>The petitioner was supplying vacuum cleaners to Eureka Forbes Ltd. Pursuant to Notification dated 28.2.1999 duty on electro mechanized domestic appliance are liable to be assessed at 18% on 60% of the MRP when sold to the consumer thereby</p>	<p>Tax: 31,71,947/- (for 1998-99)</p> <p>1,39,12,197/- (for 1999-00)</p>	Stay is granted and the Petition is pending for Hearing.

	W.P.No. 19769 / 2004 in W.P.M.P. No. 23774 / 2004.	08-07- 2004.				excise duty in the hands of manufacturing allowing a rebate of 40% on MRP.  Instead of charging excise duty on 60% of MRP per piece, the petitioner had paid excise duty on lesser value. The Sales tax is payable on the "Taxable Turnover". Taxable Turnover includes Excise Duty payable on MRP. In view of the Respondent, the excise duty was not properly calculated by the petitioners. Therefore, the Taxable Turnover return filed by the petitioner was rejected as incorrect and incomplete and Taxable Turnover was calculated on the best of judgment for the year 1998-99 and 1999-2000 and therefore orders were passed to pay the differential tax with penalty thereon.  Thereafter, the petitioner filed a Writ Petition challenging the above order.	Penalty: 47,57,921/- (for 1998-99)  10,26,270/- (for 1999-00)	
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### LITIGATIONS AGAINST THE PROMOTERS

#### A) Litigation Pending- Money Recovery and other Civil Suits:

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1	O.S. No.3551 of 1996 (CS	January 20, 1986	M/s. <b>Canara Bank</b> Chennai	Sree Sivaramakrishna Industries & Others [FAL Industries	II Addl. City Civil Court, Chennai.	Sree Sivarama- krishna Industris obtained loan from the Plaintiff. The plaintiff claims that there is a Power of Attorney executed by Sivaramakrishna Industries for direct	Rs.1,57,691/-	The matter was dismissed for default. Now the petitioner has filed petition to restore the matter. The above matter came up for hearing from time to time.

	No.524/1986 which was transferred from the High Court of Madras has been re-numbered as O.S. No.3551/1996 and posted before II Addl. City Civil Court, Chennai.)			Ltd. (now merged with FGL), being 10 <sup>th</sup> Defendant.]		payment by Defendants to the Bank, payment by Defendants to the Bank claims a sum of Rs.1,63,221/- from us for supplies made to us by Sivaramakrishna Industries. But we owe a sum of Rs.27,689.64/- only after adjusting all rejections and accordingly we have filed Written Statement. We have prayed for a Cross Decree for the said amount if the case is decided in favour of the Bank.		Since the Plaintiff has not carried out the necessary amendments, the suit was again dismissed for default on 7.12.2005. The Petition for restoration of the suit was filed by the petitioner and the case came up for hearing on 08.08.2006 and the Hon'ble Court allowed the petition filed by the plaintiff by awarding a cost of Rs.500/- to be deposited to the State Legal Services. The plaintiff on filing the proof for the said deposit amount, the same has been adjourned to 29.08.2006 for filing amendment of plaint copy by the plaintiff. Next Hearing is on 19/9/2006.
2.	O.S.No. 4985 of 1998	June 25, 1998	Mr. Babulal Renka Mrs. Renuka Steels, Bangalore	FAL Industries Ltd. (now merged with FGL)	Addl. City Civil Judge at Bangalore	The plaintiffs are claiming an amount of Rs.32,577.80/- along with interest at 24% p.a. for supplies made by them. But the defendant has made all payments against all supplies and there is no outstanding dues to the Plaintiffs.	Rs.39,000/- and a Court Fee of Rs.2,125/-	Hearing held on 19-11-2001, 01-06-2002 and 24-08-2002. Issues were framed by the Court on 22-02-2003 posted on 13-04-2005. 06-09-2005, 07-02-2006 and has been adjourned to 14-09-2006- for Plaintiffs evidence.

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
3.	O.S.Nos. 3293 & 3294 of 2004	July 30, 2004	<b>Sri Krishna Alucas Private Limited Chennai</b>	FAL Industries Ltd. (now merged with FGL)	VII Asst. Judge, City Civil Court Chennai.	The plaintiff filed a case for recovery of Rs.11,192 (Hosur) and Rs.96,389.35 (Chennai) with Interest and costs)	O.S. No.3293 Rs.59,030/- Plus costs Rs.8,800/-  (CRP No.635/2005)  O.S.No.3294 – Rs.2,34,920/- Plus costs Rs.20,244.50 (CRP No.586/05)	The suits came up for hearing from time to time. and posted to 09-11-2004 for orders. The learned Judge has passed orders dismissing the application filed by the defendant with leave to defend and has decreed the suits with cost. The defendant challenged the said Order by way of Civil Revision Petition (CRP) and obtained interim stay of the decree in both suits before the High Court vide CRP No.586/05 and CRP No.635/05 on 11/03/2005 and 19/03/2005 CRP's are expected to be listed for final hearing in due course.
4.	275/94	January 06, 2003	ONGC	Gokak Vadodara Spinning Mills (now unit of FGL)	CIVIL JUDGE (SD) Vadodara	ONGC would like to join GVSM as a proposed defendant in their case with New India Industries for recovery of gas dues. ONGC has alleged that GVSM has bought property from New India Industries despite of the stay order of the Supreme Court.	115.42 lacs	Reply filed. The next date of hearing is 11/09/06 The next date of hearing is 19/9/2006
5.	2907 of 2003	September 08, 2003	Videocon Properties Ltd.	Forbes Gokak Limited and Global Trust Bank Ltd.	Bombay High Court	Suit is filed, inter alia for declaration that the agreement contained in the instruction to Bidders, the Bid form and the MOU dated 25 <sup>th</sup> December, 1994 and the guarantee dated 24 <sup>th</sup> January, 1995 are null and void and/or validly avoided by the Plaintiff, for a declaration that the 1st Defendant is	32,71,48,253/- with interest as mentioned in the Plaint	No ad-interim Orders are passed in the Suit. The Defendants have to file their Written Statement and Counterclaim, if any, as and when the matter is listed for filing Written Statement.

					<p>liable to pay to the Plaintiff the sum of Rs.30,71,48,253/- with further interest on the principal sum of Rs. 19,77,50,000/- at the rate of 21% per annum from the date of the suit till payment or realization. for a decree against the Defendant No.1 and in favour of the Plaintiff for the sum of Rs.2 Crores as damages with interest thereon at the rate of 21% per annum from the date of the suit till payment/ realization; for a declaration that the amounts and interest mentioned above are validly accrued in favour of the Plaintiffs by a statutory charge on the said land; for appointment of Court Receiver and Commissioner and sale of the suit land in the event of the 1<sup>st</sup> Defendant committing default in payment of the amounts and interest mentioned above and for appropriation of the net sale proceeds thereof towards satisfaction of the Plaintiffs' claim; in the event the suit land is put up for sale by public auction, liberty to the Plaintiff to bid and in the event of the Plaintiff being declared the purchasers thereof further liberty to set off the purchase price against the Plaintiff's claim; in the event of the net sale proceeds being insufficient to satisfy in full the plaintiffs claim liberty to the Plaintiff to apply for a personal decree against the 1<sup>st</sup> Defendant to the extent the claim remains unsatisfied; for an order of permanent injunction restraining the Defendant No.1 from recovering or receiving any money under the bank guarantee dated 24<sup>th</sup> January, 1996 for</p>	
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The Suit is pending hearing and final disposal.

						an order of permanent injunction restraining the Defendant No.2 from making any payment to the 1 <sup>st</sup> Defendant under the said bank guarantee dated 24 <sup>th</sup> January, 1995; for appointment of Court Receiver with all powers under Order XL, Rule 1 of the Code of Civil Procedure 1908, including the power of sale; for an order of injunction restraining the Defendant No.1 from (I) selling disposing of, alienating, encumbering or creating any third party rights or any nature whatsoever in the suit land or from carrying on any construction or any other work thereon and (ii) recovering or receiving any amount under the bank guarantee dated 6 <sup>th</sup> March, 1995; for an order of injunction restraining the Defendant No.2 from making any payment to the 1 <sup>st</sup> Defendant under the bank guarantee dated 6 <sup>th</sup> March, 1995; for add-interim reliefs; for costs of the suit; ad for such further and other reliefs as the nature and circumstances of the case may require.		
6.	Suit No.119 of 1983 Filed on 28/09/ 1983	September 28, 1998	Lan Chand Behati	1 M/s. Kota Metal Industries. 2. Smt. Kanta Behati 3. Shri Bansilal Baheti 4. M/s. Forbes Forbes Campbell & Co.	Court of Upper Dist. Judge No.1 North Kota	Suit for the partition of the partnership firm M/s.Kota Metal Industries & for settlement of account between the plaintiff and defendant Nos.1 to 3 Recovery of amounts due from the various creditors.	Rs.6,50,000/- with interest @20% per annum from 8 <sup>th</sup> March 1991 till payment.	An order was passed on 19/1/1991 whereby FFCCL was directed to deposit the amount of Rs.6,60,000/- in the Court within 1 month. The said order was not complied by you and by an order dated 8/3/1991 FFCCL was directed to pay interest at the rate of 20% per annum on the amount of Rs.6.6 lakhs till the date of deposit. The said order is

				<p>Ltd.("FFCCL") (Now merged with FGL)</p> <p>5 M/s.Richie Stuart investment Ltd.</p> <p>6.Instrumentation Ltd.</p> <p>7.Sunny Sales Pvt. Ltd.</p> <p>8 M/s. Kota Powertronics Pvt. Ltd.</p>				<p>not complied till now.</p> <p>The plaintiff has taken out an execution application for payment of the sum of Rs.6.6. lakhs with interest at the rate of 20%.</p> <p>FFCCL's reply to the said execution application has been filed and the said application is fixed for hearing on 15.09.2006</p>
7.	H.R.P. Civil Suit No.350 of 1993/ H.R.P. Civil Suit No.566 of 2006	March 17, 1993/24 .3.2006	M/s. Thakore & Thakore	Forbes Gokak Ltd. ("FGL")	Small Causes Court at Ahmedabad	<p>The plaintiff had filed Civil Suit for the relief of a decree of eviction from the rented premises admeasuring 1083 Sq.Ft. situated on the first Floor, Pranjivay Building, Near Ashram Road Post Office, Ahmedabad.</p> <p>Further, the plaintiff also filed H.R.P. Civil Suit No.566 of 2006 on 24.3.2006 for the relief of a decree of eviction against Forbes Gokak Ltd. on different grounds.</p>	<p><i>Nature of the proceedings is not regarding monetary aspect, it is merely for the purpose of evicting M/s. Forbes Gokak Ltd from the rented premises occupied by the said Company.</i></p>	<p>H.R.P. Civil Suit No.350 of 1993 was heard dismissed. by Decree dated 29<sup>th</sup> August, 2003.</p> <p>The plaintiff preferred an appeal being H.R.P. Appeal No.137 of 2003 before the Small Cause Court Bench. The said appeal is pending and has not come up for hearing on the Board of the appellate bench.</p> <p>In H.R.P. Civil Suit No.566 of 2006, the reply of the plaint is filed. <b>The reply has been filed and the next date of hearing is 05.10.2006.</b></p>

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
8.	1111/99	December 01, 1999	Gujarat Electricity Board("GEB")	Gokak Vadodara Spinning Mills (now unit of FGL)	Civil Judge, Vadodara	The plaintiff filed a Recovery Suit for the remaining balance amount of the subject matter of Suit No. 2193/96 which was filed by the defendant against the plaintiff.	Rs.188.28 lacs	Reply filed. Matter yet to be taken up. Next date November 30, 2006
9.	888/02	October 30, 2002	Gujarat Electricity Board	Gokak Vadodara Spinning Mills (now unit of FGL)	Civil Judge, Vadodara	Defendant applied for reduction of max. demand from 2000 KVA to 100 KVA but GEB refused the request on the ground of alleged transfer of power to New India Industries and demanding penalty equivalent to 6 months consumption. Ther Plaintiff filed recovery suit. <b>for the remaining balance amount which was subject matter of suits No. 4799/99, 7107/99 and 10586/99</b> which was filed by the defendant against the plaintiff.	Rs.26.81 Lacs	Reply filed. Case yet to be taken up. Next date of hearing is November 30-, 2006

**B) Litigation Pending- Labour, Employees and Trade Unions:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1	9236/06	May 03, 2006	Kanti Ganesh	Gokak Vadodara Spinning Mills	High Court of Gujarat	Kanti Ganesh was dismissed from service in 1988. A Labour Court Order of payable VRS was challenged by both the parties and appealed to Appellate Court which dismissed the case of Kanti Ganesh.	Not Specified	Matter is pending.

