



CHIRIPAL INDUSTRIES LIMITED

(Our Company was originally incorporated as Chiripal Twisting and Sizing Private Limited on April 27, 1988 under the Companies Act, 1956, with the Registration No. 04-10634. Our Company was converted into a Public Limited Company and its name was changed to Chiripal Twisting and Sizing Limited with effect from October 23, 2003. The name of our Company was subsequently changed to Chiripal Petrochemicals Limited on January 7, 2004. Consequent upon amalgamation with Shanti Processors Limited and Priti Processors Private Limited, the name of our Company was further changed to Chiripal Industries Limited on April 13, 2006.)

Registered Office: Survey No. 199, 200/1 & 200/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad-382 405

Tel: + 91 79 25710231 **Fax:** + 91 79 25711755

(For further details, please refer to the section titled "History and Other Corporate Matters" beginning on page [●] of the Draft Red Herring Prospectus.)

Corporate Office: Chiripal House, Shivranjani Cross Roads, Satellite, Ahmedabad-380 015

Tel: + 91 79 26734660 **Fax:** + 91 79 26768656,

Contact Person: Mr. Sandip Mistry, Company Secretary and Compliance Officer

Email: investor@chiripalgroup.com, **Website:** www.chiripalgroup.com

PUBLIC ISSUE OF 14,216,700* EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLIONS (THE "ISSUE") BY CHIRIPAL INDUSTRIES LIMITED ("OUR COMPANY" OR THE "ISSUER"). THE ISSUE COMPRISES A NET ISSUE TO PUBLIC OF 12,100,000 EQUITY SHARES AT RS. [●] EACH (THE "NET ISSUE"), PROMOTERS' CONTRIBUTION OF 1,916,700 SHARES AT RS. [●] EACH AND A RESERVATION OF UPTO 200,000 SHARES AT RS. [●] EACH FOR ELIGIBLE EMPLOYEES OF OUR COMPANY (THE "EMPLOYEE RESERVATION PORTION"). THE NET ISSUE WILL CONSTITUTE 34.57% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY. THE ISSUE WOULD CONSTITUTE 40.62% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

* Our Company is considering a pre-IPO placement prior to the completion of this Issue. If the Pre-IPO Placement is completed, the Net Issue to the Public would be reduced to the extent of such pre-IPO placement, subject to a minimum Net Issue to the Public being 25% of the post Issue paid-up capital of our Company. We will complete the issuance of such Equity Shares pursuant to the pre-IPO placement, if any, prior to filing the Red Herring Prospectus with RoC.

PRICE BAND: RS. [●]/- TO RS. [●]/- PER EQUITY SHARE OF FACE VALUE RS 10/- EACH

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE FLOOR PRICE OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE CAP PRICE OF THE PRICE BAND

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

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. Further, upto 200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of the Equity Shares is Rs. 10/- and the Issue Price is [●] times of the face value. The Floor Price is [●] times and Cap Price is [●] times of the Face Value. The Issue Price (as determined and justified by our Company, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of book building process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in the 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 the 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 offered through the Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). Our Company has received in-principle approval from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, BSE is the Designated Stock Exchange.

IPO GRADING

The Issue has been graded by Credit Analysis & Research Limited (CARE Limited) and has been assigned the "[●]", through its letter dated [●], which is valid for a period of three months. For further details in this regard, please see the chapter titled "General Information" on page [●].

BOOK RUNNING LEAD MANAGER



IDBI Capital Market Services Limited
5th Floor, Mafatlal Centre,
Nariman Point, Mumbai - 400 021
Tel: +91 22 6637 1252 / 1256 Fax: +91 22 2283 8782
Email: cil.ipo@idbicapital.com
Investor Grievance Id : redressal@idbicapital.com
Website: www.idbicapital.com
Contact Person: Mr. Saurabh Jain
SEBI Registration No.:INM000010866

REGISTRAR TO THE ISSUE



Karvy Computershare Private Limited
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad - 500 034.
Tel: + 91 40 2342 0818 Fax: + 91 40 2342 0814
E-mail: einward.ris@karvy.com
Website: www.kcpl.karvy.com
Contact Person: Mr. Murali Krishna
SEBI Registration No.: INR0000000221

BID / ISSUE OPENS ON : [●], 2008

BID / ISSUE CLOSES ON : [●], 2008

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SECTION I – DEFINITIONS AND ABBREVIATIONS

In the Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

CONVENTIONAL AND GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956 and amendments thereto
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and participants) Regulations, 1996 as amended from time to time
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identification Number
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FII / FIIs	A Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Income Tax Act / I.T. Act	The Income Tax Act, 1961, as amended from time to time
Income Tax Rules / I.T. Rules	The Income Tax Rules, 1962, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person resident outside India, as defined under FEMA and includes NRIs and FIIs
Non Resident India / NRI	A person resident outside India, as defined under FEMA who is a citizen of India or a person of Indian Origin specified under FEMA (Deposit Regulations), 2000, as amended from time to time
Overseas Corporate Body / OCB	A company, partnership firm, society and/or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs including overseas Trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA. OCBs are not allowed to participate in this Issue
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
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 from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time

ISSUE RELATED TERMS

Term	Description
Allot / Allotment / Allotted / Allocated / Allocation	The allotment of Equity Shares pursuant to this Issue
Allottee/Allottees	The successful Bidder to whom the Equity Shares are/ have been allotted
Banker(s) to the Issue	[•]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company 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
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, a Hindi national newspaper and a Gujarati newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Gujarati newspaper with wide circulation
Bid Price	The highest price at which the optional Bids have been made as indicated in the Bid cum Application Form.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which shall be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof.
Book Building Process/ Method / Route	Book building Process as provided in Chapter XI of the SEBI Guidelines and in terms of which this Issue is being made
BRLM / Book Running Lead Manager	IDBI Capital Market Services Limited
CAN/ Confirmation of Allocation Note	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 any any revised CAN's issues thereto.
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
Cut-off Price	Any price within the Price Band finalized by our Company in consultation with the BRLM. A Bid submitted at the Cut-off price by Retail Individual Bidder is a valid bid. Only Retail Individual Bidders are entitled to bid at the Cut-off price. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off price. Employees bidding for an amount less than or equal to an Bid amount of Rs. 1,00,000/- are entitled to bid at the Cut-off price. Employees bidding at an Bid amount of more than Rs. 1,00,000/- are not entitled to bid at the Cut-off price.
Demat Account	The accounts held by a Depository in which the shares of the Investor, are credited as electronic balances
Depository	A body corporate registered with SEBI under the SEBI(Depository & Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock	Bombay Stock Exchange Limited

Exchange	
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size of the Issue
Eligible NRIs	NRIs 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 Red Herring Prospectus constitutes an invitation to subscribe the Equity Shares
Eligible Employee/ Employees (in the Employee Reservation Portion)	<p>All or any of the following:</p> <ul style="list-style-type: none"> a) A permanent employee of our Company as on filing of Red Herring Prospectus with RoC; b) A whole-time Director of our Company as on filing of Red Herring Prospectus with RoC; c) an employee as defined in sub-clauses (a) or (b) of a subsidiary, <p>An Employee, as used in the context of the Employee Reservation Portion, should be an Indian national, based in India and physically present in India on the date of submission of the Bid cum Application Form. Also, such person should be an Employee on the payroll of our Company or our Subsidiaries as on filing of Red Herring Prospectus with RoC.</p>
Employee Reservation Portion	The portion of the Issue being upto 200,000 Equity Shares available for allocation to Eligible Employees.
Equity Shares	Equity shares of our Company of Rs. 10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being [●]
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
CARE Limited	Credit Analysis & Research Limited, being the IPO grading agency appointed pursuant to the provisions of the SEBI Guidelines
Issue	<p>Public Issue of 14,216,700* Equity Shares of Rs. 10/- each for cash at a price of Rs [●] per equity share including a share premium of Rs. [●] per Equity Share, aggregating Rs. [●] millions (the “Issue”) by Chiripal Industries Limited (“our Company” or “the Issuer”). The Issue comprises a Net Issue to Public of 12,100,000 Equity Shares at Rs. [●] each (the “Net Issue”), Promoters’ Contribution of upto 1,916,700 Equity Shares (the “Promoters’ Contribution”) and a reservation of upto 200,000 Equity Shares at Rs. [●] each for Eligible Employees of our Company (the “Employee Reservation Portion”). The Net Issue will constitute 34.57% of the fully diluted post Issue paid-up capital of our Company. The Issue would constitute 40.62% of the fully diluted post Issue paid-up capital of our Company</p> <p><i>* Our Company is considering a Pre-IPO Placement prior to the completion of this Issue. If the Pre-IPO Placement is completed, the Net Issue to the Public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue to the Public being 25% of the post Issue paid-up capital of our Company. We will complete the issuance of such Equity Shares pursuant to the Pre-IPO Placement, if</i></p>

	<i>any, prior to filing the Red Herring Prospectus with RoC.</i>
Issue Price	The final price at which Equity Shares will be allotted in the issue, as determined by our Company in consultation with the BRLM on the Pricing Date
Issue Size	14,216,700 Equity Shares to be issued at the Issue Price amounting to Rs. [●]/- Million at the Floor price and Rs. [●]/- Million at the Cap price
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 302,500 Equity Shares (assuming the QIB Portion is for 50% of the Net Issue) available for allocation to Mutual Funds only
Net Issue to Public / Net Issue	Issue Size less reservation for Eligible Employees being 200,000 Equity Shares and Promoters' Contribution being 1,916,700 Equity Shares
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have bid for Equity Shares for an amount more than Rs. 1,00,000/-
Non Institutional Portion	The portion of the Net Issue being 1,815,000 Equity Shares, available for allocation to Non Institutional Bidders being not less than 15% of the Net Issue to Public
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and
	(b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price Band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs.[●] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Promoters' Contribution	The portion of the Issue being upto 1,916,700 Equity Shares available for allocation to Promoters.
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, 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 Banker(s) to the Issue to receive monies from the Escrow Account for this Issue on the Designated Date
QIB Margin Amount	An amount representing atleast 10% of the Bid Amount and the amount QIBs are required to pay at the time of submitting the bid.
QIB Portion	The portion of the Net Issue being 6,050,000 Equity Shares, available for allocation to QIBs being upto 50% of the Net Issue to Public
Qualified Institutional Buyers / QIBs	As defined under the SEBI Guidelines to include Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs, Scheduled Commercial Banks, Mutual Funds, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds (subject to applicable law) with a minimum corpus of Rs. 2,500 Lacs and pension funds with a minimum corpus of Rs. 2,500 Lacs
Red Herring Prospectus / RHP	The Red Herring Prospectus dated [●] which will be issued in accordance of Section 60B of the Companies Act, which does not have complete particulars of price at which the Equity Shares are offered and the size of the issue. The Red Herring Prospectus will be filed with the RoC atleast 3 days before the Bid / Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The Account opened with the Refund Bank(s), from which a refund of the whole or part of the bid amount shall be made

Refund Bank(s)	An Escrow collection bank(s) in which an account is opened and from which a refund of the whole or part of the bid amount shall be made
Refunds through Electronic Transfer of Funds	Refunds through Electronic Transfer of Funds mean refunds through ECS, Direct Credit, RTGS or NEFT as applicable.
Registrar Of Companies	Registrar of Companies of Gujarat at Dadra and Nagar Haveli
Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 1,00,000/- in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being 4,235,000 Equity Shares available for allocation to Retail Bidder(s) being not less than 35% of the Net Issue of Public
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate/ Members of the Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	Agreement between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters, syndicate member(s) are appointed by the BRLM, in this case being [●]
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid on the online system of BSE/NSE
Underwriters	The BRLM and the Syndicate Members in this issue.
Underwriting Agreement	The Agreement between the underwriter(s) and our Company to be entered into on or after the Pricing Date

COMPANY RELATED TERMS AND INDUSTRY RELATED TERMS

Term	Description
“Chiripal Industries Limited”, “CIL” “We”, “us”, “our”, “Issuer”, “the Company” and “our Company”,	Unless the context otherwise indicates or implies, refers to Chiripal Industries Limited (along with its earlier names Chiripal Petrochemicals Limited and Chiripal Twisting and Sizing Limited and the companies amalgamated with us i.e Shanti Processors Limited and Priti Processors Private Limited. For further details please refer to History and Other Corporate Matter on page [●] of the Draft Red Herring Prospectus) a public limited company incorporated under the Companies Act, 1956 having its registered office at Survey No. 199, 200/1 & 200/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad-382 405
Articles / Articles of Association / AoA	Articles of Association of our Company
Auditors	The statutory auditors of our Company, M/s. Nahta Jain & Associates, Chartered Accountants.
Board/ Board of Directors	Board of Directors of our Company
Corporate Office of our Company	Chiripal House, Shivranjani Cross Roads, Satellite, Ahmedabad-380 015
Director(s)	Director(s) of our company, unless otherwise specified
DTY	Draw Twisted Yarn
FDY	Fully Drawn Yarn
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company
MW	Mega Watt

POY	Partially Oriented Yarn or Partially Oriented Polyester Filament Yarn
Promoter Directors	1. Mr. Vedprakash Chiripal 2. Mr. Jaiprakash Chiripal 3. Mr. Jyotiprasad Chiripal
Promoter Group	Unless the context otherwise requires, refers to those Individuals / companies/entities mentioned in the chapter titled “Our Promoter Group” on page [●] of the Draft Red Herring Prospectus
Promoter(s)	1. Mr. Vedprakash Chiripal 2. Mr. Jaiprakash Chiripal 3. Mr. Jyotiprasad Chiripal 4. Mr. Brijmohan Chiripal
Registered Office of our Company	Survey No. 199, 200/1 & 200/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad-382405
Subsidiary	Unless the context otherwise indicates or implies, refers to Chiripal Lifestyles Limited and Vishal Fabrics Private Limited
TPA	Tonnes Per Annum

ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLL	Chiripal Lifestyles Limited
CENVAT	
CIN	Company Identification Number
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP	Depository Participant
DP ID	Depository Participant’s Identity
EBIDTA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
KMP	Key Managerial Personnel
LC	Letters of credit
Mn / mn	Million
MOU	Memorandum of Understanding
MICR	Magnetic Ink Character Recognition

NA	Not Applicable
NAV	Net Asset Value
NCCD	National Calamity Contingent Duty
NH	National Highway
NOC	No Objection Certificate
NEFT	National Electronic Fund Transfer
NR	Non-resident
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited.
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
PBDIT/ EBIDTA	Profit before Depreciation, Amortisation ,Interest and Tax
PBT	Profit before Tax
RBI	The Reserve Bank of India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SIA	Secretariat for Industrial Assistance
Supreme Court	The Hon'ble Supreme Court of India
TIN	Tax payers Identification Number
TRS	Transaction Requisition Slip
VITPL	Vraj Integrated Textiles Private Limited

Notwithstanding the foregoing, in the “Main Provisions of the Articles of Association of our Company”, “Statement of Tax Benefits”, “Financial Statements”, “Disclaimer Clause of BSE ” and “Disclaimer Clause of NSE” beginning on page [●], [●], [●], [●] and [●] respectively of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company, and otherwise in these respective sections/chapters/paragraphs.

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our restated financial statements as of and for the years ended on March 31, 2003, 2004, 2005, 2006 and 2007 and for the half year ended September 30, 2006 and September 30, 2007, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our Statutory Auditors, M/s. Nahta Jain & Associates, Chartered Accountants, included in the Draft Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2007), are to the fiscal year ended March 31 of a particular year.

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakhs /Lacs/Lac” means “one hundred thousand” and “million/mn./millions” means “ten lacs”, “Crore” means “ten millions” and “billion/bn./billions” means “one hundred crores”. Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off. Throughout the Draft Red Herring Prospectus, currency figures have been expressed in “million/mn./millions” except those, which have been reproduced/ extracted from sources as specified at the respective places.

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

The Draft Red Herring Prospectus contains translations of certain US\$, Euro, Yen and CHF amounts into Indian Rupees. These have been presented solely to comply with the requirements of 6.9.7.1 of the SEBI Guidelines. These translations should not be construed as a representation that such US\$, Euro, Yen and CHF could have been, or could be, converted into Indian Rupees as the case may be, at any particular rate or at all. Unless otherwise specified all currency translation provided in the Red Herring Prospectus have been made based on the following exchange rate:

Currency	INR per unit
US\$	40.10
Euro	57.05
Yen	0.36
CHF	34.83

Use of Market Data

Market data used in this the Draft Red Herring Prospectus have 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 market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. The extent to which such market and industry data is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

The Draft Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like ‘will’, ‘aim’, ‘will likely result’, ‘believe’, ‘expect’, ‘will continue’, ‘anticipate’, ‘estimate’, ‘intend’, ‘plan’, ‘contemplate’, ‘seek to’, ‘future’, ‘objective’, ‘goal’, ‘project’, ‘should’, ‘will pursue’ and similar expressions or variations of such expressions, that are ‘forward looking statements’. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

Important factors that could cause actual results to differ materially from expectations include, but are not limited to, the following:

- General economic and business conditions in India;
- Our ability to manage our growth and expansion effectively and successfully launch the expansion project for which funds are being raised through this Issue;
- Our ability to meet out capital expenditure requirements;
- Prices of raw materials we consume and the products we produce;
- Contingent liabilities, environmental problems and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- The loss or shutdown of operations of the Company at any times due to strike or labour unrest or any other reason; and
- Changes in political and social conditions in India.

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

SECTION III-RISK FACTORS

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with "Our Business" on page [●] and "Management's Discussion and Analysis on Results of Operations and Financial Conditions" on page [●]. Any of the following risks as well as other risks and uncertainties discussed in the Draft Red Herring Prospectus could have a material adverse impact on our business, financial condition and results of our operation and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment.

The Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus.

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

Materiality:

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

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

Internal Risk Factors

We are involved in certain legal proceedings, which, if decided against us, could impact our income and financial condition.

Our Company is involved in certain legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various Tribunals. Any rulings by appellate courts or tribunals against us would have a material impact on our cash flows, which may affect our operations.

Classification of these legal and other proceedings instituted by and against our Company is given in the following tables:

Litigation by our Company:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Income Tax matters	3	1,085,769
2.	Excise matters	6	12,804,344
3.	Consumer disputes	1	2,000,000

Litigation against our Company:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Criminal matters	1	1,200,000

2.	Civil matters	1	535,211
3.	Excise matters	17	3,5691,195

For further details please refer the chapter titled “Outstanding Litigations, Material Developments and Other Disclosures” on page [●] of the Draft Red Herring Prospectus.

Our Directors are involved in certain legal proceedings

Our Directors are involved in certain legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various Tribunals.

Classification of these legal and other proceedings instituted by and against our Directors are given in the following tables:

Litigation by and against our Directors

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Civil Matter	1	600,000

Litigation against our Directors

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Criminal Matter	2	600,000

For further details please refer the chapter titled “Outstanding Litigations, Material Developments and Other Disclosures” on page [●] of the Draft Red Herring Prospectus.

Some of our Promoter group Companies are involved in the following legal proceedings

Some of our Promoter group are involved in certain legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various Tribunals.

Classification of these legal and other proceedings instituted by and against our Promoter group are given in the following tables:

Litigation by Nova Petrochemicals:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Civil Matters	1	Not Quantifiable
2.	Income tax matters	2	35,687,721
3.	Excise Matters	2	6,415,858

Litigation against Nova Petrochemicals:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Labour cases	6	297,082
2.	Income tax matters	4	4,110,910
3.	Excise matter	10	161,434,611
4.	Taxtile matter	2	6,815,876

Litigation by Nandan Exim Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Income tax matters	2	26,686

Litigation against Nandan Exim Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Excise matters	3	22,223,096

Litigation by Vishal Fabrics Private Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Income tax matters	1	1,276,842
2.	Textile committee matters	1	141,668

Litigation against Vishal Fabrics Private Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Income tax matters	2	488,072
2.	Excise matters	8	89,662,852
3.	Labour matters	5	80,949

Litigation against Prakash Calender Private Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Labour matters	2	30,949

Litigation against Bhushan Petrofils Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1	Labour matters	2	30,949

Litigation by Shanti Exports Private Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Wealth Tax matter	1	41,367,077

Litigation against Chiripal Textile Mills Private Limited:

Sr. no.	Nature of case	Total number of pending cases/ show cause notices	Amount involved (Rupees)
1.	Labour matters	3	553,450

Certain Penalties were levied on our Company, our Promoters, our Directors and our Promoter Group in last five years

Our Company

(Rs. In million)

Year	Brief description	Status	Amount
2005- 2006	Customs (Shanti Processors Limited)	Paid	0.01
2006-2007	Sales tax penalty	Paid	(Rs. 6000)

Our Directors

(Rs. In million)

Year	Brief description	Status	Amount
2003-2004	Jaiprakash Chiripal – Excise matter in Bhushan Processors Private Limited	Paid	0.01

Our Promoter Group entities

(Rs. In million)

Year	Brief description	Status	Amount
2003-2004	Bhushan Processors Private Limited	Paid	0.12

For further details please refer the chapter titled “Outstanding Litigations, Material Developments and Other Disclosures” on page [●] of the Draft Red Herring Prospectus

Some of our Promoter and Promoter Group Entities have had Investigated by SEBI and RoC in the past

SEBI has investigated our Promoter, Mr. Vedprakash Chiripal and Promoter Group entities, Sparrow Exports Private Limited in and Nandan Exim Limited in the past. No adverse findings were made by SEBI during their investigation. RoC has carried out inspection of records of our Promoter Group entity, Nova Petrochemicals Limited.

For further details please refer the chapter titled “Outstanding Litigations, Material Developments and Other Disclosures” on page [●] of the Draft Red Herring Prospectus

Our Company has not identified alternate sources of financing for the equity component of the Project

The Project cost is proposed to be funded through a mix of internal accruals, term loans to be raised from banks and financial institutions, and net proceeds from the Issue. Of the debt component of Rs. 1,670 millions, our Company has received sanctions aggregating to Rs. 2,765 millions. However, as on date, our Company has not identified alternate sources of financing for the equity component of the Project cost, aggregating to Rs. 533 millions. Any delays on part of our Company to raise money through the Issue will delay the implementation of the Project.

Our Company is expanding its existing capacities without firm selling commitments

Our Company is expanding its existing manufacturing capacities without any firm selling commitments. In the absence of guaranteed customers for the consequent increased production, there can be no assurance that our Company will be successful in selling its increased production. This may result in lower capacity utilisation and adversely affect our Company’s operations and financial results.

Objects of the issue include investments in our Subsidiary

Our Company plans to utilize Rs. 60 million raised through this Issue to invest in developing our businesses through our subsidiary, Chiripal Lifestyle Limited to open exclusive brand outlets. The business in relation to our subsidiary is relatively new to our Company. Thus, a part of the funds raised through the proposed Issue will be utilized for activities, which are relatively new activities for our Company, and for which we have no prior track record.

For more information please refer to section titled “Objects of the Issue” on page [●] of the draft red Herring Prospectus.

Raw Material availability and cost

Most of the raw material required for production is easily available in domestic and in international markets. Raw material constitutes a major portion of our total expenses. Raw material constituted around 70%, 74%, 62%, 61% and 61% of the total expenses in fiscal year 2007, 2006, 2005, 2004 and 2003 respectively. For the half-year ended September 30, 2007 it constituted 71% of the net sales as compared to 72% for the half year ended September 30, 2006. Bunks of our raw material are polyester chips, spin finish oil, gray fabrics, PTA & MEG and colour chemicals. Polyester chips are used for manufacturing POY, FDY and DT yarn while gray cloths are processed at our processing house. If we will not able to procure effective raw material procurement policy, we will not be able to control our raw material cost to a great extent. This could adversely affect our results of operations.

An inability to manage our growth could disrupt our business and reduce our profitability

We have experienced high growth in recent years and expect our yarn and fabric business to continue to grow as we gain greater access to financial resources. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- preserving a uniform culture, values and work environment across our projects;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- maintaining high levels of client satisfaction; and
- adhering to health, safety, and environmental standards.

Any inability to manage our growth may have an adverse effect on our business and results of operations.

Our success largely depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/her present position, it could be difficult to find a replacement. Our business could thereby be adversely affected. Opportunities for key managerial personnel in our industry are intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, any loss of key managerial personnel could adversely affect our business, operations and financial condition. For further details on the key managerial personnel of our Company please refer to the chapter titled ‘Our Management’ beginning on page no. [●] of the draft red Herring Prospectus.

Our business is dependent on our manufacturing facility and the loss of or shutdown of the facility could adversely affect our business.

A significant portion of our business is dependent on smooth production of the textiles at our manufacturing facility at Piplej and therefore, are subject to various operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Any significant operational problem, loss or shutdown of the manufacturing facility for an extended period of time could adversely affect our business, result of operation and financial condition.

We may face labour disruptions that would interfere with our operation

We are exposed to the risk of strike and other industrial actions. As on December 31, 2007, we have 1466 personnel employed in various divisions. While we believe that we enjoy a good relationship with our employees, we may experience strike, work stoppage or other industrial action in the future. Any such strike, work stoppage or industrial action by our own employees or the employees of our suppliers or transportation providers could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business and results of operation.

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

We have obtained licenses under Export Promotion Capital Goods scheme (“EPCG”). As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on September 30, 2007, we have an aggregate outstanding export obligation of Rs. 70.57 millions under the EPCG Scheme. For further details please refer to the section titled “Government and other Statutory Approvals” beginning on page [●] of this Draft Red Herring Prospectus.

On a standalone basis, our Company has experienced negative cash flows in prior periods

For the fiscal years ended March 31, 2006, on a standalone basis, our Company had a negative cash flow from operating activities of Rs. 355 million. For the fiscal years ended March 31, 2003, 2004, 2005, 2006, 2007, half year ended September 30, 2006 and half year ended September 2007, on a standalone basis, our Company had a negative cash flow from investing activities of Rs. 29.98 million, Rs. 221.35 million, Rs. 566.42 million, Rs. 644.76 million, Rs. 637.33 million, Rs. 265.18 million, and Rs. 127.03 million respectively. For the fiscal years ended March 31, 2003 and half year ended September 2006, on a standalone basis, our Company had a negative cash flow from financing activities of Rs. 57.34 million and Rs. 103.26 million respectively. For further details on our cash flows for the fiscal years ended March 31, 2003, 2004, 2005, 2006, 2007, half year ended September 30, 2006 and half year ended September 2007, on a standalone basis, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page [●] of the Draft Red Herring Prospectus. Any negative cash flows in the future could adversely affect our Company’s operational and financial condition.

We have not obtained trademark registration for our logo

We have applied for trademark registration of our logo in class 23, vide application dated March 24, 2006. Failure to obtain registrations of this trademark, and pending registration of this trademark, we may have a lesser recourse to legal proceedings to protect our trademark, which could have an adverse effect on our business. For further details refer to chapter titled “Government and other Approvals” beginning on page [●] of the Draft Red Herring Prospectus.

We are subject to restrictive covenants under various debt facilities provided to us by our lenders.

We have availed loans and financial facilities from the following banks namely; State Bank of India, State Bank of Hyderabad, State Bank of Indore, State Bank of Travancore, Punjab National Bank, Karnataka Bank, IDBI Limited, UCO Bank, Allahabad Bank and Bank of India (“our Lenders”). In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. For details of loans availed by our Company and the above mentioned restrictive covenants, please refer to “Financial Indebtedness” beginning on page [●] of the Draft Red Herring Prospectus.