2. There are 285 litigations filed by various employees/ex-employees in various labour courts against FGL in respect of VRS Compensation. The amount under dispute which FGL may be liable to pay if adverse orders are passed against FGL is approximately Rs. 2,03,12,590/-

**C). Litigation Pending- Investors' Complaints:**

1. There are 8 litigation filed by various investors in various courts against the registrars and transfer agent of FGL/FGL/ erstwhile Forbes Campbell & CO Ltd. in respect of loss/non receipt of approximately 3300 equity shares of FGL/ erstwhile Forbes Campbell & Co Ltd restraining them to transfer the said shares.
2. M/s. Continental Commercial Co. Ltd. Kolkata filed a suit against FGL bearing No. O. A. No. 960 of 2001 filed on 24/04/2001 in the Madras High Court for recovery of the amount of Rs. 2,12,240/-. FGL had supplied typewriters to the Plaintiff. The Plaintiff had defaulted in making payments for the said supplies of type writers. The total sum due from the plaintiff (including interest) was Rs. 36,21,261.96. As per Agreement with the Plaintiff, FGL sent notice to the Plaintiff for appointment of Arbitrator for which there was no response from the Plaintiff. Therefore, FGL had filed Injunction Application at Madras High Court for withholding the dividend (payable to the plaintiff on 21524 shares held by the plaintiff) and also from alienating the shares. On FGL's Application, Madras High Court appointed an arbitrator in the case. In view of the Order passed by the Calcutta High Court in Company Petition No.376 of 2000 the Hon'ble Arbitrator directed to implead Official Liquidator as a party to the Arbitration Proceedings. The Calcutta High Court has also directed FGL to deposit Rs.50,000/- initially towards the expenses of the Official Liquidator for attending the Arbitral Proceedings at Chennai. The Arbitral enquiry was posted to 28.05.2005 and the same was closed on the same day. FGL has filed application in Form No.66 under the Companies Act, 1956 with the Official Liquidator at Calcutta on 16<sup>th</sup> June 2005.
3. Mr. Venkateshwaran G. filed a suit being No. O. S. No. 3178 of 1994 in the City Civil court XI against the erstwhile FAL Industries Limited (now merged with FGL) & K. Govindrajan wherein the Court has ordered erstwhile FAL Industries Limited (now merged with FGL) to release the dividend payable to the Plaintiff aggregating to Rs. 400/-

## **LITIGATION BY AND /OR AGAINST THE PROMOTERS GROUP COMPANIES:**

**Save and except the litigations provided hereinbelow, no cases are filed by or against any of the Promoter Group Companies which relate to or involving:**

- h. contingent liabilities, outstanding or pending litigations or disputes in which the company is involved,
- i. defaults to the financial institutions / banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the company;
- j. violation of statutory regulations or alleging criminal offence;
- k. proceedings initiated for economic offences / civil against the company;
- l. past cases in which any disciplinary action taken and/or penalties were imposed on the company by any authorities (including the stock exchanges and/or SEBI);
- m. 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 the company,
- n. 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, 1956) against the company.

### **(A). By Aquamall Water Solutions Ltd.("AWSL")**

#### **1. Litigation Pending - Sales Tax:**

(a) There is an Appeal filed by **AWSL**. This relates to Trade Tax matter for the Assessment Year 2000-01 pending before Trade Tax Tribunal. The Appeal was filed by **AWSL** and the same was accepted by Joint Commissioner Appeals, who remanded the matter. No demand has been made.

(b) There is an Appeal filed by **AWSL**. This relates to Trade Tax matter for the Assessment Year 2001-02 . The Appeal was filed by **AWSL** and the same has been accepted. The demand created by the Assessing Authority were set aside and quashed vide order dated 5<sup>th</sup> May, 2004. Further, no demand has been made till date.

(c) There is an Appeal filed by **AWSL**. This relates to Trade Tax matter for the Assessment Year 2002-03 pending before the Joint Commissioner, Appeals, Trade Tax, Ghaziabad. The Appeal was filed by **AWSL** and stay to the extent of 80% of the demand was granted by the First Appellate Authority, compliance of which has already been made. The demand was created to the extent of Rs.76,92,894/-.

#### **2. Litigation Pending- Excise:**

(a) There are six appeal filed by **AWSL**. These relate to Central Excise matters pending before CESTAT which have been remanded to Commissioner of Central Excise, Meerut for valuation of goods sold by **AWSL** to a related party under the Valuation Rules, 2000. The aggregate amount under dispute which **AWSL** may be liable to pay if adverse orders are passed against **AWSL** is approximately Rs.5,16,54,875/-. Pre-deposit aggregating to Rs.17,00,000/- has been made by **AWSL** pursuant to the orders passed in various matters.

(b) There are four appeals filed by **AWSL**. These relate to Central Excise matters pending before Commissioner of Central Excise (Appeals) for valuation of goods sold by AWSL to a related party under the Valuation Rules, 2000. The aggregate amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.15,86,996/-. The Appeals were preferred by AWSL against the order of the Joint Commissioner.

(c) There are four appeals filed by **AWSL**. These relate to Central Excise matters pending before Commissioner of Central Excise, Hyderabad, for valuation of goods sold by AWSL to a related party and on stock transfer to other factories under the Valuation Rules, 2000. Our reply has been filed and the matter is pending for hearing. The aggregate amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.99,79,470/-

(d) There is an appeal filed by **AWSL**. This relates to Central Excise matters pending before CESTAT, New Delhi, for valuation of goods sold by AWSL to a related party under the Valuation Rules, 2000. The matter is pending for hearing. The amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.3,15,44,454/-

### **3. Litigation Pending- Writ Petitions**

(a) A writ Petition No. 162/03 is filed by **AWSL**. This relates to Trade Tax litigation. The Writ is filed before the Hon'ble High Court, Allahabad challenging the order of Additional Commissioner for re-assessment for the Assessment Year 1996-97, 1997-98, 1998-99 and 1999-2000. The Petition is admitted and the stay has been granted. No demand was created. The petition is pending for final hearing.

### **Against Aquamall Water Solutions Ltd. ("AWSL"):**

#### **1. Litigation Pending: Excise:**

(a) There are three litigations filed against **AWSL**. These relates to Central Excise matters pending before Commissioner of Central Excise, Hyderabad and CESTAT for valuation of goods sold by AWSL to a related party under the Valuation Rules, 2000. The Supreme Court has passed the order that the valuation of goods sold to related parties should be based on the price realized from independent dealers and same is pending before the Commissioner for re-quantification. The aggregate amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs. 2,24,16,429/-.

(b) There are four litigations filed against **AWSL**. These relates to Central Excise matters pending before Deputy Commissioner of Central Excise, Haldwani for claiming exemption from payment of excise duty. Our reply has been filed and the matter is pending for hearing. The aggregate amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.14,12,71,311,-/.

(c) There is a litigation filed against **AWSL**. This relates to Central Excise matters pending before Additional Commissioner of Central Excise, Bangalore for valuation of goods and stock transferred to other factories under the Valuation Rule, 2000. Our reply has been filed and the matter is pending for hearing. The amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.25,83,730/-

(d) There is a litigation filed against AWSL. This relates to Central Excise matters pending before Supreme Court of India. The Hon'ble CEGAT had dropped the penalty levied by the Commissioner of Central Excise. The Commissioner of Central Excise preferred an Appeal to the Supreme Court. The hearing is pending. The amount under dispute which AWSL may be liable to pay if adverse orders are passed against AWSL is approximately Rs.10,00,000/-.

**(B). By Eureka Forbes Ltd. ("EFL")**

**1 Litigation Pending- Income Tax:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1	I.T.A. No.221 of 2003 (AY 1996-97)	25.8.03	<u>EFL</u>	COMMISSIONER OF INCOME TAX WEST BENGAL-III, Kolkatta, having his office at P-7, Chowringhee Square, Kolkatta 700069	IN THE HIGH COURT AT CALCUTTA SPECIAL JURISDICTION ORIGINAL SIDE (INCOME TAX)	An appeal under Section 260A of the Income Tax Act, 1961 was filed by Eureka Forbes Limited against the order dated April 25, 2003 passed by the Income Tax Appellate Tribunal, 'B' Bench, Kolkata in income Tax Appeal bearing ITA No. 305/Cal/2000 for the Assessment Year 1996-97 Disallowing Depreciation at 25% on Motor Cycles.	Rs.4,84,234./-	Appeal admitted Final hearing pending.

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
2	I.T.A. No.220 of 2003 (AY 1998-99)	25.8.03	<u>EFL</u>	COMMISSIONER OF INCOME TAX WEST BENGAL-III, Kolkatta, having his office at P-7, Chowringhee Square, Kolkatta 700069	IN THE HIGH COURT AT CALCUTTA SPECIAL JURISDICTION ORIGINAL SIDE (INCOME-TAX)	An appeal under Section 260A of the Income Tax Act, 1961 was filed by Eureka Forbes Limited against the order dated June 4, 2003 passed by the Income Tax Appellate Tribunal, 'C' Bench, Koltata in Income Tax Appeal bearing ITA No.400/Kol/2000 for the Assessment Year 1998-99 Disallowing Depreciation at 25% on Motor Cycles.	Rs.15,77,639/-	Appeal admitted Final hearing pending.
3.	132/CIT (A)-X/CIR-10/05-06	2 <sup>nd</sup> day of Feb. 2006.	<u>EFL</u>	ADDITIONAL COMMISSIONER OF INCOME TAX, Circle 10,	COMMISSIONER OF INCOME Tax (APPEALS) – (A) Government Place	An appeal under Section 246A(1)(a) of the Income Tax Act, 1961 has been filed by EFL against an order dated December 30, 2005 passed by the Additional	Rs.66,65,153/-	Hearing Attended. Order awaited.

				Kolkatta, having his office Government Place, Kolkatta – 700 001.	Kolkatta – 700 001.	Commissioner of Income Tax, Circle 10, Kolkatta for (a) Assessment U/s 43(3) of the Income Tax Act 1961, (b) Disallowances u/s 43B, (c). Disallowances for depreciation on closing Stock of Demo units, (d) Disallowance of Foreign Training expenses of Managing Director, (e) Disallowance u/s 14A of the Income Tax Act.		
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2 **Litigation Pending- Sales Tax/Commercial Tax:**

There are seventy four litigations filed by EFL. These relate to the sales tax and commercial litigations pending before various forums in various states and courts for interests and penalties and non-submission of various Forms. The aggregate amount under dispute which EFL may be liable to pay if adverse orders are passed against EFL is approximately Rs. 10,30,73,000/-.

3 **Litigation Pending- Money Recovery and Other Civil Suits:**

There are ten litigations filed by EFL. These relate to the recovery suits pending before various courts in various states relating to disparaging advertisements. No financial implication or liability can be thrust on EFL because EFL has filed the suit seeking certain prohibitory orders against its competitors.

4. **Litigation Pending- Bank / Financial Institution Defaults:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1	Debts Recovery Appellate Tribunal Appeal No.43 of 2003	June 25, 2003 (DRAT Appeal)	EFL	Allahabad Bank & Ors.	Debts Recovery Appellate Tribunal, Kolkatta	The defendant had filed a Civil Suit on March 16, 1988 against their Borrower: Indo Marketing who was the Licensee of EFL. In that suit EFL was also made party. Indo Marketing returned certain properties while vacating the premises let out by EFL in lieu of outstanding rent payable to EFL. Later it turned out this property had been hypothecated to the defendant which was not to the knowledge to EFL. This suit was against Indo Marketing and EFL. Since 1995 when DRT came into picture, EFL	Rs. 22,11,618.62 paise plus Interest at The rate 6%	The appeal was finally heard and arguments completed on June 16, 2006. But the judgement has been reserved. So far as DRAT has not delivered the judgement.

						is fighting that the Decree passed in the suit cannot be enforced against EFL. The reason is that EFL is neither a borrower nor a guarantor or any kind of debtor in respect of the Loan taken by Indo Marketing. The case has been fought at different forums. Ultimately, as directed by the Kolkatta High Court the appeal against the order of DRT was filed in June 25, 2003 at DRAT.		
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**Against Eureka Forbes Ltd.**

1. **Litigation Pending- Money Recovery and other Civil Suits:**

There is a recovery suit filed by Hindustan Lever Ltd against EFL seeking permanent injunction against M/s. Forbes Acqatech Ltd. and EFL from manufacturing and marketing its product “Aquasure” with a further relief of rendition of accounts of profits and grant of a decree thereof on the amount so ascertained, as also an order for damages of Rs. 20 lacs.

2. **Litigation Pending under Consumer Protection Act, 1986:**

(a) There are thirty four litigations filed against EFL. These relate to the consumer complaints pending before various consumer forums for defect in goods/ deficiency in service. The aggregate amount under dispute which EFL may be liable to pay if adverse orders are passed against EFL is approximately Rs. 14,66,936/-.

(C). **BY VOLKART FLEMING SHIPPING & SERVICES LTD. (“VFSSL”):**

1. **Litigation Pending- Income Tax:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	Income Tax Appeal	24 <sup>th</sup> March, 2006	<b><u>(“VFSSL”)</u></b>	CIT(A) XXX – 111/2(3)	CIT Appeals	Assessing Officer wrongly added proportionate expenses to Income which resulted in Income Tax demand	38,85,757	Appeal filed with CIT (Appeals) against the order of Assessing officer

**2. Litigation Pending- Criminal Complaints:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	Case No.1561/S /2002	April 2006	<b>(“VFSSL”)</b>	Chams Exports	Metropolitl Magistrate Court at Ballard Estate.	The complainant was agent for Orient Overseas Container Lines Limited. The complainant used to carry cargo various countries by sea. The respondent had given us a cheque for Rs.52,38,644/- against his obligation of payment of freight. The said cheque was bounced. The complainant had filed Case u/s 138 of the Negotiable Instruments Act, 1938.	Rs. 52,38,644/-	The case was decided against us and we had filed an appeal in Mumbai High Court and then same is pending for admission.