Pending Government and Statutory approvals

Our Company has made applications to regulatory authorities for grant of following Government and Statutory approvals but the same have not been issued to us till date. If we fail to obtain any of the below mentioned approvals our ability to carry on our business may be affected, consequently our turnover and profitability may be affected. Details of the same are as below:

Sr. No.	Applications	Date of Application	Authority before whom pending
1.	Application made under class 23 bearing Application no. 1437016 for the Registration of the word “CHIRIPAL”.	March 24, 2006	Trade Mark Registry, Ahmedabad
2.	Application made under class 23 bearing Application no. 1437013 for the Registration of the logo “DEVICE BIRD-LABEL”.	March 24, 2006	Trade Mark Registry, Ahmedabad
3.	Application for registration of our Corporate Office under the Bombay Shops and Establishment Act, 1948	February 02, 2008	Inspector, Bombay Shops and Establishment
4.	Application for renewal of Solvent License No. 16/2006 for Unit 1 which has expired on December 30, 2006.	February 02, 2008	District Supply Officer.
5.	Application for renewal of the Factory License No. 014801 for Unit 1 which has expired on December 31, 2007	October 22, 2007	Inspector of Factories, Gujarat
6.	Application for renewal of the Factory License No. 098727 for Unit 2 which has expired on December 31, 2006	October 12, 2007	Inspector of Factories, Gujarat
7.	Application for renewal of Consolidated Consent and Authorisation Order bearing No. 6810 issued in the name of Shanti Processors Limited, under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, and authorization under rule 3(c) and 5(5) of the Hazardous Waste (Management And Handling) Rules 1989.	September 27, 2006	Regional Office, Gujarat Pollution Control Board

For further details, please refer to “Government/Statutory and Business Approvals” on page [●] of the Draft Red Herring Prospectus.

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

We require certain statutory and regulatory permits, licenses and approvals to operate our business. Though we believe that we have obtained those permits and licenses which are adequate to run our business, we cannot assure that there is no other statutory/regulatory requirement which we are required to comply with. Further, some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business. For further details, please refer to “Government/Statutory and Business Approvals” on page [●] of the Draft Red Herring Prospectus.

We may not be sufficiently protected or insured for certain losses that we may incur or claims that we may face against us.

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the limitations of liability set forth in our contracts and/or our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. Further, we have not insured ourselves against exposure to certain risks and events such as loss of profit, Defect Liability insurance, keyman insurance policy etc. which may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

Our business is subject to a significant number of legal and tax regulations and there may be changes in legislation governing the rules implementing them or the regulator enforcing them.

We currently have our business spread across many states in India. Consequently, we are subject to the jurisdiction of various laws, tax authorities and regulations. The final determination of our tax liabilities involve the interpretation of local tax laws and related authorities in each jurisdiction as well as the significant reliance on estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given year. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time.

Insufficient cash flows to meet required payments on its debt and working capital requirements, could adversely affect our Company's operations and financial results

The business of our Company requires a significant amount of working capital to finance the purchase of raw materials, maintain inventories, establishment of manufacturing facilities and acquisition of equipment. Moreover, our Company may need to incur additional indebtedness in the future to satisfy its working capital needs. The working capital requirements of our Company are also affected by the credit lines that our Company extends to its customers, in line with industry practice. All of these factors have resulted, or may result, in increase in the amount of receivables and short-term borrowings of our Company. There can be no assurance that our Company will continue to be successful in arranging adequate working capital for its existing or expanded operations on acceptable terms or at all, which could adversely affect our Company's operations and financial results.

We have certain contingent liabilities not provided for which may adversely affect our financial condition

As of September 30, 2007, our Company had commitments and contingent liabilities in the following amounts, as disclosed in Restated Financial Statements:

(Rs. In million)

Particulars	Amount
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.25
Letter of Credit (Net Of Margin)	464.01
Bank Guarantees	0.78
EPCG	73.57
Other liabilities	255.00
Custom Duty – Advance Licence Goods Scheme	4.94
Customs / Excise	2.26
Total	905.81

Our Company has entered into, and will continue to enter into, related party transactions

Our Company has entered into transactions with related parties, including the Promoters and Directors. For further details regarding the Company's related party transactions, refer to chapter titled "Auditors' Report to Restated Financial Statements-Related Party Transactions" on page [•] of the Draft Red Herring Prospectus. Further, a significant portion of our Company's business is expected to involve transactions with related parties and other affiliates and joint ventures that the Board of Directors may choose to involve in our Company's business.

Corporate Office of our Company is situated in the premises, which is owned by our Group Company

The corporate office of our Company is located in the premises owned by Shanti Exports Pvt. Ltd. (one of our Promoter Group company). In respect of this premises, our Company has entered into a Lease Agreement dated April 1, 2007 for a period of 12 months with effect from April 1, 2007. The compensation payable for occupation of this premise is Rs. 480,000 annually. Our promoters will be deemed to be interested to the extent of said compensation.

Some of our promoter group entities have potential conflict of interest with us

The main objects of Nandan Exim Limited, Prakash Calender Private Limited, Bhushan Petrofils Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited allow them to have same/similar business as carried out by our Company. However, Nandan Exim Limited, Prakash Calender Private Limited, Bhushan Petrofils Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited have executed a Non-Compete Agreement with our Company undertaking not to engage in businesses similar to that of our Company for which our Company has paid a consideration of Rs. 10,000 to each of the aforesaid promoter group entities.

Some of our Promoter Group entities are loss making company and has incurred losses in recent fiscals

Some of our Promoter Group entities have incurred losses in recent fiscal periods. Details of these losses are set forth below:

Promoter Group company	Profit after tax (Rs. Millions)		
	2007	2006	2005
Nova Petrochemicals Limited	(165.31)	(52.29)	(174.58)
Sparrow Exports Private Limited	(3.05)	14.07	0.18
Prakash Calendars Private Limited	(0.87)	2.72	0.14
Bhushan Petrofils Private Limited	(10.65)	0.00	0.32
Jyotiprasad Devkinandan HUF	33.89	0.48	(0.02)

Some of our Promoter Group entities viz., Girish Textiles and Rotary Screen Printing Works are not carrying out any business activities.

For more information, refer to "Promoter Group Entities" beginning on page [•] of the Draft Red Herring Prospectus.

There has been a shortfall in performance vis-à-vis promises of a Promoter Group company

Nova Petrochemicals Limited, our Promoter Group company has accessed the capital market in the past. There has been a shortfall in the performance vis-à-vis promises made by it in the course of its public issue of equity share. For futher details, refer to chapter titled "Promoter Group Entities" beginning on page [•] of the Draft Red Herring Prospectus.

Any changes in regulations or applicable government incentives would materially adversely affect the Company's operations and growth prospects

The GoI has provided several incentives to the textile sector, from which our Company currently benefits, including the TUFS interest and capital subsidies, 'duty entitlement pass book scheme' and 'duty drawback scheme'. These incentives could be modified or removed at any time, or new regulations could be introduced applicable to our Company's business, which could adversely affect our Company's operations and financial results.

Our Company is also subject to various regulations and textile policies, primarily in India. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse effect on the Company's operations and financial results. For further details please refer to the chapter titled "Regulations and Policies" on page [●] of the Draft Red Herring Prospectus.

We have availed loans under TUFS wherein 5% interest subsidy is available to our Company. If our Company fails to comply with the conditions stipulated under TUFS, the burden of cost of borrowings would be increase

The Ministry of Textiles, Government of India, launched TUFS for the textile industry which provides for a reimbursement of 5% on the interest charged by the lending agency for financing of a project of technology upgrading in conformity with this scheme. Initially it was launched for a period of five-year beginning from April 1, 1999 to March 31, 2004. It was extended until March 31, 2007. Later in the Union Budget announced on February 28, 2007 it has been extended until March 31, 2012. As on September 30, 2007 we had an aggregate outstanding term loans amounting to Rs. 863.49 million. Out of the above, term loan mounting to Rs. 388.98 million had been sanctioned under TUFS Scheme.

We face substantial competition in the textile business, both from Indian and international companies, which may adversely affect our revenues

We face significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive in man made fibres segment. We will face competition mainly from large vertically integrated and diversified companies as well as new companies, particularly in China and Indonesia. Some of our international competitors are larger than us and have greater financial resources. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on our business, results of operations and financial condition.

Fluctuations in foreign exchange rates

For the fiscal 2007 export constituted Rs. 286.87 million i.e approximately 7% of our standalone gross sales. Therefore only a minor portion of our revenues are in currencies other than Indian Rupees. Exchange rate fluctuation can have an adverse effect on our revenue generated out of export sales. Our proposed capital expenditure includes purchasing equipment and machineries denominated in currencies other than Indian rupees. Any decline in the value of rupee against other currencies could increase the rupee cost of purchasing such equipment. To manage our foreign exchange risk we selectively enter into forward contracts and also enter into hedging transactions to reduce the risks of currency fluctuations, although we do not have a formal hedging policy.

Our Company will be controlled by the Promoters so long as they control a majority of the Equity Shares

After the completion of the Issue, Promoters and Promoter Group will control, directly or indirectly, in excess of 53.80% of our Company's post - Issue equity share capital. As a result, Promoters will continue

to exercise significant control over our Company, including being able to control the composition of our Company's board of directors and determine decisions requiring special majority voting, and the other shareholders will be unable to affect the outcome of certain shareholder voting. As a result, our Promoters may take or block actions with respect to our Company's business, which may conflict with our Company's interests or the interests of the minority shareholders, such as actions with respect to future capital raising or acquisitions. In addition, our Promoters also control certain other companies that are in the same business as the Company, such as Nandan Exim Limited, Prakash Calender Private Limited, Bhushan Petrofils Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparrow Exports Private Limited, with which the Company may have conflicts of interest.

Any future issuance of Equity Shares may dilute investors' shareholding and any sale of our Company's Equity Shares by the Promoters or other major shareholders may adversely affect the trading price of Equity Shares

Any future equity issuances by our Company may lead to the dilution of investors' shareholdings. Any future equity issuances by our Company or sales of Equity Shares by the Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of Equity Shares.

Our Company has issued Equity Shares in the last twelve months, the price of which may be lower than the issue price. For details of the Equity Shares issued in the last twelve months, please refer to the chapter titled "Notes to Risk Factors" and "Capital Structure" beginning on page[●] and [●] of the Draft Red Herring Prospectus.

External Risk Factors

The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.

There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares. The Issue Price of the Equity Shares in this Issue will be determined by our Company in consultation with the BRLM, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market and may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have experienced problems, including broker defaults and settlement delays, which, if were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in

certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Our business and activities will be regulated by the Competition Act, 2002 as and when it is notified. It is unclear as to how the said Competition Act and Competition Commission of India will affect industries in India.

The Parliament has enacted the Competition Act, 2002 for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India, which has not yet come into force. Under the said Competition Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement inter alia which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the said Competition Act and Competition Commission of India will affect industries in India.

Hostilities with neighbouring countries and civil unrest in India may have material adverse impact on the market for securities in India.

India has from time to time experienced instances of hostilities from neighbouring countries, including Pakistan and China. In recent years, military confrontations between India and Pakistan have occurred in Kashmir and along the India-Pakistan border, although the Governments of India and Pakistan have recently engaged in conciliatory efforts. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a high degree of risk. Events of this nature in the future, as well as social and civil unrest, could influence the Indian economy and could have material adverse effect on the market for securities of Indian companies.

Political, Economic and Social developments in India and acts of violence or war could adversely affect our business.

Since 1991, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of 2004 general elections in India consists of a coalition of political parties. Any change in the economic policies by the new Government could change specific laws and policies affecting mining companies, pace of deregulation, foreign investment, currency exchange rates and other matters which could adversely affect the investment in our Equity Shares. Acts of violence, terrorist activity or war could affect the industrial and commercial operations in the country create a perception that investments in Indian companies involve a higher degree of risk which could have a material adverse effect on the market for securities of Indian companies.

A slowdown in economic growth in India and other unfavourable changes in political and economic factors may adversely affect our business and results of operations.

All our business facilities are located in India. Our Company, the market price and liquidity of our Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, etc., economic developments like very high rate of inflation, slow down in growth, decrease in foreign investments, etc. or other developments in or affecting India. Particularly slow down in economic growth may make the Governments spend relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavourable to the Company's business. During the past decade, the Government has pursued policies of economic

liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. For example, because of the change in Central Government certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility etc. have been put on hold. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

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

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

India is vulnerable to natural disasters that could severely disrupt our normal operations of business and adversely affect our earnings.

India is susceptible to tsunamis and earthquakes. On December 26, 2004, Southeast Asia, including the Eastern coast of India, experienced a tsunami that caused significant loss of life and property damage. On January 26, 2001, the Kutch region in the State of Gujarat suffered a major earthquake causing significant loss of life and property. Substantially all of our facilities and employees are located in India. If our facilities are damaged by an earthquake, tsunami or other natural disaster, its global capability could be interrupted or delayed. As a result, a natural disaster in India could have a material adverse effect on our financial condition and results of operations.

The volatility that the Rupee-Dollar exchange rates has witnessed in recent times requires timely and appropriate hedging to avoid any adverse impact on the profitability of our Company.

The exchange rate between the Indian Rupee and the US Dollar has changed substantially in recent years and may continue to fluctuate substantially in the future. Our operating and financial results would be adversely impacted when the rupee appreciates against dollar.