**AGAINST VOLKART FLEMING SHIPPING & SERVICES LTD.**

**1. Litigation Pending- Eviction Suits:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	446 of 2000	15 <sup>th</sup> July, 2000	Harshad Ral Pvt. Ltd.	<b>(“VFSSL”)</b>	Small Causes Court, Mumbai	Eviction Suit	It relates to eviction of property at Jiji House, Sukhadwala Path, Fort, Mumbai – 400 001.	Appeal is admitted – Next date of hearing is 16.09.06
2.	TI&R Suit No. 274214 of 2003	4 <sup>th</sup> Dec. 2003	Arkay Green Valley Hills Pvt. Ltd.	<b>(“VFSSL”)</b>	Small Causes Court, Mumbai	Eviction Suit	It relates to eviction of property at Jiji House, Sukhadwala Path, Fort, Mumbai – 400 001.	Cross verification of witness is pending. Next date of hearing is 21.09.06
3.	RAE Suit No. 55/167 of 2005	7 <sup>th</sup> Feb. 2005	Rewachand Gehanshamdas Tuliani	<b>(“VFSSL”)</b>	Small Causes Court, Bandra	Eviction Suit	It relates to eviction of property from the premises at 1 <sup>st</sup> Floor, Anil Kunj , Plot No. 556, 37 <sup>th</sup> Road, Behind National College, Bandra., Mumbai.	The issues are framed by the Court on 7.7.2006 . Next date of hearing 14.09.06.

(D). **By Warrior Investments Ltd.("WIL")**

**1. Litigation Pending- Income Tax:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1	ITAT A.Y. 2001-02	10-6-04	WIL	CIT	Income Tax Appellate Tribunal("ITAT")	The CIT (Appeals) disallowed the proportionate expenses towards earning the Dividend Income amounting to Rs.3,67,885/-. Therefore, the Appellant filed an appeal to ITAT.	Rs.3,67,885/-	The Appeal is yet to come up for hearing.
2.	ITAT A.Y. 2004-05	21-3-06	WIL	CIT	Income Tax Appellate Tribunal ("ITAT")	The CIT (Appeals) disallowed the proportionate expenses Towards earning the Dividend Income amounting to Rs.1,64,620/-. Therefore, the Appellant filed an appeal to ITAT.	Rs.1,64,620/-	The Appeal is yet to come up for hearing.

(E). **By Nypro Forbes Products Pvt. Ltd. ("NFPPL"):**

**1. Litigation Pending- Income Tax**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	Not yet numbered	16.5.2006	NFPPL	Against the Notice of Demand passed by Asst. Commissioner of IT ("ACIT"), Company Circle (IV), Chennai	Commissioner of Income Tax (Appeals)	The ACIT gave Notice u/s 154/ 155 of the Income Tax Act, proposing to rectifying/ amending the refund order for the Assessment Year 2004-05, by adding back to the book profit: Gratuity – Rs. 173047/-, Leave encashment – Rs. 166923/- and R & D Cess – Rs. 193170/- under section 115 JB. Therefore, the Appellant filed an appeal.	Rs. 45832/-	Yet to be posted for hearing.

**2. Litigation Pending- Excise:**

<b>Sr. No .</b>	<b>Arbtrn. Suit No./ Petn. No.</b>	<b>Date of Filing</b>	<b>Claimant/ Plaintiff/ Petitioner</b>	<b>Respondent/ Defendant</b>	<b>Name of the Court/ Arbitration Panel</b>	<b>Nature of the case</b>	<b>Amount under consideration (in rupees)</b>	<b>Present Status</b>
1.	A.No. 29/2006 (M-III) Dt. 29.3.06	20.3.2006	NFPPL	Against the Orders Dy. Commissioner of Central Excise, Hosur II Division, Hosur	Commissioner (Appeals), Central Excise	The Adjudicating authority (Dy. Commissioner) assumed modification and repairs are liable to excise duty & charged an amount of Rs. 202720/- for the modifications/ repairs made during the period from 2000-01 to 2003-04. Therefore, the Appellant filed an appeal.	Rs. 202720/-	Yet to be posted for hearing.

**3. Litigation Pending- Commercial Tax:**

<b>Sr. No .</b>	<b>Arbtrn. Suit No./ Petn. No.</b>	<b>Date of Filing</b>	<b>Claimant/ Plaintiff/ Petitioner</b>	<b>Respondent/ Defendant</b>	<b>Name of the Court/ Arbitration Panel</b>	<b>Nature of the case</b>	<b>Amount under consideration (in rupees)</b>	<b>Present Status</b>
1.	AP 71/05/ Dt. 8.4.05	8.4.2005	NFPPL	Against the orders of Commercial Tax officer, Hosur (North)-	Appellate Asst. Commissioner (CT), Salem	Total purchases of Plant & Machinery and Maintenance Machinery during the financial year 2001-02 were included as Raw material purchases and added back to the Book profit and tax on the same was calculated. Therefore, the Appellant filed an appeal.	Rs. 1479910/-	The matter is remanded back to the Assessing Officer. Yet to receive order.

**(F). By Barwil Forbes Shipping Services Ltd. (“BSSL”) :**

**1. Litigation Pending- Income Tax:**

(a) There are two Appeals filed by BSSL. This relates to income tax matter for the Assessment Year 2003-04 and 2004-05 both pending before Commissioner of Income Tax (Appeals) against the Order dated 28<sup>th</sup> November, .2005 and 21<sup>st</sup> March, 2006 passed by the Assessing Officer respectively. The aggregate amount under dispute which BSSL may be liable to pay if adverse orders are passed against BSSL is approximately Rs.20,88,790/-

(G). **By Forbes Infotainment Ltd.("FIL"):**

1. **Litigation Pending- Writ Petitions:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
1.	W.P.No. 575/2003	-	FIL	Kolkata Municipal Corporation	Kolkata High Court	Writ Petition Filed against Levy of Amusement Tax	Levy of Amusement Tax of Rs.15,000./- per Terminal per Annum	FIL has already made payment of Rs.150,000 for ten terminals as Amusement tax. Stay has been Granted
2.	W.P.No. 54083/2003 & 1618 – 1845 2004	-	FIL	<b>Bangalore High Court</b>	<b>Defendant Karnataka State</b>	Writ Petition filed against payment of Profession tax of Rs.2,500 per anum per branch which has been admitted.	Payment of Profession Tax of Rs.2,500/- per annum per branch.	Rs.22,800/- has been paid as Court fees. Stay has been Granted.

2. **Litigation Pending- Criminal Complaints:**

There are three criminal complaints filed by FIL. This relates to dishonour of cheques received by FIL from various dealers under section 138 of the Negotiable Instrument Act. The aggregate amount under dispute is approximately Rs.7,79,815/-

3. **Litigation Pending- Trademark:**

Hindustan Petroleum Corporation Ltd. had applied for registration of Trademark "DHANDHANADHAN" in class 5,16 ,& 12 to Trade Authority. FIL has opposed the said application filed by Hindustan Petroleum Corporation Limited, as DHANDHANADHAN is already registered trademark of FIL.

**AGAINST Forbes Infotainment Ltd.("FIL"):**

1. **Litigation Pending- Consumption Tax:**

A demand was made from FIL for payment of Consumption Tax of Rs. 11,50,000/- on Terminal imported in West Bengal. Out of the total demand of Rs.11,50,000/-, FIL has made payment of Rs. 7,60,000/- under protest.

**2. Litigation Pending- Sales Tax:**

FIL had Purchased VSAT against which “C Form” at 2% of CST was issued. Total purchase of VSAT was made for Rs.3.30 Crores. FIL has claimed that it is a telecom industry and can issue “C Forms”. The same were disallowed by the Sales Tax Authorities. The aggregate amount under dispute which FIL may be liable to pay if adverse orders are passed against FIL is approximately Rs.27 lacs plus interest & penalty thereon.

**(H). By Latham India Ltd.(“LIL”):**

**1. Litigation Pending- Sales Tax:**

Sales tax Appeal No. 255 of 2003 relating to the CST assessment year 1995-96 was filed before the Sales Tax Appellate Tribunal, Main Bench, Chennai. The appeal is against the *ex parte* order passed disallowing exemption on branch transfer of 5.24 lacs [bearing tax effect of Rs. 31,000/- approx.] and higher rate of tax on inter state sale amounting to Rs.12,000/-. Tribunal is not functioning due to non-appointment of Members. Case is admitted and posted for hearing to 19.10.2006

**Against Latham India Ltd.(“LIL”):**

**1. Litigation Pending- Money Recovery and Other Civil Suits:**

Sr. No.	Arbtrn. Suit No./ Petn. No.	Date of Filing	Claimant/ Plaintiff/ Petitioner	Respondent/ Defendant	Name of the Court/ Arbitration Panel	Nature of the case	Amount under consideration (in rupees)	Present Status
a.	2274/1994	28.09.1994	Scantel Pvt. Ltd.	LIL	High Court of Delhi	The Plaintiff has filed a suit for recovering damages alleging breach of contract. The dispute arises out of an agreement of February 1992 between the Plaintiff and the Defendant, where Plaintiff appointed Defendant as the principal distributor in India for sale, installation and servicing of fax machines manufactured by the Plaintiff. The Plaintiff alleged that the Defendant defaulted in placing order and taking delivery. The Plaintiff requested the Defendant to market the fax 82 machines manufactured by the Plaintiff. The Plaintiff appointed Defendant as the	<b>Rs.1,78,68,819.13</b> (as the principal amount) <i>plus</i> interest at rate of 18% per annum (till realisation) <i>plus</i> Cost of the Suit.	Pleadings in the matter are complete and the matter is ready for hearing.

						principle distributor in India for sale, installation and servicing of fax machines manufactured by the Plaintiff. The selling price of the machine could be revised by mutual consent. The Plaintiff did not provide printed material to promote sales of machine. Also some machines were found to be defective had to be sent back for repair. The Plaintiff did not provide training to defendant's personnel. The pleading in the matter is complete and the matter is ready for hearing.		
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- b. Suit for recovery of Rs.1.10 lacs plus interest being unpaid telephone bills filed by BSNL against LIL in June 2003. Suit is numbered as OS 6510 of 2003 and pending before the XIV Asst. Judge, City Civil Court, Chennai. LIL has filed Written Statement in March 2004 and now the case is in the stage of evidence by BSNL. In the meanwhile talks for out of court settlement is also in process with BSNL.

**2. Litigation Pending- Sales Tax/Commercial Tax/ Entry Tax:**

- (a). Departmental appeal for the assessment year 1995-96 in STA No. 613 of 2002 was filed against LIL. The matter was remanded to the assessing officer for verification of "C" forms (amounting to approximately 71634/-) which were issued belatedly by the LIL. The levy of penalty of Rs.57,375 was deleted by the Tribunal vide its order dated 17-10-2005.
- (b). There is a sales Tax order passed by the sales tax department, Kerala for the years 1998-99 and 1999-00 requiring LIL to pay Rs. 2,67,687 and Rs. 4,07,887 respectively.
- (c). There is a proceeding pending before the Deputy Commissioner of Commercial Taxes, Bangalore wherein an order is passed against LIL for the period 1996-97 pursuant to which demand notice may be issued to LIL for Rs. 4,04,704 being Tax payable.
- (d). There is a proceeding pending before the Deputy Commissioner of Commercial Taxes, Bangalore wherein an order is passed against LIL for the period 1996-97 pursuant to which Deputy Commissioner of Commercial Taxes have forfeited the excess collection tax of Rs. 29,910 to the Government Revenue and for the same demand notice may be issued to LIL.
- (e). There are three proceedings made against LIL. This relates to various Commercial Tax, Entry Tax matters. LIL had filed the revision on 19.03.04 and the matters are now remanded back by D.C. on 31.07.04 for re-assessment. The aggregate amount which LIL may be liable to pay if the adverse order is passed against LIL is approximately Rs.10,09,067/-.

## GOVERNMENT AND OTHER APPROVALS

Subject to what is stated below, in view of the approvals listed below, we can undertake this issue and our current business activities and no further major approvals from any Government authority/ RBI are required to undertake the issue or continue our business activities.

### A. Approvals for the Issue

We have applied for/ received the following approvals relating to the Issue:

1. Our Board of Directors have, pursuant to resolution passed at its meeting held on 05/05/2006, approved the making of the Initial Public Offering of Equity Shares of the Company at such price as may be decided by the Board of Directors in consultation with the Merchant Bankers appointed for this purpose.
2. Our members have approved the Issue pursuant to a special resolution under Section 81(1A) of the Companies Act, 1956 passed at the Annual General Meeting of the Company held on 26/05/2006.
3. Our Company has by an application dated 14/08/2006 written to the Ministry of Information and Broadcasting, Government of India seeking its permission to proceed with the Initial Public Offer in the capital market, where it is likely that some investment from Foreign Institutional Investors could take place in the Company. The approval of the Ministry of Information and Broadcasting, Government of India for the same is awaited.
4. BSE and NSE have by their letters dated [●] and [●] respectively approved the listing of the Equity Shares.

### B. Approvals/Licenses for our business

We have received the following major Government and other approvals pertaining to our business:

(a) Certificates of registration received from the Registrar of Newspapers of India:

Sr. No.	Publication	Language	Periodicity	Place of Publication	Date of Registration	Registration Number
(i).	Smart Photography	English	Monthly	2 <sup>nd</sup> floor, Kahtau House, Mogul Lane, Mahim (W), Mumbai 400016.	15.07.2005	RNI No. MAHENG/2005/14978
(ii)	Car India	English	Monthly	2 <sup>nd</sup> floor, Kahtau House, Mogul Lane, Mahim (W), Mumbai 400016.	01.03.2006	RNI No. MAHENG/2005/16216
(iii).	Bike India	English	Monthly	2 <sup>nd</sup> floor, Kahtau House, Mogul Lane, Mahim (W), Mumbai 400016.	01.12.2005	RNI No. MAHENG/2005/15682
(iv).	Forbes Yellow Pages*	English	Annuals	2 <sup>nd</sup> floor, Kahtau House, Mogul Lane, Mahim (W), Mumbai 400016.	20.07.2006	RNI No. MAHENG/2006/16862
(v).	Computer Active	The Company has made an application dated 08.08.2006 bearing Dy. No. 1239/06 for Registration of 'Computer Active' to be monthly published in English. However, the same is pending with the authority.				

We have also sought and obtained various other registrations with the RNI, publications of which have not yet been started

\* Note: The RNI Registration for “Forbes Yellow Pages” is in our company’s name. The trademark registration is in the name of our promoter Forbes Gokak Ltd.

(b). Approvals/Licenses obtained in respect of Premises at Mahim Head Office, Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400016:

Sr. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
(i)	Registration Certificate of Maharashtra State tax on Professions, Trades, Callings and employment Act, 1975. (w.e.f. October, 2004)	No: PT/R/1/1/27/19066	February 25, 2005	N.A.
(ii)	Certificate of Importer-Exporter Code(IEC) Issued from File No:03/04/130/01210/AM06/24	IEC No:0305013394	May 20, 2005	In case of any change in the Name/Address of the constitution of the IEC holder, the IEC holder shall cease to be eligible to Import or Export against the IEC after expiry of 90 days from the date of such change unless in the meantime, the consequential changes are effected in the IEC by the concerned Licensing Authority
(iii)	Registration for service tax under Section 69 of the Finance Act, 1994 (32 of 1994) (i.e. Service Tax Registration )	Registration Number ST/MUM/Div III/GTA/ 999/ 05	July 20 <sup>th</sup> , 2005.	N.A.
(iv).	Registration certificate under Bombay Shops and Establishments Act, 1948.	Registration Number GN-II/011897	March 17, 2006	Renewable annually
(v).	Registration certificate under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (effective from 01.03.2005)	code number M.H./BAN/MH/47547	April 01, 2005	N.A.
(vi).	Registration under Employees State Insurance Corporation. (w.ef October 12, 2004)	Code No.: 11-10-62633-92 (Mum)	January 02, 2006	N.A

(c). Approvals/Licenses obtained in respect of Premises at Unit No. 212, Unique House, Unique Industrial Premises Co-op Soc. Ltd., Chakala Road, Andheri (East), Mumbai 400099:

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Sr. No.	Description	Reference/Licence No.	Issue Date	Expiry Date
(i).	Registration certificate under Bombay Shops and Establishments Act, 1948.	Registration No. KE-II/017241	January 25, 2006	Renewable annually

(d). Approvals/Licenses obtained in respect of Premises at 404-405, 4<sup>th</sup> Floor, Navrang Shopping Arcade, Gokhale Road, Thane (West) 400 602:

Sr. No.	Description	Reference/Licence No.	Issue Date	Expiry Date
(i).	Registration certificate under Bombay Shops and Establishments Act, 1948.	Registration No. CE-20620	March 2, 2006	Renewable annually

(e) Approvals/Licenses obtained in respect of Premises at Office No. 401-B, Fourth Floor, Gandhi Empire, Plot No. 2, S. No. 595/1, Sareen Estate, Kondawa Road, Pune 411040:

Sr. No.	Description	Reference/Licence No.	Issue Date	Expiry Date
(i).	Registration certificate under Bombay Shops and Establishments Act, 1948.	Registration No. Kondhwa KH/II/2582	February 2, 2006	Renewable annually

(f). Approvals/Licenses obtained in respect of Premises at 1sr Floor, Gopalakrishnan Complex, Residency Cross Road, Bangalore – 560025

Sr. No.	Description	Reference/Licence No.	Issue Date	Expiry Date
(i).	Registration certificate under Karnataka Shops and Commercial Establishments Act, 1961.	HKN-8/76/Commercial Shop/4080/2005	16.08.2005	31.12.2009
(ii).	Registration Certificate under Karnataka State Tax on Professions, Trades, Calling and Employment Act, 1976. w.e.f. 16.8.2005	PO5P 4913	14.09.2005	N.A.

(g). Approvals/Licenses obtained in respect of Premises at 3<sup>rd</sup> Floor, Chandan House, Abhijeet-3, Nr. Mithkhali Circle, Ellisbridge, Ahmedabad:

Sr. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
(i).	Registration Certificate under Gujarat State Tax on Professions, Trades, Calling and Employment Act, 1976 (w.ef April 01, 2005)	Registration No : PRO734000454	June 06, 2005	N.A.
(ii).	Registration Certificate under Gujarat State Tax on Professions, Trades, Calling and Employment Act, 1976	Registration No: PE0734001365	June 06, 2005	N.A.
(iii).	Registration under Employees State Insurance Corporation	ESI Sub-Code No: 11-10-62633-92 (A'bad)	December 08, 2005	N.A.
(iv).	Registration certificate under Bombay Shops and Establishments Act, 1948.	PII/EL/01/0001342 (Ellisbridge)	March 30, 2005	Renewable annually

(h). Approvals/Licenses obtained in respect of Premises at First Floor, Plot Nos. 24& 30, Okhla Industrial Estate, Phase III, New Delhi 110020 and Premises at Second Floor, KLJ Complex – I, 70, Najafgarh Road, New Delhi 110015:

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Sr. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
(i).	Registration for service tax under Section 69 of the Finance Act, 1994 (32 of 1994) (i.e. Service Tax Registration )	AACCN0447MST002 DL-II/ST/R-17/BAS/NGPL/1454/05	March 28, 2006	N.A.
(ii).	Registration under Employees State Insurance Corporation	11-10-62633-92	17 <sup>th</sup> June, 2005	N.A

**Note:-** As per a news item appearing in Hindustan Times New Delhi dated 4.1.1990, Delhi Administration had decided to do away with the registration of Shops/commercial establishments in the Union Territory of Delhi and is approaching the Government of India to amend Section (5), (6) and (7) of the Delhi Shops and Establishments Act, 1954. Till the Act is amended the requirement of registration/ renewal/amendment has been kept in abeyance. Our Company had made application dated 19.04.2006 for registration of the aforesaid 2 premises under the Delhi Shops and Establishments Act, 1954.

C. The following approvals have been obtained from various post offices to post newspapers without prepayment:

Sl. No.	License No.	Issuing Authority	Place	Issue date	Expiry date
1.	MH/MR/WEST/53/2006-2008 (FOR "SMART PHOTOGRAPHY")	Sr. Supdt. of Post Offices, Mumbai.	Mumbai	25 <sup>th</sup> November, 2005	31 <sup>st</sup> December, 2008
2.	MH/MR/WEST/182/2006-2008 (For "BIKE INDIA")	Sr. Supdt. of Post Offices, Mumbai.	Mumbai	10 <sup>th</sup> May, 2006	31 <sup>st</sup> December, 2008
3.	MH/MR/WEST/181/2006-2008 (For "CAR INDIA")	Sr. Supdt. of Post Offices, Mumbai.	Mumbai	10 <sup>th</sup> May, 2006	31 <sup>st</sup> December, 2008

**TAN: Tax Deduction Account Number allotted by the Income Tax Department, Department of Revenue, Minister of Finance, Government of India under Income Tax Act 1961 dated March 12, 2005. The TAN Number allotted is MUMN12054A.**

**D. Sales Tax Registrations:**

The Company does not require any Sales Tax Registration under the Sales Tax Laws.

**E. Approval for foreign investment in our company:**

The Company has by application dated August 14, 2006 written to the Ministry of Information and Broadcasting, Government of India seeking its permission to proceed with the Initial Public Offer in the capital market, where it is likely that some investment from Foreign Institutional Investors could take place in the Company. The approval of the Ministry of Information and Broadcasting, Government of India for the same is awaited.

**F. Trademark Approvals:-**

1. Our Company has entered into License Agreement with EMAP Consumer Media Ltd. dated 7<sup>th</sup> March, 2005 pursuant to which our Company has right to use "CAR India" for the period of 7 Years from the date of signature. Our Company has also applied for the Trademark registration for "Car India" in its own name by application No. 1367677 in class 16 which was ordered to be advertised under the provisions of Section 20(1) of the Trademark Act in the Trademark Journal by Order dated 22-11-2005.
2. Our Company has also applied for the Trademark registration for "Next Gen" in its own name by application No.1362411 in class 16 and 35 which was ordered to be advertised under the provisions of Section 20(1) of the Trademark Act, 1999 in the trademark Journal by Order dated 22-11-2005. However, we note that the same was inadvertently advertised before acceptance under section 20(1) of the Trademark Act, 1999 in the name of "Forbes Gokak Ltd". Therefore, our Company vide its letter dated 25<sup>th</sup> July, 2006 (received by Trademark Registry on 27<sup>th</sup> July, 2006) has requested to re-advertise the mark in the name of our Company.
3. Our Company has also applied for the Trademark registration for "Smart Photography" in its own name by application No.1367678 in class 16 which was ordered to be advertised under the provisions of Section 20(1) of the Trademark Act, 1999 in the trademark Journal by Order dated 22-11-2005.
4. Our Company has also applied for the Trademark registration for "BIKE INDIA" in its own name by application No.1367676 in class 16 which was ordered to be advertised under the provisions of Section 20(1) of the Trademark Act, 1999 in the trademark Journal by Order dated 22-11-2005.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

#### *The Company*

The Board of Directors has, pursuant to resolution passed at its meeting held on 05/05/2006, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, 1956.

The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Annual General Meeting of the Company held on 26/05/2006 at Mumbai.

### Prohibition by SEBI

The Company, the Directors, the Promoters, Directors or the entities in control of the Promoter, affiliates and companies with which the Directors are associated with as directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

### Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

Clause 2.2.2 of the SEBI Guidelines states as follows:

“An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

- (a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.  
Or
- (a) (ii) The “Project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.  
And
- (b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.  
Or
- (b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:
  - (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
  - (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
  - (c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.”

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Issue is proposed to be allotted to QIB Bidders and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders. Accordingly, as per the second proviso to Clause 11.3.5(i) of the SEBI Guidelines, Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 15% and 35% of the Issue, respectively.

- We are also complying with Clause 2.2.2(b)(i) of the aforesaid SEBI Guidelines and the face value of the post-Issue paid up capital of the Company will be Rs. 1,200 lacs, which is more than the minimum requirement of Rs. 1,000 lacs.

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we undertake that the number of allottees, i.e., persons receiving Allotment in the Issue shall be at least 1,000 failing which the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Promoters, the Company, and associate companies are not notified as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them.

#### **Disclaimer Clause**

**AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 DRAFT PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 28/09/2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- “(a) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.
- (b) 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:**

**THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

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

**THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE ISSUE.**

**WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

**WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

**WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”**

All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act as also any guidelines, instructions, etc., issued by SEBI, GOI and any other competent authority.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus.

#### **Disclaimer from the Company and the BRLM**

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Company, the Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.nextgenpublishing.net](http://www.nextgenpublishing.net), would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and the Company dated 22/09/2006 and the Underwriting Agreement entered into among the Underwriter and the Company.

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

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be Issued or sold, directly or indirectly, and this Draft 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 Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Disclaimer Clause of the BSE**

As required, a copy of this Prospectus has been submitted to the BSE. Bombay Stock Exchange has given vide its letter dated [●] permission to the Company to use its name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. warrant that the Company's securities will be listed or will continue to be listed on BSE; or iii. take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason deemed or construed that his Prospectus has been cleared or approved by BSE. Every person who desired to apply for otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

## **Disclaimer Clause of the NSE**

As required a copy of this Prospectus has been filed with the National Stock Exchange (NSE). NSE has given vide its letter Ref. No. [●] dated [●] permission to the Company to use NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Companies securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctively understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus 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 Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against NSE 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 this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021, BSE and NSE.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai.

## **Listing**

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Draft Red Herring Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

## **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:**

***“Any person who:***

- a. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- b. otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

## Consents

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Company, the Bankers to the Issue, the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

M/s. Kalyaniwalla & Mistry, Chartered Accountants, the Company’s Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Prospectus for filing with SEBI, BSE and NSE.

## Expert Opinion

The Company has not obtained any expert opinions.

## Issue Related Expenses

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

Activity	Amount (Rs million)	Estimated Percentage of Issue Expenses	Estimated Percentage of total Issue size
Lead Management, underwriting and selling commission	[•]	[•]	[•]
Advertisement and Marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Registrars fee, legal fee, listing fee, etc)	[•]	[•]	[•]
<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

## Fees Payable to the Book Running Lead Manager and Syndicate Member

The total fees payable to the Book Running Lead Manager and Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLM, a copy of which is available for inspection at the administrative office of the Company located at Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400 016.

## Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	[●]
BID / ISSUE CLOSES ON	[●]

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted and uploaded till such time as permitted by the BSE and NSE.

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

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

#### **Letters of allotment or refund orders**

We shall give credit to the beneficiary account with their respective Depository Participants within two working days from the date of the finalisation of basis of allocation. We shall ensure despatch 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 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 the purpose shall be made available to the Registrar by us.

In accordance the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Issue Closing Date; and
- We shall pay interest at 15.0% 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 Bidders within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch 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 the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Particulars regarding Public or Rights Issues during the Last Five Years**

The Company has conducted a rights issue on 16/11/2005 in the ratio of two Equity Shares for every three Equity Shares (i.e. 2:3) held on the record date.

### **Issues otherwise than for Cash**

The Company has not issued any Equity Shares for consideration otherwise than for cash.

### **Commission and Brokerage paid on Previous Issues of the Equity Shares**

Since this is the initial public issue of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

### **Companies under the Same Management**

There is no other company under the same management other than the subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which are provided in the section entitled "Promoters and Promoter Group" beginning on page 70 this Draft Red Herring Prospectus.