Notes to Risk Factors:

- i) Public Issue of 14,216,700 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] millions (the "Issue") by Chiripal Industries Limited ("our Company" or the "Issuer"). The Issue comprises a Net Issue to public of 12,100,000 Equity Shares at Rs. [●] each (the "Net Issue"), Promoters' Contribution of 1,916,700 Equity Shares at Rs. [●] each and a reservation of upto 200,000 shares at Rs. [●] each for Eligible Employees of our Company (the "Employee Reservation Portion"). The Net Issue will constitute 34.57% of the fully diluted post Issue paid-up capital of our Company. The Issue would constitute 40.62% of the fully diluted post Issue paid-up capital of our Company.
- ii) The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, atleast 35% of the Net Issue shall be

available for allocation on a proportionate basis to Retail Individual Bidders and atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. Further, upto 200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

- iii) Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.
- iv) Pre-Issue net worth of the Company was Rs. 1246.46 million as of September 30, 2007 as per our restated financial statements included in the Draft Red Herring Prospectus.
- v) The net asset value per Equity Share of Rs. 10 each was Rs. 60.12 as of September 30, 2007 as per our restated financial statements included in the Draft Red Herring Prospectus.
- vi) The average cost of acquisition per Equity Share allotted to our Promoter is as follows:

Name of Promoter	Cost per Equity Share Rs.
Mr. Vedprakash Chiripal	1.14
Mr. Jaiprakash Chiripal	1.18
Mr. Jyotiprasad Chiripal	1.05
Mr. Brijmohan Chiripal	0.09

- vii) For details on Related Party Transactions and Loans and Advances made to any company in which our Directors are interested please refer to "Auditors' Report to the Restated Financial Statements – Details of Transactions with Related Parties" beginning on page [●] of the draft red Herring Prospectus.
- viii) We have not revalued our assets in the last five years.
- ix) Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- x) The BRLM and our Company shall make all information available to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- xi) We have issued Equity Shares in the last twelve months, as per the details given hereinbelow:

Date of Allotment	Number of shares issued	Issue Amount per share (Rs.)	Nature of allotment
February 19, 2008	50,000	80	Further Allotment to others

- xii) Other than as disclosed in Annexure – [●] of the Financial Statements titled "Related Party Transactions" on page [●] of the draft red Herring Prospectus, as per the Report of our Statutory Auditors, M/s. Nahta Jain & Associates, Chartered Accountants, there are no other related party transactions among our company, the Promoters and Promoter group entities
- xiii) Other than as disclosed either in related party transaction or otherwise, our Promoters / Directors / key management personnel of our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in our Company or out of any business relation with any of the ventures in which they are interested. For interests of our Promoters and Directors, please refer the chapters "Auditors' Report to the Restated Financial

Statements – Details of Transactions with Related Parties” , “Our Management” and “Our Promoters” beginning on pages [●], [●] and [●] of the draft red Herring Prospectus.

- xiv) No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested except as stated in the Report of our Statutory Auditors, M/s. Nahta Jain & Associates, Chartered Accountants, For details please refer to section titled “Financial Statements” beginning on page no. [●] of the draft red Herring Prospectus.
- xv) Our Company and the BRLM are obliged to keep the draft red Herring Prospectus updated and inform the public of any material change / development until the listing and trading of the Equity Shares offered until the Issue commences.
- xvi) Investors are advised to refer to “Basis for Issue Price” beginning on page [●] of the Draft Red Herring Prospectus before making an investment in this Issue.
- xvii) Investors may note that in case of over-subscription in this Issue, allotment to QIB’s, Non Institutional, Retail Portion, and Eligible Employees, shall be on proportionate basis. For details, please refer chapter titled “Basis of Allotment” beginning on page no. [●] of the draft red Herring Prospectus.
- xviii) The investors may contact the BRLM or the Compliance officer for any complaint/ clarification/information pertaining to the Issue. For contact details of the BRLM and the Compliance Officer, please refer to “General Information” beginning on page [●] of the Draft Red Herring Prospectus.
- xix) There are no contingent liabilities as on September 30, 2007, except as mentioned in “Auditor’s Report to the Restated Financial Statements -Notes to Restated Financial Statements” beginning on page [●] of the Draft Red Herring Prospectus.
- xx) The notes on significant accounting policies have been included in the report of our Auditors in “Financial Statements” beginning on page [●] of the Draft Red Herring Prospectus.
- xxi) Our Company was incorporated as Chiripal Twisting and Sizing Private Limited under the Companies Act, 1956 on April 27, 1988 at Ahmedabad with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli vide registration No. 04-10634 of 1988-89. Our Company converted into a public limited company with effect from October 23, 2003 and consequently the word ‘Private’ had been removed from the name of our Company. Subsequently, the name of our Company was changed to Chiripal Petrochemicals Limited vide Fresh Certificate of Incorporation consequent to change of name dated January 4, 2004. The name of our Company was further changed to its present name vide Fresh Certificate of Incorporation consequent to change of name dated April 13, 2006. For further details, please refer to the chapter titled “History and Other Corporate Matters” beginning on page [●] of the draft red Herring Prospectus.

SECTION IV – INTRODUCTION

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Auditors’ Report to the Restated Financial Statements” and related notes beginning on page [●] and [●] of the Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

SUMMARY OF INDUSTRY

Indian Scenario

The textile industry occupies a unique position in the Indian economy as it contributes significantly to the industrial production, employment generation and foreign exchange earnings. Currently, it adds about 14 per cent to the industrial production and about 4 per cent to the GDP. It has immense potential for employment generation, particularly in the rural and remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million people. In fact, the textile industry is the second largest provider of employment after agriculture. The contribution of this industry to the gross export earnings of the country is about 21 per cent. It is the only industry, which is self-reliant and complete in value chain i.e. from raw material to the highest value added products – garments / made-ups. Therefore, the growth and development of this industry has a significant bearing on the overall development of the Indian economy. The Indian textile industry is extremely complex and varied. This industry uses natural fibres – cotton, jute, silk and wool, as well as synthetic / man-made fibres – polyester, viscose nylon, acrylic and their multiple blends. The complex and varied structure of the industry coupled with its close linkage with our ancient culture and tradition provides it with the unique capacity to produce, with the help of latest technological inputs and design capability, a wide variety of products suitable to the varying consumer tastes and preferences, both within the country and overseas. The textile industry has shown remarkable resilience and has grown considerably in terms of installed spindleage, yarn production and output of fabrics and garments.

[Source: www.texmin.nic.in/]

Indian textile and apparel industry is one of the largest in the world with US\$ 19 billion of export and US\$ 30 billion of domestic textile and apparel during 2006-07 (P). The industry has, over the years, contributed significantly to national output, employment and exports. At present, industry accounts for about 14% of our total industrial production and contributes nearly 15% of total exports. It provides direct employment to about 35 million people and another 56 million are engaged in allied activities. The textile export has registered a growth of 10 percent to 19.24 billion during 2006-07 (P) from US\$ 17.85 billion during 2005-06. The Industry has a potential to reach a size of US\$ 85 billion by 2010. With its consistent growth performance and abundant cheap skilled manpower, there are enormous opportunities both for domestic and foreign investors to make investments in textile sector in India.

[Ministry of Textiles, Government of India]

Growth and development of this industry has a significant bearing on the overall development of the Indian economy.

World Scenario:

The global textile and clothing industry is worth over US\$ 4,395 billion, with clothing accounting for 60% of the market and textiles the remaining 40%. Global trade in textile and clothing is currently at US\$ 356 billion and is expected to grow to US\$ 600 billion by 2010. The bulk of the increase is expected to be in clothing. The global textile trade in 2003 was USD 395 billion consisting of global exports of textile and garments at USD 169 billion and USD 226 billion respectively. At US\$ 395 billion, global textile trade contributes 5.4% of the total international trade. The industry is highly fragmented in terms of geography and size. There has also been a traditional divide between the various segments of the Industry.

[Source: WTO International Trade Statistics Book-2004]

In view of labour intensive nature of the textile industry, in the last fifty years the industry has shifted its base several times and concentrated to those countries, which offered most competitive labour cost structure. Developed countries such as USA and the EU have started downsizing capacities in view of their higher cost of manufacturing compared to countries such as India, Pakistan, China and Indonesia. The relocation is also on account of environmental concerns. This is expected to provide developing countries with an opportunity to penetrate US and EU markets and enhance their export share in these markets. However, the migration of textile capacity will be influenced by objective competitive factors and will be hampered by presence of distorting domestic measures and weak infrastructure of the developing countries. India is the second most preferred textile destination after China. Our major advantages in textile are easy availability of raw material, spinning, weaving and garmenting capabilities. The major importers of Indian textiles are USA, UK, UAE, Germany and many more. Almost 80% of shipments are sent to the US and the European countries. Though these products are gaining importance in the US but competition faced from China can not be ignored.

Structure of the Textile Industry

Textile Industry is unique in the sense that it is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. Textile industry in India has vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged. Indian textile industry is constituted of the following segments: Readymade garments, cotton textiles including handlooms, man-made textiles, silk textiles, woolen textiles, handicrafts, coir and Jute.

The textile industry is one of the oldest and largest industry in India and is highly fragmented. It is divided in four segments spinning, weaving, processing and garmenting. Indian textile industry comprises of two sectors, the organized sector consisting of modern and highly mechanized mills and the unorganized sector consisting of the small-scale powerloom sector and the highly fragmented handloom (hand spinning and hand weaving) sector.

Indian textile industry can basically be categorized into two sections:-

- Organized Textile Industry
- Unorganized Textile Industry

Unorganized sector primarily uses the orthodox practices (woven or spurn) in cloth production and is labour intensive in nature. The industry is characterized by the production of clothes either through weaving or spinning using hands. The decentralised nature is another significant characteristic of the unorganized textile industry in India.

- Sub-sectorial categorization of Indian textile industry : -
- Textile industry based on fiber produced through man made means or natural cotton.
- Yarn industry utilizing fiber or filament of man made type.
- Textile industry involved in production of wool, its derivatives and final woolen products.
- Production, processing of Jute and the textile industry based on it.
- Textile industry involved in the mass production of natural silk along with derivative and final products from silk
- Handloom industry - Handicrafts industry which is basically unorganized in nature

SUMMARY OF BUSINESS

Our Company is a vertically integrated textile company having its operations in India. Our Company is among few fully integrated textile companies in the country having its presence in the entire value chain right from manufacturing of yarn to manufacturing of readymade garments. Our Company operates primarily in the man-made fiber segment especially in polyester based products.

Our Company commenced its operations in the year 1988, as a processing house in the name of Chiripal Twisting and Sizing Private Limited. Our Company was converted into a public limited company with effect from October 23, 2003 and consequently the word 'Private' had been removed from the name of our Company. Subsequently, the name of our Company was changed to Chiripal Petrochemicals Limited vide Fresh Certificate of Incorporation consequent to change of name dated January 4, 2004. The textile sector has been continuously changing over the years and it was important for us to keep ourselves abreast with the changing fashion and ever changing consumer demand. With this objective our Company had undertaken various expansion cum backward and forward integration projects in the past to establish itself as one of the leading textile companies in the country, having its consolidated turnover to the tune of Rs. 4,904.54 million for the Fiscal 2007. Our Company's phenomenal success in implementing its projects can be attributed to our capabilities to plough back internal accruals and support of various banks and financial institutions.

In order to bring synergy to the operations and to achieve the economy of scale, two of our group companies namely Shanti Processors Limited and Preeti Processors Private Limited were merged with Chiripal Petrochemicals Limited w.e.f April 1, 2005 and subsequently the name of Chiripal Petrochemicals Limited was changed to Chiripal Industries Limited. Further on March 31, 2006, we have acquired majority shareholding in Vishal Fabrics Private Limited, which is mainly into manufacturing of home furnishings. Our Company currently holds 92.26% equity capital of Vishal Fabrics Private Limited. For further details of our history and milestones please refer to the section titled "History and Certain Corporate Matters" beginning on page no. [●] of the Draft Red Herring Prospectus.

Our Company's manufacturing activities are undertaken at two different units:

- **Unit 1** consisting of *yarns and knits division* is located at 199,200/1 & 200/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad; and
- **Unit 2** (erstwhile Shanti Processors Limited) consisting of *fabrics and garments division* is located at 165-166/2, 174/1 & 174/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad,.

At **Unit 1** the operations are divided into Partially Oriented Yarn (POY) division, Fully Drawn Yarn (FDY) division, texturising division and knits division. At this unit we undertake manufacturing of POY, FDY, draw twisted yarn, air texturised yarn, draw texturised yarn, warp knitted fabrics and circular knitted fabrics.

At **Unit 2** we undertake manufacturing as well as processing for various varieties of fabrics. The operations at Unit 2 are divided into processing division, embroidery division, polar fleece division, flock printing division, garments division and chemical division. At this unit we undertake manufacturing of circular knitted fabrics, wrap knit fabric, embroidered fabrics, polar fleece fabric and flock fabrics. Unit 2 also houses facilities for manufacturing ready-made garments.

The Unit 2 also houses one of the largest and modern processing houses of the country having a total processing capacity of 85.80 million meters per annum including separate line of cotton knits processing for 14.50 million meters per annum. The processing house is equipped to bleach, dye and print all kinds of fabrics like corduroy, cotton twill, PV twill, pique cord, knits, moss crepe, viscose georgettes, rayon, denim, lycra, canvas, flocks, etc. The processing house is catering to various manufacturers across India.

The facilities for manufacturing as well as processing at both the units are technologically advanced as most of the machines are imported from Switzerland, Taiwan, Italy, Germany, etc. and from other leading textile machinery manufacturers from India.

Our Company primarily caters to the domestic market. Out of the total consolidated sales of Rs. 4,904.54 million of our Company in the Fiscal 2007, the share of the domestic market was 91% and the share of exports was 9%. The standalone sales of our Company for the Fiscal 2007 were Rs. 3,818.71 millions, out of which sales of product manufactured in Unit 1 were Rs. 1,990 millions and sales of products manufactured (including job works) at Unit 2 were Rs. 1,829 millions. Inter unit sales for the Fiscal 2007 were Rs. 283 million.