### **Promise vs. Performance – Last Issue of Group/Associate Companies**

Our Promoter i.e. Forbes Gokak Limited ["FGL"] is a listed company on the BSE. FGL had conducted a rights issue in May 1993. There has been no delay in completing the objects of the rights issue and the projects envisaged were implemented on time.

### **Outstanding Debentures or Bonds**

The Company does not have any outstanding debentures or bonds.

### **Outstanding Preference Shares**

The Company does not have any outstanding preference shares.

### **Stock Market Data of our Equity Shares**

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

### **Other Disclosures**

The Promoter group, the directors of the Promoters or the Promoter group companies or the Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar to the Issue and the Company, will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of equity shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

## **Disposal of Investor Grievances by the Company**

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. C. D. Sakaria, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address: Next Gen Publishing Limited, Khatau House, 2nd Floor, Mogul Lane, Mahim (West), Mumbai 400 016.

## **Changes in Auditors**

There have been no changes of the auditors in the last three years except as provided below:

M/s. Kalyaniwalla & Mistry, Chartered Accountants, were appointed as the auditors of the Company on May 26, 2006 in place of M/s. R. P. Upadhyaya & Co. who ceased to be the auditors of the Company on May 26, 2006 due to reasons of preoccupation.

## **Capitalization of Reserves or Profits**

Except as disclosed in this Draft Red Herring Prospectus, the Company has not capitalized its reserves or profits at any time during the last five years.

## **Revaluation of Assets**

The Company has not revalued its assets in the last five years.

## **Interest of Promoters and Directors**

### *Promoters*

The promoter of the Company may be deemed to be interested to the extent of its shareholding in the Company.

### *Directors*

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

### *Payment or Benefit to Officers of the Company*

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except the normal remuneration for services rendered as officers or employees. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

## SECTION VII : ISSUE INFORMATION

### ISSUE STRUCTURE

The present Issue of 48,12,500 Equity Shares comprises of a fresh issue of 48,12,500 Equity Shares of Rs.10 each for cash by the Company issued at a price of Rs. [●] per Equity Share, aggregating Rs. [●] lacs, and is being made through the 100% Book Building Process.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	At least 24,06,250 Equity Shares, of which 1,20,313 Equity Shares shall be available for allocation to Mutual Funds.	Up to 7,21,875 Equity Shares(1)	Up to 16,84,375 Equity Shares(1)
Percentage of Issue Size	At least 50% of the Issue.(1) 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Up to 15% of the Issue or Issue size less allocation to QIBs and Retail Portion(1)	Up to 35% of the Issue or Issue size less allocation to QIBs and Retail Portion (1)
Basis of Allocation	Proportionate as follows:  (a) 1,20,313 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and  (b) 22,85,937 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 100 Equity Shares	100 Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidders	Not exceeding the size of the Issue subject to regulations applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.100,000
Allotment Mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share

<b>Particulars</b>	<b>QIBs</b>	<b>Non Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Who can Apply(2)	Public financial institutions, as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 million and Pension Funds with minimum corpus of Rs.250 million	Resident Indian individuals, HUF (in the name of Karta), NRIs, companies, corporate bodies, societies and trusts.	Individuals including and HUFs (in the name of Karta), NRIs, applying for such number of Equity Shares such that the Bid Amount does not exceed Rs.100,000
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate
Margin Amount	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

1. Subject to valid bids being received at or above the Issue Price, undersubscription, if any, in the Non Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories or combination of categories, at the discretion of the Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 1,20,313 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.

2. In the event that 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 are in the same sequence in which they appear in the Bid cum Application Form.

## TERMS OF THE ISSUE

The Equity Shares being Issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of the Draft Red Herring Prospectus, the Draft Red Herring Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document/certificates that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to all applicable laws, guidelines, notifications, rules and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on 5<sup>th</sup> May, 2006, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, 1956.

The shareholders have authorized the Issue by a special resolution in accordance with Section 81 (1A) of the Companies Act, passed at the 2<sup>nd</sup> AGM of the Company held on 26<sup>th</sup> May, 2006 at Mumbai.

### Mode of Payment of Dividend

The Company shall pay dividend to its shareholders as per provisions of the Companies Act, 1956.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Next Gen Publishing Limited and shall rank pari passu in all respects with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See the section entitled "Main Provisions of Articles of Association of the Company" beginning on page 190 of this Draft Red Herring Prospectus for a description of the Articles of Association of the Company. The persons in receipt of Allotment will be entitled to dividends or any other corporate benefits (including dividends), if any, declared by the Company after the date of Allotment.

### Face Value and Issue Price

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

The face value of the shares is Rs. 10/- each and the floor price is [●] times of the face value and the cap price is [●] times of the face value.

### Rights of the Equity Shareholder

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 powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive issues for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section entitled “Main Provisions of Articles of Association of the Company” beginning on page 190 of this Draft Red Herring Prospectus.

### **Market Lot and Trading Lot**

As trading in the Equity Shares is compulsorily in dematerialized form, the tradable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, in multiples of one Equity Share, subject to a minimum allotment of 100 Equity Shares.

### **Jurisdiction**

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Mumbai, India.

### **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 Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of the Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- 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 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/transfer of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require a change in the nomination, they are requested to inform their respective depository participant.

### **Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI**

It is to be distinctly understood that there is no separate reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

**Application in Issue**

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

**Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the Issue less the Employee Reservation Portion including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of Companies Act.

Further in accordance with Clause 2.2.2 A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000 and that at least 50% of the equity shares proposed to be issued in this Issue will be allocated to QIBs.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process where at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, up to 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. The Company, in consultation with the BRLM reserves the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

**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.**

### 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 Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian Public, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	Blue

### 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. Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;

5. Mutual Funds;
6. Indian financial institutions, scheduled 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, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. State Industrial Development Corporations;
11. Insurance companies registered with Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs. 2,500 lacs and who are authorized under their constitution to invest in Equity Shares;
13. Pension funds with minimum corpus of Rs. 2,500 lacs and who are authorized under their constitution to invest in Equity Shares;
14. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in the Equity Shares;
15. Eligible NRIs subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
16. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Issue;
17. Scientific and/or industrial research organizations in India authorized under their constitution to invest in Equity Shares; and

As per existing regulations, OCBs cannot Bid in the Issue.

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation except as may be permitted by SEBI.

**Bidders should note that:**

**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.**

*In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments 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.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

*In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:*

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company (i.e. 10% of 1,20,00,000 Equity Shares). In respect of a 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 paid-up capital or 5% of the total paid-up capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of its total paid-up capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

*In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:*

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any venture capital fund or foreign venture capital investor should not exceed 25% of the corpus of the venture capital fund or of the foreign venture capital investor.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft 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**

### **For Retail Individual Bidders**

The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000/-. In case the Bid Amount is over Rs.100,000/- due to revision or on exercise of Cut-off option, the Bid would be considered for allocation 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.

### **For Non Institutional Bidders and QIB Bidders**

The Bid must be for a minimum of such number of Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Amount exceeds Rs.100,000/-. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws, regulations and guidelines. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin upon submission of the Bid cum Application Form. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

In case of revision in Bids, the Non Institutional Bidders who are individuals will have to ensure that the Bid Amount is greater than Rs.100,000/- for being considered for allocation in the Non Institutional Bidders category. In case the Bid Amount reduces to Rs.100,000/- or less due to a revision in Bids or revision of the

Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

### **Information for the Bidders**

1. The Company will file the Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Prospectus along with the Bid cum Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their Bids.
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 that do not bear the stamp of the members of the Syndicate will be rejected.

### **Method and Process of Bidding**

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Prospectus filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period (in accordance with the terms of the Syndicate Agreement).
2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, for an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to the Equity Shares should approach the members of Syndicate or their authorized agents to register their Bid. Every member of the Syndicate shall accept Bids from investors who place orders through them and shall have the right to vet the Bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bid(s) 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 for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page 174 of this Draft Red Herring Prospectus.

6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip or TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. It is the responsibility of the Bidder to obtain TRSs from the Syndicate Member.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into Escrow Account” on page 172 of this Draft Red Herring Prospectus.
8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept bids from all clients/ investors who place orders through them and shall have the right to vet the Bids.

#### **Bids at Different Price Levels**

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re.1/-.
2. The Company, in consultation with the BRLM, can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/Issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band will not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the price band disclosed in the Prospectus.
3. Any revision in the Price Band 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 in a regional newspaper and also indicating the change on the web site of the BRLM and at the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band in multiples of Re 1/-. 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 up to Rs.100,000/- may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders who bid for an amount exceeding Rs.100,000/-, and such Bids shall be rejected.
6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the Allocation 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 respective Refund Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member 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 Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band whether upwards or downwards the minimum application size shall remain 100 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000/- to Rs. 7,000/-.

### **Escrow Mechanism**

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement with the Company. Payments of refund to the Bidders shall also be made from the Escrow Accounts as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Account**

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favor of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page 180 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. In case of the QIB Portion, the Margin Amount has to be submitted along with the Bid to the Syndicate. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The maximum Bid Amount 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 Banks. The Escrow Collection Banks will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund in the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders and Bidders in the Employee Reservation Portion) would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The details of the Margin Amount payable is mentioned under the section entitled "Issue Structure" on page 162 of this Draft Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. 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 BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of equity shares than such bidder had bid for the excess amount paid on bidding, if any, after adjustment for allocation will be refunded to such bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the period mentioned above.

### **Electronic Registration of Bids**

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a stock exchange centre is located in India, and where Bids are accepted.
2. NSE and BSE will Issue 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/Issue 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 half hourly basis. On the Bid/Issue Closing Date, members of the Syndicate will upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be consolidated on half hourly basis. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor;
  - Investor Category — Individual, Corporate, Eligible NRI, FII, or QIBs, etc.;
  - Numbers of Equity Shares bid for;
  - Bid price;
  - Bid cum Application Form number;
  - Whether payment is made upon submission of Bid cum Application Form; and
  - Depository participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
6. **Such TRS will be non-negotiable and by itself will not create any obligation of any kind.**

7. The members of the Syndicate have the right to review the Bid. Consequently QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, their Bids shall not be rejected except on the technical grounds listed elsewhere in this Draft Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by NSE or BSE; 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 the Company, the Promoters, the management or any scheme or project of the Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

#### **Build Up of the Book and Revision of Bids**

1. 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 in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis
2. During the Bidding/Issue Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form that is a part of the Bid cum Application Form.
3. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
4. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revisions in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form (or copies thereof).**
5. 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 Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment 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.

6. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.**
7. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In the event of discrepancy of data between the bids registered on the online IPO system and the physical bid cum application form, the decision of the Company in consultation with the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLM, shall finalize the “Issue Price” and the number of Equity Shares to be allotted and the allotment to successful Bidders.
3. The allocation to QIBs of at least 50% of the Issue would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining 45% allocation for QIBs) in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the section titled “Basis of Allotment – Allotment to QIB Bidders” below. The allocation to Non Institutional Bidders and Retail Individual Bidders of up to 15% and up to 35% of the Issue, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over of demand from any of the other categories or combination of categories, at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,20,313 Equity Shares, the balance Equity Shares from the 5% 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.
5. Allocation to Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. The BRLM and the Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
7. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore, but before allotment.
8. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

### **Signing of Underwriting Agreement and RoC Filing**

1. The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation to the bidders.
2. After the Underwriting Agreement is signed, the Company will update and file the updated Prospectus with the RoC, which then would be termed ‘Prospectus’. The Prospectus would have

details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Draft Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

### **Issuance of Confirmation of Allocation Note (CAN)**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted to such Bidder.

### **Designated Date and Transfer of Funds to Public Issue Account**

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company will allot/transfer the Equity Shares to the Allottees. Allottees will receive credit for the Equity Shares directly in their Depository Accounts. Equity Shares will be allotted only in the dematerialized form to the Allottees. Allottees will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

The Company will ensure the Allotment 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, the Company will ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of Allotment.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.**

## General Instructions

### Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Prospectus;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color), as the case may be;
- Ensure that you Bid only within the Price Band;
- Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in dematerialized form only;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- **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 such joint names are in the same sequence in which they appear in the Bid cum Application Form.**
- Ensure that you mention your PAN allotted under the I.T. Act where the maximum bid for Equity Shares by a Bidder is of a total value of Rs.50,000/- or more. In case neither the PAN nor the GIR number has been allotted mention "Not allotted" in the appropriate place.

### Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the Floor Price or higher than the Cap Price;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price (for Non Institutional Bidders or QIB Bidders for whom the Bid Amount exceeds Rs.100,000/-);
- 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 applicable laws or regulations or under the terms of the Prospectus; and
- Do not submit Bids accompanied by stockinvest or postal order or money order.

## **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

### **Bids and Revision of Bids**

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non-Residents, including Eligible NRIs, FIIs registered with SEBI, foreign venture capital investors registered with SEBI applying on repatriation basis.
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid Amount of Rs.100,000/-.
4. 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 100 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws and regulations.
6. In single name or in joint names (not more than three) and in the same order as their Depository Participant details).
7. Thumb impressions and signatures other than in the languages specified in the Eight 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 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 the Bidder's bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. 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.

### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES 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, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund order and the demographic details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.**

By signing the Bid cum Application Form, each Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of CANs/refund orders. Please note that any such delay shall be at the Bidder's sole risk.**

In case no corresponding record is available with the Depositories that match three parameters, i.e., name of the Bidder (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.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, eligible 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 and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum

Application form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application Form, subject to such terms and conditions as we may deem fit.

### **Bids by Eligible NRIs**

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRI Bidders can obtain the Bid cum Application Forms from the Company's registered office at Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400 016, India, the BRLM, members of the Syndicate or the Registrar to the Issue.
2. Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible 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 color).

### **Bids by Eligible NRIs, FIIs registered with SEBI/ FVCIs registered with SEBI/ Multilateral and Bilateral Development Financial Institutions on a repatriation basis**

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By Eligible NRIs -Bids for a Bid Amount of up to Rs.100,000/- would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs.100,000/- would be considered under Non Institutional Bidder Portion for the purposes of allocation;

By FIIs/FVCIs — for a minimum of such number of Equity Shares and in multiples of 100 thereafter that the Bid Amount exceeds Rs.100,000/- for further details see "Issue Procedure - Maximum and Minimum Bid Size".

4. In the names of individuals, or in the names of FIIs/ FVCIs or multilateral and bilateral development institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals excluding Eligible NRIs or their nominees.
5. 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 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 separate reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.**

## Payment Instructions

The Company shall open Escrow Accounts 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:

1. The Bidders for whom the applicable margin is equal to 100%, shall, with the submission of the Bid cum Application form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.
2. In case the Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allotted to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subjected to a minimum period of two days from the date of communication of the allotment list to the Syndicate Member(s) by the BRLM.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding/Issue Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the members of the Syndicate by the BRLM.
4. The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - (a) In case of Resident QIB Bidders: **“Escrow Account QIB – Next Gen Publishing Limited Public Issue – R”**
  - (b) In case of Non Resident QIB Bidders: **“Escrow Account QIB – Next Gen Publishing Limited Public Issue – NR”**
  - (c) In case of Resident Retail and Non Institutional Bidders: **“Escrow Account - Next Gen Publishing Limited Public Issue”**
  - (d) In case of Non Resident Retail and Non Institutional Bidders: **“Escrow Account - Next Gen Publishing Limited Public Issue -NR”**
    - In case of Bids by Eligible 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 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.
    - In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR)

Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

- In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
  6. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
  7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue.
  8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall 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 draft drawn on any bank (including a Co-operative bank) which is situated at and is a member of, or sub-member of the bankers clearing house, located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques/bank drafts are liable to be rejected. Cash/money orders/postal orders 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 cum Application Forms. A member of the Syndicate may, at its discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and the Revision Form in the case of QIB Bidders, provided however that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified escrow account.

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. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

#### **Payment by stockinvest**

In terms of Reserve Bank of India vide Circular No. DBOD No. FSC/BC42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest in lieu of cheques or banks drafts for payment of bid money has been withdrawn.

## Other Instructions

### Joint Bids in the case of Individuals

Individuals may make bids in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

### Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In 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 Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in all or any categories.

### PAN or GIR Number

Where the Bid is 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 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 who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), 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 of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

### Unique Identification Number ("UIN")

Through its circular MAPIN/Cir-13/2005, with effect from July 1, 2005, SEBI has suspended all fresh registrations for obtaining a Unique Identification Number ("UIN") and the requirement to provide or quote a UIN under the SEBI MAPIN Regulations.

## **Right to Reject Bids**

The Company in consultation with the BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft 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 does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN or GIR Number not given if Bid is for Rs.50,000/- or more;
6. Bids for lower number of Equity Shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
8. Bids at Cut-off price where the Bid Amount exceeds Rs.100,000/-;
9. Bids for number of Equity Shares, which are not multiples of 100;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid cum Application Form does not have the stamp of a member of the Syndicate;
14. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
15. 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 Prospectus and as per the instructions in this Prospectus and the Bid cum Application Form;
16. Bids for amounts greater than the maximum permissible amounts prescribed by the applicable regulations;
17. Bids not duly signed by the sole/joint Bidders;
18. Bids by OCBs;
19. Bids accompanied by stockinvest/cash/money order;

20. Bids by Employees or Directors of the Company not eligible to apply in the Employee Reservation Portion;
21. In case no corresponding record is available with the Depositories that matches three parameters, i.e., name of the Bidder (including the sequence of names of joint holders), the depository participant's ID (DP ID) and the beneficiary's identity; and
22. Bids by persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
23. Bids that are not accompanied by the applicable Margin Amount.

## **Basis of Allotment**

### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 16,84,375 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 16,84,375 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,21,875 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 7,21,875 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

### **C. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The 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 exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received at or above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
  - (c) The aggregate allocation to QIB Bidders including Mutual Funds shall be at least 24,06,250 Equity Shares.

### **Basis of Allocation**

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than 100 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 100 Equity Shares; and

- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

### **Equity Shares in Dematerialized Form with NSDL or CDSL**

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been entered into between the Registrar to the Issue, the Depositories and the Company:

1. An agreement dated [●] between NSDL, the Company and the Registrar to the Issue for issuing the Depository option to the investors; and
2. An agreement dated [●] between CDSL, the Company and the Registrar to the Issue for issuing the Depository option to the investors.

**Bidders will be allotted Equity Shares only in the dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.**

1. A Bidder applying for Equity Shares must have at least one beneficiary account with 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. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her depository participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the stock exchanges where the Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of the Equity Shares would be in dematerialized form only and for all investors in the demat segment of the respective stock exchange.

9. Non-transferable allotment, advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

### **Communications**

All future communications in connection with Bids made in the 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, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

### **Pre-Issue and Post Issue related problems**

The Company has appointed Mr. C. D. Sakaria, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems. He can be contacted at the following address:

Next Gen Publishing Limited, Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400 016.

### **Undertakings by the Company**

The Company undertake as follows:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily.
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the shares are to be listed are taken within 7 working days of finalisation of basis of allotment.
- The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 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.
- The certificates of the shares/ refund orders to the non-resident Indians shall be dispatched within the specified time
- No further issue of securities shall be made till the shares offered through this 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 the Company certifies that:

- all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

### **Disposal of Applications and Application Money**

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the beneficiary account with depository participants 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. We shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500/-, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500/-, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

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, the Company further undertakes that:

- Allotment/transfer of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- The Company would ensure dispatch of refund orders within 15 days of the Bid/Issue Closing Date; and

#### **Interest in Case of Delay in Despatch of Allotment Letters/Refund Orders in Case of Public Issues**

The Company agrees that the allotment of securities offered to the public shall be made not later than 15 days of the closure of public. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the date of the closure of the Issue.

The Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

The Company shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

#### **Restrictions on Foreign Ownership of Indian Securities**

No person shall make a Bid in pursuance of this Issue, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

## SECTION VIII : MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

### CAPITAL AND INCREASE AND REDUCTION IN CAPITAL

3. (a)	The Authorised Share Capital of the Company is 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each. <i>(Authorised Capital increased by Special Resolution of the Company passed at the 2<sup>nd</sup> Annual General Meeting of the Company, held on 26<sup>th</sup> May, 2006.)</i>	Amount of Capital
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 amounts 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 a upon the creation thereof, shall direct, and if no direction be 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 provision of this Article, the Directors shall comply with the provisions of Section 97 of the Act.	Increases of capital by the Company and how carried into effect.
5.	Except so far as otherwise provided by the conditions of issue or by these Articles, any Capital raised by the creation of new shares, shall be considered as part of the existing Capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	New Capital same as existing Capital
6.	Subject to the provisions of Section 80 of the Act, the company shall have the power to issue Preference Shares which are, or at the option of the Company are to be, liable to be, redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.	Redeemable Preference Shares
7.	On the issue of Redeemable Preference Shares, under the provisions of Article 6 hereof, the following provisions shall take effect:-  <ol style="list-style-type: none"> <li>1. no such share shall be redeemed except out of 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;</li> <li>2. no such shares shall be redeemed unless they are fully paid;</li> <li>3. the premium if any, payable on redemption must have been provided for out of the profits of the company or the Company's security premium account before the shares are redeemed;</li> <li>4. 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 Accounts", 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</li> </ol>	Provision to apply on the issue of Redeemable Preference Shares

	the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.	
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 capital in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.	Reduction of Capital
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, and the resolution, whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, One Or more Of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as 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.	Sub-division and consolidation of shares.
10.	The right 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 share of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith	Issue of further pari passu shares not to affect the right of shares already issued.
11.	Whenever the Capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the Sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted. 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 issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.	Alterations of rights of holders of Special classes of Shares

## SHARES AND CERTIFICATES

14.	The Board of Directors 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.	Restriction on allotment
15.	(a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation whichever is earlier it is proposed to increase the subscribed capital of the Company by allotment of further shares, 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 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	Further issue of Capital

	<p>Company</p> <p>(b) Notwithstanding anything contained in the preceding sub-clause, the Company may</p> <ol style="list-style-type: none"> <li>1. by a special resolution or</li> <li>2. Where no such special resolution 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 the 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 persons, and such person or persons may or may not include the persons who, at the date of the offer are the holders of the equity shares of the Company.</li> </ol> <p>(c) Notwithstanding anything contained in sub-clause (a) above, but subject however to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.</p>	
17.	<p>In addition to and without derogating from the powers for that purpose conferred on the Board of Directors 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 persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to 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 the provisions Of Sections 78 and 79 of the Act), at a premium or at par or at a discount. such option being exercisable at such times and for such 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>	Power also to Company in General Meeting to issue Shares
18.	<p>Any application, signed by or on behalf of an applicant for the shares in the Company, followed by an allotment of any share therein, shall be an acceptances of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member.</p>	Acceptance of shares
20.	<p>Every Member or his heirs. executors or administrators 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 of Directors shall, from time to time in accordance with the Company's regulations require or fix for the payment thereof.</p>	Liability of Members
21.	<ol style="list-style-type: none"> <li>1. Every Member or allottee of shares shall be entitled. without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation, or in cases 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</li> </ol>	Share Certificates

	<p>registered power of attorney and the secretary or some other person appointed by the Board for the purpose, and the 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 a 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.</p> <p>2. 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 any one 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>3. 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>	
22A	<p><i>Note: Article 22A inserted by Special Resolution of the Company passed at the 2<sup>nd</sup> Annual General Meeting of the Company, held on 26<sup>th</sup> May, 2006.</i></p> <p>22A(a) The provisions in this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles. The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996. The Company shall enter into an agreement with the depository(ies) to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p> <p>22A(b) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p> <p>22A(c) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p> <p>22A(d) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</p> <p>22A(e) Every Depository shall furnish to the Company information about the transfer of</p>	<p>Dematerialisation of Securities</p> <p>Dematerialisation of Securities</p> <p>Option to receive security certificates or hold securities with depository</p> <p>Securities in depositories to be in fungible form Rights of depositories and beneficial owners</p> <p>Depository to</p>

	<p>Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.</p> <p>22A(f) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.</p> <p>22A(g) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.</p> <p>22A(h) The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of a electronic media.</p> <p>22A(i) In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures, or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force shall apply.</p>	<p>furnish information</p> <p>Option to opt out in respect of any security</p> <p>Section 83 and 108 of the Act not to apply</p> <p>Register and Index of members</p> <p>Applicability of the Depositories Act</p>
24.	<p>If any share stands 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 and all or any other matter connected with the company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.</p>	<p>The first named joint holders deemed sole</p>
25.	<p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provide) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or the survivors of them.</p>	<p>Company not bound to recognise any interest in shares other than that of registered</p>
26.	<p>None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company save as provided by Section 77 of the Act.</p>	<p>Funds of Company not be applied in purchase of shares of the Company</p>
27.	<p>Notwithstanding anything contained in these Articles, a Company may purchase its own shares or securities, as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals as may be permitted by the law.</p>	<p>Power of the Company to purchase its own securities</p>

## UNDERWRITING AND BROKERAGE

28.	Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company or procuring or agreeing to procure subscriptions, (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares were issued and in the case of debentures two and a half per cent of the price at which the debentures are issued.	Commission may be paid
29.	The Company may pay such sum for brokerage as may be lawful and reasonable.	Brokerage
30.	Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital as part of the cost construction of the work or building or the provision of plant.	Interest out of Capital

## CALLS

31.	The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board, (and not by circular Resolution) 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 and at the times and places appointed by the Board of Directors. A call may be made payable by instalments.	Directors may make calls
32.	'Fifteen days' notice at the least of any such call as aforesaid shall be given by the company specifying the time and place of payment at which and the person or persons to whom such call shall be paid.	Notice of calls
33.	A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board of Directors.	Calls to date from Resolution
34.	The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members whom, from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no Member shall be entitled to such extension save as a matter of grace and favour.	Directors may extend time
35.	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times (whether on account of the amount of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.	Amounts payable at fixed time or instalments at calls
36.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate, not exceeding nine per cent per annum, as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such Member.	When calls to carry interest
37.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of	Proof on trial of suit for money due on shares

	the Member in respect of whose shares the money is sought to be recovered. appears entered on the Register of Members as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minutes book', and that noticed of such call was duly given to the Members or his representatives sued in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who make such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	
38.	Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of any such shares as hereinafter provided.	Partial payment not to preclude forfeiture
39.	<p>i. The Board of Directors may, if it think fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up, and upon the money 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 advance is made, the Board of Directors may pay or allow interest at such rate as the Member paying the sum in advance and the Board of Directors may agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that any amount paid up in advance of calls on any shares may carry interest but shall not in respect thereof confer a right to dividends or to participate in profits.</p> <p>ii. 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.</p>	Payment in anticipation calls may carry interest

#### LIEN

40.	The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each Member (whether solely or jointly with other) and upon the proceeds of the sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any Share shall be created except upon the footing and condition that Article 25 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.	Company's lien on shares
41.	For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representative and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice.	As to enforcing lien by sale
42.	The net proceeds of any such sale shall be applied in or towards satisfaction of the	Application of

	said sum payable as aforesaid and the balance (if any) paid to such member, his representatives or assigns.	proceeds of sale
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#### **FORFEITURE OF SHARES**