Our Unit 1 is catering to more than 350 domestic customers through a network of whole sellers and traders. Our Company is exporting yarn to Brazil, Turkey, Argentina, Mexico, Egypt, Algeria, Bangladesh, Kenya, Srilanka, USA, Thailand, Nepal, etc. Our Unit 2 is catering to more than 2000 domestic and international customers through a network of whole sellers and traders. Our major clients in the domestic market includes Pantaloons Retail (India) Limited, Arvind Mills, Page Industries, Gokaldas Images, Vigneshwara Exports etc. Major clients in the international market for garments include Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc. Our Company has been enjoying very good relations with our clients and consistently adding new clients in both domestic and international market.

In order to become more self-sufficient, support the existing operations and to further integrate, our Company has planned an expansion cum modernisation project of Rs. 2313.31 million. The expansion is planned in processing division, circular knitting division, garments division, embroidery division, warp knitting division and yarn division. The new divisions namely yarn dyeing division, fabric dyeing division and weaving division, would be now added in the portfolio of our Company. For further details refer to "Objects of Issue" beginning on page [•] of the Draft Red Herring Prospectus.

Unit 2 has 1.70 MW lignite based captive power plant, which satisfies approximately 45% of its total energy requirement. In order to lower down the energy cost and to eliminate the dependence on purchased power, a new lignite based power plant of 7.50 MW is proposed to be set up. For further details refer to "Objects of Issue" beginning on page [•] of the Draft Red Herring Prospectus.

Our Company has also been accredited with ISO 9001:2000 by SGS United Kingdom Limited vide its certificate dated April 12, 2006 for its chemical division, polar fleece division, warp knitting division, flocks printing division, texturizing division and POY division.

Our Competitive Strengths

We believe that our years of experience in textile have given us significant expertise and industry knowledge. We believe that amongst many, following are our core strengths that have enabled us to successfully compete in the market for all these years and have been instrumental in positioning our Company among the leading textile houses in the country.

Our scale of operations and vertical integration through the entire value chain

Our Company is a vertically integrated manufacturer of textile products having its presence in the entire value chain right from manufacturing of yarn to readymade garments. Our Company has one of the largest and modern processing houses in the country with a processing capacity of 85.80 million meters per annum including separate line of cotton knits processing of 14.50 million meters per annum. Our Company is able to realize efficiencies of large scale. Yarn produced in Unit 1 is used for captive consumption in Unit 2 for manufacturing of various kinds of fabric and readymade garments. This helps us in maintaining quality of our products, reducing our dependence on external suppliers and results in cost savings. Vertical integration helps us in reaching optimality in our production, enabling us to customize our products as per the needs of the customers with an assurance that they would continue to receive quality products consistently within the stipulated time schedule.

With our proposed capital expenditure, we plan to add yarn dyeing, fabric dyeing & weaving activities into our portfolio apart from expanding our capacities in existing production lines. We already have large capacities and now with further expansion the capacities would rise to new levels. Large capacities would help us to take advantage of our large scale of operations and consolidate our positions among the leading textile houses in the country.

Extensively experienced and proven top management

Our management team is well experienced in the textile industry and is instrumental in sustained growth of our operations and on going expansions. Our founder and Chairman & Managing Director, Mr. Vedprakash Chiripal has more than 33 years of experience in textiles business. Mr. Ved Prakash Chiripal oversees our strategic expansion initiative, business development and supervises the finance functions of the Company. Mr. Jaiprakash Chiripal has more than 22 years of experience in textile business. He looks after yarn, fabric, processing, and garment manufacturing activities of our Company. He also looks after fabric and yarn and marketing activities of our Company. Mr. Jyotiprasad Chiripal has more than 25 years of experience in the fabric and yarn business and marketing of knitted apparels. Mr. Rajesh Bindal, our executive director looks after marketing and client relationship for our processing division.

Mr. Vishal Chiripal is the Chief Executive Officer of our Company, overseeing the operations of the Company. Mr. Suresh Chatterjee is the director (finance) of our Company, managing the finance function of our Company. Our management is supported by an experienced and technically qualified execution team. Our top management is also regularly advised by our Directors, Mr. Ambalal C. Patel, Mr. Jawaharlal Goel, Mr. Samar Mohapatra and Ms. Nita Chowdhry. The company has the benefit of availing advice from Mr. Chandan Bhattacharya, the former Managing Director of State Bank of India on financial and strategic matters.

Our excellent relations with labour force

Our Company believes in maintaining healthy relations between management and workers. In a labour intensive industry like textiles maintaining healthy relations with labour assumes greater significance. We have always taken due care to keep our workers happy by providing them with good working facilities and environment. As on December 31, 2007, our total workforce consisted of 2719 workers working in both the units and 487 employees working in finance, administration, marketing, HR, production, purchase and other capacities in our company. Out of total workers 979 were on rolls of our Company while 1740 were on contract. We have a well-defined model of attracting, training and retaining our workers. We continuously impart job training to our workers. We also offer our workers with subsidized meals, adequate safeguard and protection against equipments etc.

Our low cost of production

The basic raw materials for manufacturing of POY and FDY at Unit 1 are polyester chips and spin finish oil. We source these polyester chips and spin finish oil from various suppliers located domestically as well as internationally. The raw material for manufacturing of texturised yarns like draw texturised yarn, air texturised yarns and draw twisted yarn is POY, which is procured 100% captively, i.e within the same unit. The raw materials at our Unit 2 are different type of yarns, which are used to make grey cloth / fabric. Around 22% total raw material requirement in Unit 2 is catered by Unit 1 and remaining demand is met by purchasing yarn and grey cloth from various composite mills, weavers and whole sellers domestically. Due to integration in our capacities, we can procure these raw materials on timely manner and at competitive rates. Our high storage capacity and strong liquidity position enables us to store good quality raw materials at low prices. Our well-defined raw material procurement policy ensures that optimal quantity of raw material is always maintained and prices are also kept in check.

Our Company has a lignite-based power plant of 1.70 MW. It serves approximately 45% of our energy requirements in Unit 2 and the remaining energy requirement is being served through purchased power. Our average energy cost per unit from captive power plant is Rs. 1.90 per unit as against average of Rs.

4.30 per unit for purchased power. In our proposed capital expenditure, we are planning to set up a 7.50 MW power plant in Unit 2, which will further lower down the energy cost and eliminate the dependence on purchased power.

Our Company requires chemicals of good quality, especially for processing activities and has developed an in-house chemical division. The chemical division is currently manufacturing around 6000 tonnes per annum of different types of chemicals, out of which around 30% is used for captive consumption in processing division and around 70% is being marketed outside.

We are currently operating on 3 shifts basis in both the units. We are highly automated and through our labour policies we ensure that the labour efficiency always remains high. We make conscious and continuous efforts to cut down on our costs wherever possible in order to keep our cost of production in check, at the same time ensuring that the quality does not suffer. Our strategy of continuously monitoring costs and offering best quality products to our clients has enabled us to grow in size over the years and has enabled us to position ourselves among the leading textile companies in the country.

Our highly strong and wide customer base

Due to our commitment to quality and service our Company has been able to build excellent relations with its customers over the years. Our Company is catering to more than 2350 domestic and international customers through a network of whole sellers and traders. The countries where our Company is currently exporting are Brazil, Turkey, Argentina, Mexico, Egypt, Algeria, Bangladesh, Kenya, Srilanka, USA, Thailand and Nepal. Our major clients in the domestic market include, Pantaloons Retail (India) Limited, Arvind Mills, Page Industries, Gokaldas Images, Vigneshwara Exports etc. Major clients in the international market for garments include Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc. Our Company has been consistently adding new clients in the international market and also in the domestic market over the years for our products.

Our Company receives continuously repeat orders from many of our customers and is not dependent on a few customers. Our top 10 customers have contributed 13.95% of the total revenue till September 30, 2007.

Our high level of efficiency and productivity

Our Company is currently using advanced technology in its manufacturing facilities. Our Company has imported most of its machineries from Kuster (Switzerland), Shanghai Jwell (China), TMT Machinery Inc. (Japan), Zinser (Germany), Karl Mayer (Germany), Fukahama (Taiwan), Stamperia emiliana (Italy), Siruba (Taiwan), etc. The machineries installed in our factories are technologically advanced, which enables us to achieve high level of efficiency and productivity. In our proposed expansion, we would be importing most of our machineries from A. Monforts, Texilmaschinen GmbH, & Co. K G, (Germany), Stamperia Emiliana (Italy), Tsudakoma (Japan), BTM Co. Ltd (Korea), F.K ama (Italia), Mirae International (Korea), etc. which are technologically advanced and would guarantee high efficiency and productivity. We also try to develop the skills of our unskilled and semi skilled workers by continuously undertaking on site training for them. We believe that a right mix of technology and skilled manpower has enabled our Company to obtain high level of efficiency and productivity over the years and would also continue to do in the future.

Our strong financial position

Our Company has a strong financial position, which we believe will enable our Company to generate sufficient internal accruals to finance its' current expansion plans and continue to implement growth strategies in the future. As of September 30, 2007, we had long term debt to equity ratio of 0.70, and in the Fiscal 2007, we had net cash flow from operating activities of Rs. 488.83 million. Our management is consistently reinvesting the earnings back into the Company, which has supported our growth. For further details of our financial position, see the section titled "Financial Information" on page no. [●] and section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" on page no. [●] of the Draft Red Herring Prospectus.

THE ISSUE

Equity Shares Offered:	
Public Issue of Equity Shares of our Company	14,216,700* Equity Shares of face value of Rs. 10/- each
Of which:	
Promoters' Contribution	1,916,700 Equity Shares of face value of Rs. 10/- each constituting 13.48 % of this Issue
Reserved for Eligible Employees ⁽¹⁾	200,000 Equity Shares of face value of Rs. 10/- each constituting 1.41% of this Issue allocated on a proportionate basis
And	
Net Issue	12,100,000 Equity Shares of face value of Rs. 10/- each
Comprising	
A) Qualified Institutional Buyers Portion	Upto 6,050,000 Equity Shares of face value of Rs. 10/- each, constituting upto 50% of the Net Issue (allocation on a proportionate basis) of which, 302,500 Equity Shares of face value of Rs. 10/- each will be available for allocation to Mutual Funds and balance for all QIBs including Mutual Funds.
B) Non-Institutional Portion ⁽²⁾	Atleast 1,815,000 Equity Shares of face value of Rs. 10/- each, constituting atleast 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders on a proportionate basis.
C) Retail Portion ⁽²⁾	Atleast 4,235,000 Equity Shares of face value of Rs. 10/- each constituting atleast 35% of the Net Issue that will be available for allocation to Retail Individual Bidders on a proportionate basis.
Equity Shares outstanding prior to this Issue	20,783,300 Equity Shares of face value of Rs. 10/- each
Equity Shares outstanding after this Issue	35,000,000 Equity Shares of face value of Rs. 10/- each
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" beginning on Page [●] of the Draft Red Herring Prospectus for additional information.

**Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.*

⁽¹⁾ Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue and the same would be allocated proportionately by our Company in consultation with the BRLM.

⁽²⁾ In the case of over-subscription in all categories, upto 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers, atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under- subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM. For more information please refer to the Chapter titled "Issue Procedure" on page [●] of the Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected financial information of our Company, derived from the restated financial statements as of and for the year ended on March 31, 2003, 2004, 2005, 2006 and 2007 and the half year ended September 30, 2006 and 2007, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated under the SEBI Guidelines.

Restated Summary of Assets and Liabilities standalone basis

(Rupees in Million)

Details	As at the year ending 31st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Fixed Assets							
Gross Block	375.50	601.18	1034.64	1800.57	2443.35	1932.58	2531.21
Less: Depreciation	140.54	167.72	215.97	93.00	223.47	153.95	308.50
Net Block	234.96	433.46	818.67	1707.57	2219.88	1778.63	2222.71
Capital Work in progress	18.32	27.82	172.44	36.78	10.59	150.86	39.76
Sub Total (A)	253.28	461.28	991.11	1744.35	2230.47	1929.49	2262.47
Investments (B)	93.19	91.79	91.79	117.34	136.64	136.89	148.14
Current Assets, Loans and Advances							
Inventories	56.63	70.12	232.39	319.71	523.31	417.72	742.19
Sundry Debtors	46.38	130.28	226.00	527.76	618.02	497.83	721.43
Cash and Bank balances	3.42	42.49	70.72	89.11	78.58	73.02	87.22
Loans and Advances	48.08	162.83	130.88	202.89	276.14	244.62	233.12
Sub Total (C)	154.51	405.72	659.99	1139.47	1496.05	1233.19	1783.96
Sub Total (A+B+C)	500.98	958.79	1742.89	3001.16	3863.16	3299.57	4194.57
Less: Loans and Liabilities							
Secured Loans	127.86	203.16	528.57	1022.72	1348.77	1123.49	1385.39
Unsecured Loans	95.26	196.78	323.60	580.33	553.30	455.21	727.92
Deffered Tax Liabilities	12.62	29.92	69.44	94.93	142.49	119.97	162.81
Current Liabilities and Provisions	68.08	225.86	410.79	406.88	717.09	591.93	671.99
Sub Total (D)	303.84	655.72	1332.40	2104.86	2761.65	2290.60	2948.11
Net Worth (A+B+C-D)	197.14	303.07	410.49	896.30	1101.51	1008.97	1246.46
Represented by							
Equity Share Capital	16.77	68.25	96.16	138.22	207.33	207.33	207.33
Share Application Money	-	-	-	-	4.00	-	4.00
Reserves & Surplus	182.57	237.92	323.81	763.67	898.01	807.41	1042.41
Less: Miscellaneous Expenditure not written off	2.20	3.10	9.48	5.59	7.83	5.77	7.28
Net Worth	197.14	303.07	410.49	896.30	1101.51	1008.97	1246.46
Details for Reserves and Surplus							
Capital Reserve	10.67	10.67	10.67	1.98	1.98	1.98	1.98
Share Premium	23.75	47.10	71.10	401.10	331.99	331.99	331.99
General Reserve	3.01	3.01	3.01	1.40	1.40	1.40	1.40
Surplus in Profit and Loss Account	145.14	177.14	239.03	359.19	562.64	472.04	707.04
Total	182.57	237.92	323.81	763.67	898.01	807.41	1042.41

Restated Statement of Profit & Loss on standalone basis

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Net sales of products manufactured by the company	559.76	761.97	1604.17	3431.88	3818.71	1912.89	2240.38
Other Income	24.60	29.03	34.64	20.28	19.42	5.70	4.69
Increase / (Decrease) in Stock	11.37	3.59	56.92	114.72	160.14	52.17	253.97
Total	595.73	794.59	1695.73	3566.88	3998.27	1970.76	2499.04
Expenditure							
Raw Material consumed	322.08	437.79	949.29	2364.78	2510.95	1270.70	1598.57
Employee Expenses	24.09	37.38	68.05	87.97	137.35	56.45	81.61
Other Manufacturing Expenses	140.59	194.68	422.50	520.91	636.94	302.73	360.26
Administration Expenses	21.17	26.13	42.59	53.66	65.34	28.73	27.89
Selling and Distribution Expenses	1.78	4.31	17.78	64.35	85.97	32.97	48.31
Interest	19.53	13.90	35.49	96.11	165.06	78.90	130.48
Depreciation	27.71	31.80	51.17	97.88	130.76	60.95	85.03
Preliminary Expenses W/off	0.00	0.29	2.01	1.92	2.81	1.07	1.40
Total	556.95	746.28	1588.88	3287.58	3735.18	1832.50	2333.55
Net Profit before Extra Ordinary Items & Tax	38.78	48.31	106.85	279.30	263.09	138.26	165.49
Provision for Taxation -Current Tax	9.51	20.87	48.69	66.84	49.21	25.41	21.09
Provision / (Reversal) of Excess Provision of earlier years	7.40	-	(0.81)	(0.41)	10.72	-	-
Net Profit before Extra Ordinary Items	21.87	27.44	58.97	212.87	203.16	112.85	144.40
Less: Extra Ordinary Items -Income Tax of earlier years	0.17	-	-	-	-	-	-
Less: Provision for Doubt full receivables	-	0.06	-	-	-	-	-
Add: Depreciation of earlier years reversed	2.94	4.62	2.92	-	0.29	-	-
Net Profit After Extra Ordinary Items	24.64	32.00	61.89	212.87	203.45	112.85	144.40
Surplus from Previous Year	125.84	145.14	177.14	161.34	359.19	359.19	562.64
Amount Available for Appropriation	150.48	177.14	239.03	374.21	562.64	472.04	707.04
Appropriations:-							
Transfer to General Reserve	1.40	-	-	15.02	-	-	-
Transfer to Investment Fluctuation Reserve	-	-	-	-	-	-	-
Final Dividend including Tax thereon	3.94	-	-	-	-	-	-
Balance carried to Balance Sheet	145.14	177.14	239.03	359.19	562.64	472.04	707.04

Note: The carry forwarded profit of financial year 2004-05 is affected due to amalgamation of erstwhile M/s Shanti Processors Ltd. & Priti Processors Pvt. Ltd with the company, therefore the carry forwarded surplus of the financial year 2004-05 is not matching with the brought forward surplus in financial year 2005-06.

Restated Summary of Consolidated Assets and Liabilities on Consolidated basis

(Rupees in Million)

Details	As at the year ending 31 st		As at the half year ended 30 th	
	Mar-06	Mar-07	Sept.2006	Sept.2007
Fixed Assets				
Gross Block	2289.03	3112.22	2504.33	3230.64
Less: Depreciation	199.21	379.06	282.92	493.56
Net Block	2089.82	2733.16	2221.41	2737.08
Capital Work in progress	61.14	29.14	166.00	39.76
Sub Total (A)	2150.96	2762.30	2387.41	2776.84
Investments (B)	93.82	93.57	93.82	94.57
Current Assets, Loans and Advances				
Inventories	415.15	657.88	527.72	969.79
Sundry Debtors	649.27	894.19	639.04	939.87
Cash and Bank balances	93.35	84.80	86.45	96.49
Loan and Advances	299.78	341.06	332.96	392.96
Sub Total (C)	1457.55	1977.93	1586.17	2399.11
Less: Loans and Liabilities				
Secured Loans	1257.81	1718.48	1466.00	1834.79
Unsecured Loans	662.85	717.18	566.97	821.34
Deffered Tax Liabilities	119.91	173.50	148.11	191.65
Current Liabilities and Provisions	608.67	939.28	722.23	970.84
Sub Total (D)	2649.24	3548.44	2903.31	3818.62
Net Worth (A+B+C-D)	1053.09	1285.36	1164.09	1451.90
Represented by				
Share Capital	138.22	207.33	207.33	207.33
Share Application Money	-	4.00	-	4.00
Minority Interest	79.66	17.04	15.26	18.53
Reserves & Surplus	842.15	1067.51	949.01	1233.36
Less: Miscellaneous Expenditure not written off	6.94	10.52	7.51	11.32
Net Worth	1053.09	1285.36	1164.09	1451.90
Details for Reserves and Surplus				
Capital Reserve	1.98	1.98	1.98	1.98
Capital Reserve (Cost of Control)	65.17	139.17	122.14	163.42
Share Premium	401.10	331.99	331.99	331.99
General Reserve	1.40	1.40	1.40	1.40
Surplus in Profit and Loss Account	372.50	592.97	491.50	734.57
Total	842.15	1067.51	949.01	1233.36

Restated Summary of Profit & Loss on Consolidated basis

(Rupees in Million)

Details	As at the year ending 31 st		As at the half year ended 30 th	
	Mar-06	Mar-07	Sept.2006	Sept.2007
Income				
Net Sales	4167.59	4904.54	2379.39	2732.71
Other Income	23.52	28.38	9.02	10.56
Increase / (Decrease) in Stock	114.72	160.14	52.17	253.97
Total	4305.83	5093.06	2440.58	2997.24
Expenditure				
Raw Material consumed	2902.53	3311.60	1622.18	1936.89
Employee Expenses	121.04	189.88	75.47	112.57
Manufacturing & Other Direct Expenses	555.89	715.16	335.97	407.00
Administration Expenses	76.16	83.97	35.11	38.97
Selling and Distribution Expenses	66.26	96.37	35.07	50.19
Interest & Financial Charges	110.72	191.56	93.91	148.94
Depreciation	135.17	180.14	83.71	114.50
Miscellaneous Exp W/off	2.40	3.75	1.90	1.87
Total	3970.17	4772.43	2283.32	2810.93
Net Profit before Extra Ordinary Items & Tax	335.66	320.63	157.26	186.31
Less - Current tax, Including FBT & Deffered Tax	79.55	62.97	30.63	22.39
Add / (Less) - Adjustment for Provision of Tax of earlier years	5.76	(11.05)	-	3.43
Net Profit before Extra Ordinary Items	261.87	246.61	126.63	167.35
Less: Extra Ordinary Items -Unrealisable receivables w.off	-	-	-	-
Less: Provision for Doubt full receivables	-	-	-	-
Add: Depreciation of earlier years reversed	-	0.29	-	-
Net Profit After Extra Ordinary Items	261.87	246.90	126.63	167.35
Add / (Less) Minority Interest /Cost of Control	(42.59)	(26.43)	(7.63)	(25.75)
Net Profit after Monitory Interest	219.28	220.47	119.00	141.60
Surplus from Previous Year	168.24	372.50	372.50	592.97
Amount Available for Appropriation	387.52	592.97	491.50	734.57
Appropriations				
Transfer to General Reserve	(15.02)	-	-	-
Transfer to Investment Flectuation Reserve				
Final Dividend	-	-	-	-
Tax on Dividend				
Balance carried to Balance Sheet	372.50	592.97	491.50	734.57

GENERAL INFORMATION

Registered Office of our Company

Survey No. 199, 200/1 & 200/2,
Saijpur – Gopalpur Road,
Piplej, Ahmedabad - 382405
Gujarat.
Tel: +91 79 25710231;
Fax: +91 79 25711755;

Corporate Office of our Company

Chiripal House, Shivranjani Cross Roads,
Satellite, Ahmedabad – 380015,
Gujarat
Tel: + 91 79 26734660;
Fax: +91 79 26768656;
Email: investor@chiripalgroup.com
Website: www.chiripalgroup.com

Our Company has been allocated Company Identification Number (CIN): U17110GJ1988PLC010634 and is registered with the Registrar of Companies, Gujarat, Dadra & Nagar Havelli situated at ROC Bhawan, CGO Complex, near Ankur Bus Stand, Naranpura, Ahmedabad-380013.

Board of Directors

Our current Board of Directors consists of the following:

Sr. No.	Name	Designation
1.	Mr. Vedprakash Chiripal	Chairman and Managing Director
2.	Mr. Jaiprakash Chiripal	Whole Time Director
3.	Mr. Rajesh Bindal	Executive Director
4.	Mr. Jyotiprasad Chiripal	Director
5.	Mr. Ambalal C. Patel	Director
6.	Mr. Jawaharlal Goel	Additional Director
7.	Mr. Samar Mohapatra	Additional Director
8.	Ms. Nita Chowdhry	Nominee Director, IDBI Limited

Brief Details of our Chairman and Managing Director and Executive Directors

For a detailed profile of our Chairman and Managing Director and Executive Directors, please refer to the chapter titled 'Our Management' beginning on page no. [●] of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Sandip Mistry
Chiripal House,
Shivranjani Cross Roads,
Satellite, Ahmedabad – 380015,
Gujarat.

Tel: + 91 79 26734660;
Fax: +91 79 26768656;
E-mail: investor@chiripalgroup.com
: sandipmistry@chiripalgroup.com

Legal Advisors to the Issue

M/s. Crawford Bayley & Co.
Advocates and Solicitors
State Bank Buildings, 4th floor,
N. G. N. Vaidya Marg,
Fort, Mumbai - 400 023.
Tel: +91 22 2266 3713
Fax: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

Bankers to our Company

State Bank of India
Commercial Branch,
Mid Corporate Group,
“Paramsiddhi” Complex ,
Ellisbridge, Opp. V. S. Hospital
Ahmedabad 380 006.
Tel. No.: +91 79 26585623
Fax No.: +91 79 26581512
Email: kv.joshi@sbi.co.in

IDBI Limited
IDBI Complex,
Near Lal Bunglow,
Off C.G. Road,
Ahmedabad 380 006.
Tel. No.: +91 79 26565098
Fax No.: +91 79 26565105
Email: n.choudhary@idbi.co.in

Allahabad Bank
S.P.Nagar Branch,
B/h Sadar Patel Sewa Samaj
Bhawan,
C.G. Road,
Ahmedabad 380 006.
Tel. No.: +91 79 26460354
Fax No.: +91 079 26468450
Email:
allaspnagar@rediffmail.com

Karnataka Bank Limited
“E” Block, Shri Ghantakarna
Commercial Market, Sarangpur,
Ahmedabad 380 002.
Tel. No.: +91 79 22171001
Telefax No.: +91 79 22123256
Email:abad.sarangpur@ktkbank.
com

Punjab National Bank
Vanijya Bhavan Branch,
Opp. D.B. School, Kankaria,
Ahmedabad 380022.
Tel.No.: +91 79 25453315/0445
Fax No.: +91 79 25452726
Email: bo1960@pnb.co.in

Bank of India*
2nd Floor, Bank of India
Building,
Bhadra,
Ahmedabad 380 001
Tel. No.: +91 79 2538 3654
Fax No.: +91 79 2539 6193
Email:
ahmedabadacbb@bankofindia.co.in

State Bank of Hyderabad
Maninagar Branch,
Jawahar Chowk, Maninagar
Ahmedabad 380 008
Tel. No.: +91 79 25471705
Fax No.: +91 79 25463098
Email:
maninagar_ahmd@sbh.co.in

State Bank of Indore*
Jaldarshan Co-operative Housing
Society,
Opp. Gujarat Chamber of
Commerce,
(Natraj Cinema), Ashram Road,
Ahmedabad 380 009
Tel. No.: +91 79 26574961/4604
Fax No.: +91 79 26574834
Email: sbn3217@sbindore.co.in

UCO Bank
Mid Corporate Branch,
Near Sanyas Ashram,
Ashram Road,
Ahmedabad 380 009
Tel. No.: +91 79 26579319
Fax No.: +91 79 2657 8477
Email: ucoashram@vsnl.net;
ucoforex@sify.com

State Bank of Travancore

P.B. No. 11, Ground Floor
“Kaivanna”, Ambawadi,
Ellisbridge P.O.
Ahmedabad 380 006.

Tel. No.: +91 79 26569984

Fax No.: +91 79 26569972

Email: ahmedabad@sbt.co.in

** We are in process of receiving consent letter from the bank*

ISSUE MANAGEMENT TEAM**Book Running Lead Manager****IDBI Capital Market Services Limited**

5th Floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021
Tel: +91 22 6637 1252/2289 7568
Fax: +91 22 22838782
E-Mail: cil.ipo@idbicapital.com
Website: www.idbicapital.com
Contact person: Mr. Saurabh Jain

Registrar to this Issue**Karvy Computershare Private Limited**

Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034
Tel: + 91 40 2342 0818
Fax: + 91 40 2342 0814
E-mail: einward.ris@karvy.com
Website: www.kcpl.karvy.com
Contact Person: Mr. Murli Krishna

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

Bankers to this Issue and Escrow Collection Banks

[●]

Refund Bank

[●]

Brokers To The Issue

All brokers registered with SEBI and member of the recognized stock exchange(s) can act as brokers to the Issue.