43.	If any Member fails to pay any Call or instalment of a call, on or before the day appointed, for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.	If money payable on share not paid, notice to be given to members
44.	The notice shall name a day (not being less than fourteen days from the date of the notice) and a place on and at which such call or instalment and such interest 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 instalment is payable, will be liable to be forfeited.	Form of Notice
45.	If the requirements of any such notice as aforesaid shall not be complied with, every or any Share, in respect of which Such notice has been given, may at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.	If default of payment, shares to be forfeited

#### **TRANSFER AND TRANSMISSION OF SHARES**

54.	The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.	Register of Transfers
55.	The instrument of transfer of any shares shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.	Form of Transfer
56.	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.	Transfer form to be completed and presented to the Company.
57.	(1) An application for the registration of transfer of the shares in the Company may be made either by the Transferor or the Transferee. (2) Where the application is made by the Transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the Transferee and the Transferee makes no objection to the transfer within two weeks from the receipt of the notice. (3) For the purposes of sub-clause (2) above. notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the Transferee at the address given in the instrument of transfer and shall be deemed to	Application for Transfer

	have been duly delivered at the time at which it would have been delivered in the ordinary course of post.	
58.	The Board of Directors shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in Maharashtra to close the transfer books, the Register of Members or Register of Debenture- holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as to it may seem expedient.	Transfer books etc. when closed
59.	Subject to the provisions of Section 111 of the Act, or any statutory modification thereof for the time being in force, the Board of Directors may, at its own absolute and uncontrolled discretion. and without assigning any reason, decline to register or acknowledge any transfer of shares, (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 registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except when the Board has exercised the power of lien vested in it under these Articles in respect of Shares proposed to be transferred.	Directors may refuse to register transfers
60.	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 any liability on shares held by him jointly with any other person.	Death of one or more joint-holders of Shares
61.	Subject to the provisions of Section 109 A and 109 B of the Act, the executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one Of two or more joint- holders) shall be the only person recognised by the company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognised such executors or administrators or holders of a Succession Certificate or legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board of Directors in its absolute discretion think fit, the Board of Directors may dispense with production of Probate or Letters of Administration or Succession Certificate and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member.	Nomination and Title to the shares of deceased
62.	Subject to the provisions of the Act and these Articles, any person, becoming entitled to shares in consequences of the death, lunacy, bankruptcy or insolvency of any Member, or the marriage of any female member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board of Directors (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 his title, as the Board of Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, 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.	Registration of persons entitled to shares otherwise than by transfer

63.	There shall be-paid to the Company, in respect of the transfer or transmission of shares, such fee, if any, as the Board of Directors may from time to time determine.	Fee on Transfer or transmission
64.	The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall, nevertheless, be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.	The Company not liable for disregard of a notice prohibiting registration of transfer

### **BORROWING POWERS**

66.	Subject to the provisions of Sections 292 and 293 of the Act and of these : Articles, the Board of Directors may, from time to time. at its discretion, by a resolution passed at a Meeting of the Board (and not by a Circular Resolution) accept deposits from members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums Of money for 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 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 of Directors shall not borrow such moneys without the consent of the company in General Meeting.	Power to Borrow
67.	The payment or re-payment of the moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by a Circular Resolution) 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 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.	The payment or re-payment of moneys borrowed.

### **CONVERSION OF SHARES INTO STOCK**

71.	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 thenceforth transfer their respective interests therein, or any part of such interests, in the same manner and subject to the same regulations under which the shares from which the stock arose might have been transferred if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any Stock into paid-up Shares of any denomination.	Shares may be converted into stock
72.	The holders of Stock shall, according to the amount of Stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the Stock arose; but no such privileges or advantaged (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of Stock which would not. if existing in shares have conferred that privilege or advantage.	Right of Stock holders

## MEETING OF MEMBERS

73.	The company shall hold an Annual General Meeting within six months after the expiry of each financial year; provided that not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained herein shall be taken as affecting the right conferred upon the Registrar under the proviso to Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday. and shall be held at the Registered Office of the Company or at some other place within the City of Bombay as the Board Of Directors may determine and the Notice calling the meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have a 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.	Annual or Ordinary General Meeting
74.	The Board of Directors shall cause to be prepared the annual list of Members, summary, and Balance Sheet, and forward the same to the Registrar of Companies, Maharashtra, in accordance with Sections 159, 161 and 220 of the Act.	Annual Summary
75.	The Board of Directors may, whenever it thinks fit. call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth Of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.	Extra-ordinary General Meeting
76.	Any requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office', provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.	Requisition of Members, to state object of Meeting
77.	Upon the receipt of any such requisition, the Board of Directors shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of requisition being deposited at the Office, to cause a meeting to be called on a day not later than 45 days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital ) held by all of them or not less than one-tenth of such of the paid-up share ' capital of the company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid	On receipt of requisition, Directors to call Meetings and in default requisitionists may do so
78.	Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board of Directors.	
79.	Twenty-one days' notice at the least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that, in the case of an Annual General Meeting, with the consent in writing of all the Members entitled to vote at the meeting, and in the case of any other meeting, with the consent of	Twenty-one days notice of meeting to be given

	Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives the right to vote at such meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any, business, other than (i) consideration of the accounts, balance sheet and report of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of Auditors, is to be transacted, and in the case if any other meeting in any event, there shall be annexed to the notice of the Meeting, a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every Director, and the Manager (if any). Where any such item of business relates to, or affects any other Company, the extent of shareholding interest in that other Company of every Director, and the Managers, if any, of the Company shall also be set out in the Statement, if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other Company. Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.	
80.	The accidental omission to give any such notice as aforesaid to or the non-receipt thereof by, any of the Members shall not invalidate any resolution passed at any such meeting.	Omission to give notice not to invalidate a resolution passed
81.	<ul style="list-style-type: none"> <li>▪ Where by any provision contained in the Act or in the Articles special notice is required of any resolution. notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the Meeting.</li> <li>▪ The Company shall, immediately after the notice of the intention to move any such resolution has been received by it give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having a appropriate circulation or any other mode allowed by the Articles, not less than seven days before the meeting.</li> </ul>	Resolutions requiring special notice.
82.	No General Meetings, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it was convened.	Notice of business should be given
83.	Five Members present in person shall be a quorum for a General Meeting. A Corporation being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.	Quorum at General Meeting.
84.	If, at the expiration of half an hour from the time appointed for holding the meeting, a quorum of Members shall not be present, the meeting, if convened by or upon the requisition of Members; shall be dissolved, but in any other case, the Meeting shall stand adjourned to the same day in the next week, at the same time and place or, if that day is a public holiday, until the next succeeding day which is not a Public Holiday at the same time and place, or to such other day, and at such other time and place in Maharashtra as the Board of Directors may by notice to the Members appoint, and if at such adjourned meeting a quorum of Members is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.	If Quorum not present meeting be dissolved or adjourned.
85.	The Chairman of the Directors shall be entitled to take the Chair at every general meeting, whether annual or extraordinary. If there be no such Chairman or if at	Chairman of General Meeting

	any meeting he shall not be present within 15 minutes from the time appointed for holding the meeting, the Vice-chairman, if any, shall be entitled to take the chair. If the vice Chairman is not present or is unwilling to take chair, the Managing Director, if any, shall entitled to take the chair. If the Managing Director is not present or is unwilling to take the chair, the Directors present shall elect one of their number to be the Chairman of the meeting. If no Director is present or if all the Directors present decline to take the chair, then the members present shall elect one of their number to be the Chairman.	
86.	No business shall be discussed at any General Meeting except the election of a Chairman, whilst the chair is vacant.	Business confined to election of Chairman whiles chair vacant
87.	The Chairman, with the consent of the meeting, may adjourn any meeting from time to time and from place to place in Maharashtra, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.	Chairman with consent may adjourn meeting
88.	At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered to be taken by the Chairman of the Meeting of his. own motion or demanded by at least five members having a right to vote on the resolution and present in person or by proxy or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person Or by proxy and holding shares in the Company conferring right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be evidence of the fact, without proof Of the number or proportion of the votes recorded in favour of or against the resolution.	Questions at General Meeting how decided
89.	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 Member.	Chairman's Casting Vote
90.	If a Poll is demanded as aforesaid, the same shall, subject to Article 92 be taken at such time (not later than 48 hours from the time when the demand was made) and place in Maharashtra; and either by open voting or by ballot as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.	Poll to be taken if demanded
91.	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of .the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill the vacancy in the office of scrutineers arising from such removal or from any other cause.	Scrutineers at Poll

92.	Any poll duty demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.	In what case poll taken without adjournment
93.	The Demand for a poll, except on questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	Demand for poll not to prevent transaction of other business

### VOTES OF MEMBERS

94.	No Member shall be entitled to vote, either personally or by proxy at any General Meeting, Annual or Extraordinary or at a meeting of a class of shareholders of the Company, either upon a show of hands or upon a poll, in respect of any shares registered in his name, alone or jointly with any other person or persons on which any calls or other sums presently payable by him, either alone or jointly with any other person or persons, have not been paid. or in regard to which the Company has, and has exercised any right of lien.	Members in arrears not to vote
95.	Subject to the provisions of these Articles, and without prejudice to any special privileges or restrictions as to voting for the 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 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 Shareholders be present at any Meeting of the Company, save as provided in Clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his Preference Shares.	Numbers of votes which Member entitled.
96.	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 used.	Right of Member to use his votes differently
97.	A Member of unsound mind, or 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 poll, by his committee or other legal guardian, and any such committee or guardian may, in a poll, vote by proxy; if any Member be a minor. the vote in respect of his share 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.	How members non compos mentis and minor may vote
98.	If there be joint registered holders of any shares, any one of such person 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. and the proxy so appointed shall have no right to speak at 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 be alone entitled to speak and to vote in respect at such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors Or administrators of a deceased Member, in whose name shares . stand shall, for the purpose of these Articles, be deemed joint-holders thereof.	Votes of Joint Members
99.	Subject to the provisions of these Articles, votes may be given either personally or by proxy.	Voting in person or by proxy
100.	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	Appointment of Proxy

	Common Seal of such corporation, or be signed by an officer of the corporation or any attorney duly authorized 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.	
101.	No member present only by proxy shall be entitled to vote on a show of hands, unless such Member is a corporation present by a proxy who is not himself a Member, in which case such proxy shall have a vote on the show of hands as if he was a Member.	No proxy except for a corporation to vote on a show of hands.
102.	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 if 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 of 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 except in the case of the adjournment off any meeting first held previously to the expiration of such time.	Deposit of Instrument of appointment.
103.	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.	Form of Proxy.
104.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.	Vote given by proxy valid notwithstanding death of member etc.
105.	No objection shall be made to the validity of any vote except at the 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.	Time for objection to votes
106.	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.	Chairman of any meeting to be judge of validity of any vote
107.	(1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. (2) Each page of every such book shall be initialed or signed and the last pages of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of the death or inability of that Chairman within that period, by a Director duly authorized by the Board for the purpose. (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting Or otherwise. (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat. (5) All appointments of Officers made at any of the meeting aforesaid shall be included in the minutes of the meeting. (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is, or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in	Minutes of General Meeting and inspection thereof by Members.

	<p>regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.</p> <p>(7) Any such minutes shall be evidence of the proceedings recorded therein.</p> <p>(8) The book containing the minutes of proceedings of General Meeting shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.</p>	
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## DIRECTORS

108.	Subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors) shall not be less than three nor more than twelve.	Number of Directors.
109.	If it is provided by any trust Deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a 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 liable to retire by rotation and shall not be bound to hold qualification shares. Subject to the provisions of the Act, a Debenture Director shall not be liable to be removed by the Company.	Debenture Directors
110.	The Board of Director of the Company 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 Of Maharashtra. An Alternate Director appointed under this Article shall not hold office as such for a longer period 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 the State of Maharashtra. If the term of Office of the Original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not the Alternate Director. An Alternate Director shall not be required to acquire and hold any qualifying shares of the Company.	Alternate Director.
111.	Subject to the provisions of Section 260 and 264, 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 exceed the maximum fixed under Article 108. Any such additional Director shall hold office only upto the date of the next Annual General Meeting.	Board's Power to add their number.
112.	Subject to the provisions of Sections 262, 264 and 284(6), 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 up a casual vacancy. Any person so appointed shall hold office only upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.	Board's Power to fill causal vacancy
113.	A Director shall not be required to hold any share qualification.	Qualification of Directors.
114.	<p><i>(Substituted vide Special Resolution of the Company passed at the 2<sup>nd</sup> Annual General Meeting of the Company, held on 26<sup>th</sup> May, 2006. )</i></p> <p>The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board</p>	Directors Sitting Fees

	or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.	
115.	The Board of Directors may allow and pay to any Director, who is not a bonafide resident of Bombay and who shall come to that City for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding lodging and other expenses, in addition to his fee for attending such meeting as above specified, and if any Director be called upon to go or reside out of Bombay, on the Company's business, he shall be entitled to be paid and reimbursed any traveling or other expenses incurred in connection with the business of the Company.	Traveling expenses incurred by Directors not a bonafide resident of Bombay or by Director going out of Bombay on Company's business.
116.	The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors 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.	Directors may act notwithstanding vacancy.
117.	The Company may, by ordinal Resolution (subject to the provisions of the Act and these Articles), remove any Director of the Company before the expiry of his period of office in accordance with the provisions of Section 284 of the Act and any vacancy created by such removal shall be filled in accordance with provisions of sub-sections (5) and (6) of Section 284 of the Act.	Removal of Director.
120.	<ul style="list-style-type: none"> <li>▪ A Director or his relative, a firm in which such Director or relative is a partner, any other person in such a firm, or a private company of which the Director is a Member or Director may not 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 is obtained before or within three months of the date on which the contract is entered into in accordance with section 297 of the Act.</li> <li>▪ No sanction however shall be necessary to: <ul style="list-style-type: none"> <li>(a) 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 cash at prevailing market prices; or</li> <li>(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of the 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 do not exceed Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts.</li> </ul> </li> </ul> <p>Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any such contract or contracts with the Director relative, firm, partner or private company even if the value of such goods or materials or the cost of such services exceed Rs.5,000/- in the aggregate in any year comprised in the period of the agreement provided however that the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.</p>	Director may contract with Company
121.	A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into, or proposed contract or arrangement to be entered into by or on behalf of the Company, shall	Disclosure of interest

	<p>disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other Company where any of the Directors of the Company or two or more of them together holds or hold not more than 10 per cent of the paid-up share capital in the other Company. A general notice given to the Board by the Director, to the effect that he is a Director or Member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure, of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of One financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p>	
122.	<p>No Director shall as a Director take any part in the discussion of, or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void. Provided however that nothing herein contained shall apply to:-</p> <p>(a) any contract or indemnity against any loss which the Director, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>(b) any contract or arrangement entered into or to be entered into with a public company, or a private company which is a subsidiary of a public company, in which the interest of the Director consists solely:-</p> <p>(i) in his being-</p> <p>(a) a Director of such Company, and</p> <p>(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company', or</p> <p>(ii) in his being a member holding not more than 2% of its paid-up share capital.</p>	Interested Director not to participate or vote in Board's proceedings.
123.	<p>The Company shall keep a register in accordance with Section 301 of the Act, and shall enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 121. The register shall be kept at the registered office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.</p>	Register of Contracts in which Directors are interested

124.	A Director may be or become a Director of any Company promoted by the Company, or in which may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.	Directors may be Directors of Companies promoted by the Company
125.	Subject to the provisions of the Act, and these Article at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from Office.	Retirement and rotation of Directors.
126.	Subject to Section 284(5) of the Act, the Directors to retire by rotation under Article 125 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall. in default of and subject to any agreement among themselves, be determined by lot.	Ascertainment of Directors retiring by rotation and filling up of vacancies.
127.	At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved; provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.	Individual resolution for Director's appointment.
128.	Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-election.	Eligibility for reelection.
129.	Subject to Sections 255, 258 and 284 of the Act, the Company at the General meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.	Company to appoint successors
130.	<p>(a) If the place of the retiring Director, is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless-</p> <ul style="list-style-type: none"> <li>▪ at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;</li> <li>▪ the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;</li> <li>▪ he is not qualified or is disqualified for appointment',</li> <li>▪ a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or</li> <li>▪ the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.</li> </ul>	Provisions in default of appointment.
131.	Subject to Section 259 of the Act, the Company may, by Ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provision of Section 284 of the	Company may increase or reduce the number of

	Act) remove any Director before the expiration of his period Of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been so removed.	Directors.
132.	<ul style="list-style-type: none"> <li>▪ No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him has not less than 14 days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.</li> <li>▪ Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to Act as a Director, if appointed.</li> <li>▪ A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a causal vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.</li> </ul>	Notice of candidature for office of Director except in certain cases.
133.	The Company shall keep at its Office a Register containing the particulars of its director, Managers, Managing Director and other persons mentioned in Section 303 of the Act and shall send to the Registrar, a Return containing the particulars specified in such Register, and shall otherwise comply with the provisions of the said Section in all respects.	Register of Director etc. and notification of change therein to the Registrar.
134.	The Company shall in respect of each of its Directors keep at its Office a Register as required by Section 307 of the Act, and shall otherwise duly comply with the provision of the said Section in all respects.	Register of Director's holding of shares in or debentures of the Company
135.	<ul style="list-style-type: none"> <li>• Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act). Managing Director, or Manager of the Company shall, within 20 days of his or their appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.</li> <li>• Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with provisions of that Section.</li> </ul>	<p>Disclosure by Director of appointment to any other body corporate</p> <p>Disclosure by Directors of his holding of Shares and Debentures of the Company etc.</p>

### **MANAGING DIRECTOR**

136.	Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its number as Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit. and subject to the	Board may appoint Managing Director.
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	provisions of Article 137, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes or any other mode not expressly prohibited by the Act.	
137.	<p>The Managing Director or Managing Directors shall not exercise the power to:-</p> <ul style="list-style-type: none"> <li>▪ make calls on shareholders in respect of money unpaid on their shares in the Company;</li> <li>▪ issue debentures;</li> </ul> <p>and, except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the power to:-</p> <ul style="list-style-type: none"> <li>▪ borrow moneys. otherwise than on debentures;</li> <li>▪ invest the funds of the Company; and</li> <li>▪ make loans.</li> </ul>	Restrictions on Management.
138.	<p>The company shall not appoint or employ or continue the appointment or employment of, a person as its Managing or whole-time Director who-</p> <ol style="list-style-type: none"> <li>8. is an undischarged insolvent, or has at any time been adjudged an insolvent ;</li> <li>9. suspends or has at any time suspended , payment to his creditors, or makes, or has at</li> <li>10. any time made, a composition with them; or</li> <li>11. is. or has at any time been, convicted by a Court of an offence involving moral turpitude</li> </ol>	Certain person not to be appointed Managing Directors.
139.	A Managing Director shall not while he continues to hold that office be subject to retirement by rotation. in accordance with Article 125 nor shall he be required to hold any qualification shares. If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.	Special position of Managing Director
140.	Subject to the provisions .of the Act and of these Articles , the Board may from time to time appoint any of its number. as Executive Director or Directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit. An Executive Director shall not be required to hold any qualification shares. and subject to section 255 of the Act, the Board may from time to time determine that one or more of such Executive Director or Directors appointed or proposed to be appointed by the Board shall not be liable to retire by rotation so long as he continues to hold that office.	Executive Directors.

## PROCEEDINGS OF THE BOARD OF DIRECTORS

149.	The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.	Meetings of Committee how to be governed.
150.	No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board of Committee, as the case may be), and to all other Directors or members of the Committee, at their usual address in India, and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.	Resolution by Circular.
153	<p>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 regulation being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting-</p> <ul style="list-style-type: none"> <li>i. sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking;</li> <li>ii. remit, or give time for the repayment of any debt due by Director;</li> <li>iii. Invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</li> <li>iv. borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital, of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.</li> <li>v. Provided further that the powers specified in Section 292 of the Act shall subject to these articles be exercised only at meeting of the Board unless the same be delegated to the extent therein stated; or</li> <li>vi. contribute to charitable and other funds not directly relating to the business of the Company, or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.</li> </ul>	Powers of Directors.

## MANAGEMENT

155. A	The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.	Appointment and Powers of Manager
155. B	This Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel, namely:-  (a) Managing Director.  (b) Manager	Management

## THE SECRETARY

156.	The Directors may from time to time appoint. and , at their discretion, remove any individual (hereinafter called "the secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company.	Secretary
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## DIVIDENDS

160.	The profits of the Company, subject to any special rights relating thereto created or authorized 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 on the shares held by them respectively.	Division of Profits.
161.	The Company in General Meeting may declare dividends to be paid to Members according to their respective rights and interests and, subject to the provisions of the Act, may fix the time for payment of the same, but no dividend shall exceed the amount recommended by the Board of Directors.	The Company General Meeting may declare a dividend.
162.	No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those 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 which falls or fall after the commencement of the Companies (Amendment) Act, 1960, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;  (b) if the Company has incurred any loss in any previous financial year or years which falls or fall after the commencement of the Companies (Amendment) Act, 1960, then, the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section(2) of Section 205 of	Dividends only to be paid out of profits.

	<p>the Act or against both.</p> <p>Provided further that it shall not be necessary for a company to provide for depreciation as aforesaid where dividend for any financial year is declared or paid out of the profits of any previous financial year or years which falls or fall before the commencement of the Companies (Amendment) Act, 1960.</p>	
163.	The Board of Directors may, from time to time, pay to the Members interim dividends as in their judgment the position of the Company justifies.	Interim Dividend
164.	Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.	Capital paid-up in advance at interest not to earn dividend
165.	The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.	Dividends in proportion to amount paid-up
166.	The Board of Directors may retain the dividends payable upon shares in respect of which any person, under Article 63 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 Shall duly transfer the same.	Retention of dividends unit completion of transfer under Articles 63.
167.	No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money is 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 of Directors may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.	No Member to receive dividend whilst indebted to the Company and Company's right of reimbursement
168.	A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.	Transfer of shares must be registered
169.	Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register of members in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque, warrant, payslip or receipt being lost in transmission, or for any dividend lost to the Member or person entitled thereto, by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means. If two or more persons are registered as Joint-holders of any share or shares, any one of them can give effectual receipt for any dividend or other money payable in respect of such share or shares.	Dividends how remitted.
170.	Dividends unclaimed after having been declared shall be dealt with in accordance with the provisions of the Act.	Unclaimed dividend.
171.	Any General Meeting declaring a dividend may on the recommendation of Directors make a call on the Members of such amount as the Meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Members, be set off against the calls.	Dividend and call together.
172.	<ul style="list-style-type: none"> <li>The Company in General Meeting may on the recommendation of the Directors 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</li> </ul>	Capitalisation.

	<p>Company and available for dividend (Or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized funds 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 towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such shareholder 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 up of unissued shares to be issued to member of the company as fully paid bonus shares.</p> <ul style="list-style-type: none"> <li>• A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company, or any investments representing the same or any other undistributed profits of the Company not subject to change for income-tax be distributed among the Members on the footing that they receive the same as capital.</li> <li>• For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board of Directors may settle any difficulty such 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 fractions 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 dividends or capitalized funds as may seem expedient to the Board of Directors. Where requisite, a proper contract shall be delivered to the Registrar for registration In accordance with Section 75 of the Act and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.</li> </ul>	
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#### **WINDING UP**

186.	<p>The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with to: sanction of a Special Resolution, divide among the contributories in specie, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.</p>	Liquidator may divide assets in specie.
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#### **INDEMNITY AND RESPONSIBILITY**

187.	<p>Subject to the provisions of Sections 201 of the Act, every Director, Manager and other officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of Directors out of the funds of the Company to pay, all costs, losses expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or in any way in the discharge of his duties including expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by his as such Director, Manager, Officer or servant in defending any proceedings, whether civil or</p>	Indemnity
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	criminal, in which judgment is given in his favour or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims.	
188.	Subject to the provisions of Section 201 of the Act, no Director, Manager or other officer of the Company shall be liable for the acts receipts. neglects of any other Director or Officers or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors, for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities, or effects shall be deposited or for any loss occasioned by an error of judgement of oversight on his part, or for any other loss, damage or misfortunes whatever which shall happen in the execution of the duties of the Office or in relation thereto unless the same happen through his own dishonesty.	Individual responsibility of Directors

**SECRECY CLAUSE**

189.	No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of the trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors. it would be inexpedient, in the interest of the Company, to disclose.	Secrecy Clause.
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## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which would be attached to the copy of the Prospectus, delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the administrative office of the Company at Khatau House, 2<sup>nd</sup> Floor, Mogul Lane, Mahim (West), Mumbai 400 016, from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

### Material Contracts

1. Engagement Letter dated 16/03/2006 for appointment of Keynote Corporate Services Limited as BRLM.
2. Memorandum of Understanding dated 22/09/2006 between the Company and Keynote Corporate Services Limited, the BRLM.
3. Memorandum of Understanding dated 28/07/2006 between the Company and Bigshare Services Pvt. Ltd., the Registrar to the Issue.

### Material Documents

1. Copy of the Resolution passed at the Board meeting held on 05/05/2006, and copy of the resolution passed by the shareholders of our company at the Extra Ordinary General meeting passed under Section 81 (1A) dated 26/05/2006.
2. Memorandum and Articles of Association of the Company, as amended from time to time.
3. Report of the Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants, dated 17/08/2006, prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus.
4. Copy of the Tax Benefit Statement issued by M/s. Kalyaniwalla & Mistry, Chartered Accountants.
5. Copies of annual reports of the Company for the period ended 31/03/2005 and the year ended 31/03/2006.
6. Consents of the Auditors, being M/s. Kalyaniwalla & Mistry, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.
7. General powers of attorney executed by the Directors in favor of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
8. Consents of Auditors, Bankers to the Company, BRLM, Registrar to the Issue, Legal Counsel to the Company, the Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
9. Due-diligence Report of Wadia Ghandy & Co., Legal Advisors to the Company.
10. Undertakings from the Company.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

All the relevant provisions of the Companies Act and the guidelines issued by the Government of India or the guidelines issued the by Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### Signed by all the Directors of Next Gen Publishing Limited

Sd/-

N. D. Khurody  
Chairman

Sd/-

K. C. Mehra  
Director

Sd/-

R. N. Jha  
Director

Sd/-

Keki Mistry  
Director

Sd/-

Jimmy Parakh  
Director

Sd/-

Humayun Dhanrajgir  
Director

### Signed by the Management of Next Gen Publishing Limited

Sd/-

Hoshang Billimoria  
Chief Executive Officer

Sd/-

Stephen D'Lima  
Chief Financial Officer

Date: 08/09/2006

Place: Mumbai