Syndicate Members

[●]

Auditors**Nahta Jain & Associates****Chartered Accountants**

211, 1st floor, New Cloth market

Opp. Raipur gate

Ahmedabad - 380002

Phone: +91 79 22161264-65

Fax: +91 79 66301310

E-Mail: gauravnahta@yahoo.com

Contact Person: Mr. Gaurav Nahta

IPO Grading Agency**Credit Analysis & Research Limited,**

307, Iscon Mall,

Near. Jodhpur Cross Roads,

Satellite, Ahmedabad - 380 015

Telefax: +91 79 6631 1821 / 22

E-Mail: mehul.pandya@careratings.com

Contact Person: Mr. Mehul Pandya

Statement of Inter Se Allocation of Responsibilities

Since IDBI Capital Market Services Limited is the sole Book Running Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

Credit Rating

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

IPO Grading

Our Company has appointed CARE Limited as the IPO Grading agency, pursuant to Clause 2.5A, 5.6B and 6.17.3A of the SEBI Guidelines. The grading along with the rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Trustees

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

Monitoring Agency

As the net proceeds of the Issue will be less than Rs. 5,000 Million, under the SEBI Guidelines it is not required that a monitoring agency be appointed by our Company.

Book Building Process

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

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

4. The Registrar to the Issue; and
5. Escrow Collection Bank

SEBI, through its guidelines, has permitted the Issue of securities to the public through the 100% Book Building Process, wherein upto 50% of the Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company will comply with these guidelines for this Issue. In this regard, the company has appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details see the chapter titled “Issue Procedure” on page [•] in the Draft Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid-cum-Application Form.
- Ensure that the Bid-cum-Application Form shall specify the Permanent Account Number or shall be accompanied by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details, please refer section “Permanent Account Number (PAN)” in chapter titled “Issue Procedure” beginning on page [•] of the Draft Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

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

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

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, our Company, on its behalf, will enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed

to be issued through the 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 Member does not fulfill their underwriting obligations.

The Underwriter has indicated its intention to underwrite the following number of Equity Shares:

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Mn)
IDBI Capital Market Services Limited	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreements is dated [•].

In the opinion of our Board of Directors, the BRLM (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at their meeting held on [•], have accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to chapter titled “Other Regulatory and Statutory Disclosures” beginning on page [•] of the Draft Red Herring Prospectus.

CAPITAL STRUCTURE

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

		Amount (Rs.)	
Sr. No.	Particulars	Aggregate Value at Nominal Price	Aggregate Value at Issue Price
A.	Authorised Capital		
	50,000,000 Equity Shares of Rs. 10/- each.	500,000,000	
B.	Issued, Subscribed and Paid-Up Capital before this Issue		
	20,783,300 Equity Shares of Rs. 10/- each.	207,833,000	
C.	Present Issue to the public in terms of the Draft Red Herring Prospectus		
	14, 216, 700* Equity Shares of Rs. 10/- each fully paid up	142,167, 000	[●]
	Out of which:		
	Promoters' Contribution		
	1,916,700 Equity Shares are reserved for the Promoters of our Company	19,167,000	
	Reservation for Eligible Employees		
	200,000 Equity Shares are reserved for the Eligible Employees of our Company	2,000,000	[●]
	Net Issue to the Public		
	12100000 Equity Shares of Rs 10/- each at a price of Rs [●] per share of which:	121,000,000	[●]
	• QIB portion of upto 6050000 Equity Shares of which:	60,500,000	[●]
	• 5% Reservation for Mutual Funds of 302500 Equity Shares out of the QIB portion	3,025,000	[●]
	• Non Institutional portion not less than 1815000 Equity Shares	18,150,000	[●]
	• Retail portion not less than 4235000 Equity Shares	42,350,000	[●]
D.	Issued, Subscribed and Paid-Up Capital after this Issue		
	35,000,000 Equity Shares	350,000,000	[●]
E.	Securities Premium Account⁽¹⁾		
	Before this Issue	95,900,000	
	After this Issue		[●]

**Our Company is considering a Pre-IPO Placement with certain investors prior to the completion of this Issue. If the Pre-IPO Placement is completed, the Net Issue to the Public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue to the Public being 25% of the post Issue paid-up capital of our Company. We will complete the issuance of such Equity Shares pursuant to the Pre-IPO Placement, if any, prior to filing the Red Herring Prospectus with RoC.*

- (1) The amount standing in the Securities Premium Account, on a pre-Issue basis, is Rs. 95,900,000. The increase in the Securities Premium Account as a result of the Issue will be completed only after the Issue Price is determined.

Notes to Capital Structure:

1. Details of increase in authorised share capital

Date of the Meeting	Particulars of Increase
April 27, 1988	Original authorized capital of 300,000 Equity Shares of Rs. 10/-
September 30, 2003	Increase in authorised capital from 300,000 Equity Shares of Rs. 10/- each to 5,000,000 Equity Shares of Rs. 10/- each
February 17, 2004	Increase in authorised capital from 5,000,000 Equity Shares of Rs. 10/- each to 7,500,000 Equity Shares of Rs. 10/- each
April 10, 2006	Increase in authorised capital from 7,500,000 Equity Shares of Rs. 10/- each to 25,000,000 Equity Shares of Rs. 10/- each
September 28, 2006	Increase in authorised capital from 25,000,000 Equity Shares of Rs. 10/- each to 35,000,000 Equity Shares of Rs. 10/- each
February 4, 2008	Increase in authorised capital from 35,000,000 Equity Shares of Rs. 10/- each to 50,000,000 Equity Shares of Rs. 10/- each

2. Share Capital History of our Company in respect of Equity Shares: Our existing equity share capital has been subscribed and allotted as under:

Sr. No	Date of Allotment	No. of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of Consideration	Nature of allotment	Cumulative Securities Premium (Rs.)	Cumulative Paid-up Capital (Rs.)
1.	April 27, 1988	20	10	10	Cash	Original subscribers to the Memorandum	Nil	200
2.	August 8, 1988	3,980	10	10	Cash	Further Allotment to Promoters & Promoter Group	Nil	40,000
3.	January 1, 1990	10	10	10	Cash	Further Allotment to Others	Nil	40,100
4.	November 20, 1994	1,000	10	10	Cash	Further Allotment to Promoter Group and Others	Nil	50,100
5.	March 15, 1995	1,57,500	10	10	Cash	Further Allotment to Promoter Group	Nil	1,625,100
6.	September 6, 1996	31500	10	10	Cash	Further Allotment to Promoter Group	Nil	1,940,100
7.	March 22, 2004	2,208,990	10	10	Cash	Further Allotment to Promoter Group and Others	Nil	24,030,000
8.	December 21, 2004	300,000	10	50	Cash	Further Allotment to Others	12,000,000	27,030,000
9.	January 17, 2005	300,000	10	50	Cash	Further Allotment to Others	24,000,000	30,030,000
10.	June 25, 2005*	1,501,500	10	NIL	-	Bonus to the ratio 1:2	24,000,000	45,045,000
11.	August 13, 2005	1,010,000	10	50	Cash	Further Allotment to Promoter Group	64,400,000	55,145,000
12.	September 13, 2005	700,000	10	50	Cash	Further Allotment to Promoter Group	92,400,000	62,145,000
13.	May 3, 2006**	7,607,700	10	NIL	-	Shares issued upon Amalgamation	92,400,000	138,222,000
14.	September 29, 2006*	6,911,100	10	Nil	-	Bonus to the ratio 1:2	92,400,000	207,333,000
15.	February 19, 2008	50,000	10	70	Cash	Further Allotment to Promoter Group and Others	95,900,000	207,833,000

**Bonus issue in the ratio of 1 Equity Share for every 2 Equity Shares held, by way of capitalisation of Securities Premium, general reserves and surplus in profit and loss account.*

*** Shares were allotted pursuant to Order on Petition for Scheme of Amalgamation of Shanti Processors Limited with our Company and Scheme of Amalgamation of Priti Processors Private Limited with our Company dated March 31, 2006. For further details of the Scheme of Amalgamation, please refer to chapter titled “History and Other Corporate Matters” on page [●] of the Draft Red Herring Prospectus.*

3. **Promoters Contribution and Lock-in:** Our Company has 4 Promoters namely Mr. Vedprakash Chiripal, Mr. Jaiprakash Chiripal, Mr. Jyotiprasad Chiripal and Mr. Brijmohan Chiripal

Details of Equity Shares held by them and locked-in, pursuant to the Issue are as follows:

Name of the Promoter	Date of Allotment/ Transfer	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period (Years)
Mr. Vedprakash Chiripal	April 27, 1988	Subscription to Memorandum	10	10	10	0.0	0.0	3
	August 8, 1988	Allotment	490	10	10	0.0	0.0	3
	March 12, 2001	Transfer to Vishal Chiripal	(490)	10	10	0.0	0.0	-
	March 22, 2004	Allotment	99,990	10	10	0.5	0.3	3
	June 25, 2005	Bonus*	50,000	10	-	0.2	0.1	3
	May 3, 2006	Amalgamaion**	262,500	10	-	1.3	0.7	3
	September 29, 2006	Bonus*	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Shivani Chiripal***	9200	10	-	0.0	0.0	3
	October 25, 2006	Transfer from Shivani Agarwal***	22,050	10	-	0.1	0.0	3
	October 25, 2006	Transfer from Shivani Agarwal***	262,500	10	-	1.3	0.7	3
	October 25, 2006	Transfer from Shivani Agarwal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Urmiladevi Chiripal***	31,250	10	-	0.2	0.0	3
	October 25, 2006	Transfer from Urmiladevi Chiripal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Urmiladevi Chiripal***	262,500	10	-	1.3	0.7	3
	October 25, 2006	Transfer from VishalChiripal***	321,900	10	-	1.5	0.9	3
	October 25, 2006	Transfer from VishalChiripal***	78100	10	-	0.4	0.2	3
	October 25, 2006	Transfer from Vineeta Chiripal***	262,500	10	-	1.3	0.7	3
	October 25, 2006	Transfer from Vineeta Chiripal***	37,500	10	-	0.2	0.1	3
	October 25, 2006	Transfer from Savitridevi Chiripal***	500	10	-	0.0	0.0	3
	October 25, 2006	Transfer from Savitridevi Chiripal***	68,250	10	-	0.3	0.1	3
	October 25, 2006	Transfer from Savitridevi Chiripal***	31,250	10	-	0.2	0.0	3
TOTAL			2,418,750			11.6	6.9	3
Mr. Jaiprakash Chiripal	April 27, 1988	Subscription to Memorandum	10	10	10	0.0	0.0	3
	August 8, 1988	Allotment	90	10	10	0.0	0.0	3
	August 8, 1988	Allotment	400	10	10	0.0	0.0	3
	March 12, 2001	Transfer to Vansh Agarwal	(400)	10	10	0.0	0.0	-
	March 22, 2004	Allotment	99,900	10	10	0.5	0.3	3
	June 25, 2005	Bonus*	50,000	10	-	0.2	0.1	3
	May 3, 2006	Amalgamation**	256,500	10	-	1.2	0.7	3
	May 3, 2006	Amalgamation**	1,500	10	-	0.0	0.0	3
	September 29,	Bonus*	204,000	10	-	1.0	0.6	3

Name of the Promoter	Date of Allotment/ Transfer	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period (Years)
	2006							
	October 25, 2006	Transfer from Nishi Agarwal***	31,250	10	-	0.1	0.1	3
	October 25, 2006	Transfer from Nishi Agarwal***	262,500	10	-	1.3	0.8	3
	October 25, 2006	Transfer from Nishi Agarwal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Manju Devi Chiripal***	262,500	10	-	1.3	0.8	3
	October 25, 2006	Transfer from Manju Devi Chiripal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Manju Devi Chiripal***	31,250	10	-	0.1	0.0	3
	October 25, 2006	Transfer from Brijmohan Chiripal***	262,500	10	-	1.3	0.8	3
	October 25, 2006	Transfer from Brijmohan Chiripal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Brijmohan Chiripal***	81,250	10	-	0.4	0.2	3
	October 25, 2006	Transfer from Manju Devi Chiripal***	500	10	-	0.0	0.0	3
	October 25, 2006	Transfer from Manju Devi Chiripal***	99,500	10	-	0.5	0.3	3
	October 25, 2006	Transfer from Nishi Chiripal***	18,750	10	-	0.1	0.1	3
	October 25, 2006	Transfer from Nishi Chiripal***	31,250	10	-	0.1	0.1	3
	Total		2,312,000			11.1	6.6	3
Mr. Jyotiprasad Chiripal	August 8, 1988	Allotment	500	10	10	0.0	0.0	3
	March 22, 2004	Allotment	99,500	10	10	0.5	0.3	3
	June 25, 2005	Bonus*	50,000	10	-	0.2	0.1	3
	May 3, 2006	Amalgamation**	262,500	10	-	1.3	0.8	3
	September 29, 2006	Bonus*	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Shaloo Agarwal***	17,500	10	-	0.1	0.0	3
	October 25, 2006	Transfer from Shaloo Agarwal***	138,000	10	-	0.7	0.4	3
	October 25, 2006	Transfer from Shaloo Agarwal***	144,000	10	-	0.7	0.4	3
	October 25, 2006	Transfer from Deepak Agarwal***	268,050	10	-	1.3	0.8	3
	October 25, 2006	Transfer from Deepak Agarwal***	209,025	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Deepak Agarwal***	22,925	10	-	0.1	0.1	3
	October 25, 2006	Transfer from Savitri Devi Agarwal***	262,500	10	-	1.3	0.8	3
	October 25, 2006	Transfer from Savitri Devi Agarwal***	206,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Savitri Devi Agarwal***	31,250	10	-	0.2	0.1	3
	October 25, 2006	Transfer from Priti Devi Agarwal***	292,500	10	-	1.4	0.8	3
	October 25, 2006	Transfer from Priti Devi Agarwal***	221,250	10	-	1.0	0.6	3
	October 25, 2006	Transfer from Priti Devi Agarwal***	36,250	10	-	0.2	0.1	3
	October 25, 2006	Transfer from Deepak Agarwal***	27,075	10	-	0.1	0.1	3
	October 25, 2006	Transfer from Deepak Agarwal***	22,925	10	-	0.1	0.1	3

Name of the Promoter	Date of Allotment/ Transfer	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period (Years)
	October 25, 2006	Transfer from Shaloo Agarwal***	17,500	10	-	0.1	0.0	3
	October 25, 2006	Transfer from Shaloo Agarwal***	3,500	10	-	0.0	0.0	3
	October 25, 2006	Transfer from Shaloo Agarwal***	79,000	10	-	0.4	0.2	3
	Total		2,618,250			12.6	7.5	3
Mr. Brijmohan Chiripal	August 8, 1988	Allotment	500	10	10	0.0	0.0	1
	March 22, 2004	Allotment	99,500	10	10	0.5	0.3	1
	June 25, 2005	Bonus*	50,000	10	-	0.2	0.1	1
	May 3, 2006	Amalgamation**	262,500	10	-	1.3	0.7	1
	September 29, 2006	Bonus*	206,250	10	-	1.0	0.6	1
	October 25, 2006	Transfer from Ruchi Agarwal***	17,500	10	-	0.1	0.0	1
	October 25, 2006	Transfer from Ruchi Agarwal***	3,500	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Ruchi Agarwal***	79,000	10	-	0.4	0.2	1
	October 25, 2006	Transfer from Ruchi Agarwal***	50,000	10	-	0.2	0.1	1
	October 25, 2006	Transfer from Ruchi Agarwal***	262,500	10	-	1.3	0.7	1
	October 25, 2006	Transfer from Ruchi Agarwal***	206,250	10	-	1.0	0.6	1
	October 25, 2006	Transfer from Priyanka Agarwal	17,500	10	-	0.1	0.0	1
	October 25, 2006	Transfer from Priyanka Agarwal***	3,500	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Priyanka Agarwal***	79,000	10	-	0.4	0.2	1
	October 25, 2006	Transfer from Priyanka Agarwal***	50,000	10	-	0.2	0.1	1
	October 25, 2006	Transfer from Priyanka Agarwal***	262,500	10	-	1.3	0.7	1
	October 25, 2006	Transfer from Priyanka Agarwal***	206,250	10	-	1.0	0.6	1
	October 25, 2006	Transfer from Ronak Agarwal***	17,500	10	-	0.1	0.0	1
	October 25, 2006	Transfer from Ronak Agarwal***	3,500	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Ronak Agarwal***	78,990	10	-	0.4	0.2	1
	October 25, 2006	Transfer from Ronak Agarwal***	49,995	10	-	0.2	0.1	1
	October 25, 2006	Transfer from Ronak Agarwal***	262,500	10	-	1.3	0.7	1
	October 25, 2006	Transfer from Ronak Agarwal***	206,250	10	-	1.0	0.6	1
	October 25, 2006	Transfer from Ronak Agarwal***	10	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Ronak Agarwal***	5	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Pritidevi Chiripal***	500	10	-	0.0	0.0	1
	October 25, 2006	Transfer from Pritidevi Chiripal***	50,000	10	-	0.2	0.1	1
	October 25, 2006	Transfer from Pritidevi Chiripal***	63,250	10	-	0.3	0.2	1

Name of the Promoter	Date of Allotment/ Transfer	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period (Years)
	October 25, 2006	Transfer to Jaiprakash Chiripal***	(262,500)	10	-	(1.3)	(0.8)	-
	October 25, 2006	Transfer to Jaiprakash Chiripal***	(206,250)	10	-	(1.0)	(0.6)	-
	October 25, 2006	Transfer to Jaiprakash Chiripal***	(81,250)	10	-	(0.4)	(0.2)	-
TOTAL			2,038,750			9.8	5.8	1

**Bonus issue in the ratio of 1 Equity Share for every 2 Equity Shares held, by way of capitalisation of Securities Premium, general reserves and surplus in profit and loss account.*

*** Shares were allotted pursuant to Order on Petition for Scheme of Amalgamation of Shanti Processors Limited with our Company and Scheme of Amalgamation of Priti Processors Private Limited with our Company dated March 31, 2006. For further details of the Scheme of Amalgamation please refer to chapter titled "History and Other Corporate Matters" on page [●] of the Draft Red Herring Prospectus.*

**** Shares were transferred by way of gift and there was no consideration for the same.*

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters in the chapter titled "Our Promoters" on page [●] of the Draft Red Herring Prospectus.

At least 20% of the post-Issue paid-up equity share capital, as determined after the Book-Building Process from the above mentioned 3 Promoters i.e., Mr. Vedprakash Chiripal, Mr. Jaiprakash Chiripal and Mr. Jyotiprasad Chiripal, would be locked-in for a period of three years from the date of allotment in the present Issue and the balance pre-Issue paid-up equity share capital of the 4 promoters Mr. Vedprakash Chiripal, Mr. Jaiprakash Chiripal, Mr. Jyotiprasad Chiripal and Mr. Brijmohan Chiripal would be locked-in for a period of one year from the date of Allotment in the present Issue.

The Promoters have given their written consent for inclusion of their equity shares as a part of promoter's contribution which is subject to lock-in for a period of 3 years from the date of allotment of equity shares in the proposed Issue.

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

S. No.	Name of the Promoters	No. of Shares offered for Lock-in for three years	Percentage of Post Issue Paid-up Capital
1.	Mr. Vedprakash Chiripal	2,418,750	6.91%
2.	Mr. Jaiprakash Chiripal	2,312,000	6.61%
3.	Mr. Jyotiprasad Chiripal	2,618,250	7.48%
	Total	7,349,000	21.00%

Shares held by our Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoters/Promoters Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan and such loan is towards financing one or more objects of the issue. However, as on date of the Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters forming a part of three years lock in have been pledged to any person, including banks and financial institutions.

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

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

Further the entire Promoters' Contribution of 1,916,700 Equity Shares in this Issue, shall be locked in for a period of one year from the date of allotment of the said Equity Shares.

4. Shareholding Pattern of our Company

Name of Shareholder	Pre-Issue		Post-Issue *	
	Number of shares	Percentage Holding (%)	Number of shares	Percentage Holding (%)
PROMOTER				
Ved Prakash Chiripal	2,418,750	11.64	[●]	[●]
Jaiprakash Chiripal	2,312,000	11.12	[●]	[●]
Jyotiprasad Chiripal	2,618,250	12.60	[●]	[●]
Brijmohan Chiripal	2,038,750	9.81	[●]	[●]
Total Holding of Promoters	9,387,750	45.17	11,304,450	32.30
PROMOTER GROUP				
Relatives of Promoters	6,279,925	30.22	6,279,925	17.94
Body Corporate	1,245,750	5.99	1,245,750	3.56
Total Holding of the Promoter Group	9,564,425	46.02	9,564,425	27.33
EMPLOYEES	-	-	200,000	0.57
OTHERS	3,869,875	18.62	3,869,875	11.06
PUBLIC IN THE ISSUE	-	-	12,100,000	34.57
TOTAL	20,783,300	100.00	35,000,000	100.00

* The above mentioned shareholding pattern have been calculated on the assumption of full subscription in all categories.

Individual shareholding of persons who constitute Promoters Group:

Name of the Shareholder	No. of Shares	%Pre-Issue Holding
Vishal Chiripal	626,600	3.02
Nidhi J. Agarwal	618,750	2.98
Brijmohan D (HUF)	618,750	2.98
Ved Prakash Devkinandan (HUF)	618,750	2.98
Jaiprakash D (HUF)	618,750	2.98
Jyotiprasad D.(HUF)	618,750	2.98
Rajesh P. Bindal	452,250	2.18
Kavita Chiripal	236,250	1.14
Vansh J. Agarwal	225,000	1.09
Urmiladevi J. Agarwal	118,750	0.57
Shivani V Chiripal	118,750	0.57
Vedprakash Brijmohan (HUF)	97,500	0.47
Ved Prakash Jay Prakash (HUF)	95,250	0.46

Name of the Shareholder	No. of Shares	%Pre-Issue Holding
Ved Prakash Jyoti Prasad (HUF)	95,250	0.46
S. Jay Prakash (HUF)	95,250	0.46
S. Ved Prakash (HUF)	95,250	0.46
V. Jay Prakash (HUF)	95,250	0.46
Keshoram Dwarkadas (HUF)	95,250	0.46
S. Jyotiprasad (HUF)	95,250	0.46
V. Jyotiprasad (HUF)	95,250	0.46
V. Brijmohan (HUF)	95,250	0.46
Vedprakash & Brothhers (HUF)	95,250	0.46
Devkinandan & Sons (HUF)	95,250	0.46
Deepak J Chiripal	77,075	0.37
Nishi J Agarwal	68,750	0.33
Shaloo Agarwal	32,500	0.16
Babita Agarwal	25,000	0.12
S. Devkinandan (HUF)	22,500	0.11
Manjudevi J. Agarwal	18,750	0.09
Savitridevi V. Chiripal	18,750	0.09
Total	6,279,925	30.22

Individual Shareholding of Body Corporate forming part of Promoter Group

Name of the Shareholder	No. of Shares	% Pre-Issue Holding
Prakash Calander Pvt. Ltd.	340,500	1.64
Chiripal Enterprises Ltd.	261,750	1.26
Sparrow Exports Pvt. Ltd.	224,250	1.08
Chiripal Textile Mills Pvt. Ltd.	170,250	0.82
Bhushan Petrofils Pvt. Ltd.	170,250	0.82
Shanti Exports Pvt. Ltd.	38,250	0.18
Vishal Fabrics Private Limited	20,250	0.10
Nandan Exim Ltd	20,250	0.10
TOTAL	1,245,750	5.99

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

Sr. No.	Name of the shareholder	No. of Equity Shares	% of pre- Issue Shareholding
1.	Mr. Jyotiprasad Chiripal	2,618,250	12.60
2.	Mr Vedprakash D Chiripal	2,418,750	11.63
3.	Mr. Jaiprakash D Chiripal	2,312,000	11.12
4.	Mr. Brijmohan D. Agarwal	2,038,750	9.80
5.	Tripoli Management Private Limited	1,627,875	7.83
6.	Mr. Vishal V. Agarwal	626,600	3.02
7.	Ms. Nidhi J. Agarwal	618,750	2.98
8.	Mr. Brijmohan D. (HUF)	618,750	2.98
9.	Mr. Vedprakash Devikinandan (HUF)	618,750	2.98
10.	Mr. Jaiprakash D. (HUF)	618,750	2.98
	TOTAL	14117,225	67.92

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

Sr. No.	Name of the shareholder	No. of Equity Shares	% of pre- Issue Shareholding
1	Mr. Jyotiprasad Chiripal	2,618,250	12.60
2	Mr Vedprakash D Chiripal	2,418,750	11.63
3	Mr. Jaiprakash D Chiripal	2,312,000	11.12
4	Mr. Brijmohan D. Agarwal	2,038,750	9.80
5	Tripoli Management Private Limited	1,627,875	7.83
6	Mr. Vishal V. Agarwal	626,600	3.02
7	Ms. Nidhi J. Agarwal	618,750	2.98
8	Mr. Brijmohan D. (HUF)	618,750	2.98
9	Mr. Vedprakash Devikinandan (HUF)	618,750	2.98
10	Mr. Jaiprakash D. (HUF)	618,750	2.98
	TOTAL	14,117,225	67.92

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

Sr. No.	Name of the shareholder	No. of Equity Shares	% of total shareholding
1.	Mr. Brijmohan Chiripal	412,500	6.63
2.	Mr. Jyotiprasad Chiripal	412,500	6.63
3.	Mr. Vedprakash Chiripal	150,000	2.41
4.	Mr. Jaiprakash Chiripal	150,000	2.41
5.	Mrs. Savitridevi Chiripal	150,000	2.41
6.	Mrs. Urmiladevi Chiripal	150,000	2.41
7.	Mrs. Pritidevi Chiripal	150,000	2.41
8.	Mrs. Manjudevi Chiripal	150,000	2.41
9.	Vedprakash Chiripal HUF	150,000	2.41
10.	Jyotiprasad D. HUF	150,000	2.41
	TOTAL	1,924,000	32.14

6. Our Promoters, Directors or Promoters Group companies and their respective Board of Directors have not purchased and/or sold/financed any Equity Share of our Company in the past 6 months.
7. Our Company, Promoters, Directors, or Promoters Group companies and their respective Board of Directors and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company being offered through the Issue from any person.
8. An over-subscription to the extent of 10% of Net Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock- in shall be suitably increased, so as to ensure that 20% of the post Issue paid-up capital is locked in.
9. In the case of over-subscription in all categories, upto 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds only. Further, atleast 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and atleast 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this Issue Price. Under-subscription, if any, in the Retail Portion, the

Non Institutional Portion, or Employee Reservation Portion, would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.

10. In case of under-subscription, if any, in the Employee Reservation Portion, would be added back to the Net Issue. In case of under subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
11. As on date of filing of the Draft Red Herring Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up.
12. Our Company undertakes that at any given point of time, there shall be only one denomination for the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
13. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
14. Our Company has not revalued its assets since inception and has not issued any shares out of the revaluation reserves or for consideration other than cash, except otherwise stated in the Draft Red Herring Prospectus.
15. Our Company has not capitalized its reserves since inception except as stated in the section "Notes to Capital Structure" above.
16. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
17. Our Company has not made any public issue since its incorporation.
18. Our Company has not raised any bridge loan against the proceeds of this Issue.
19. As on the date of the Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
20. In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants.

Pursuant to the aforesaid covenants, we have obtained the prior written approvals from the lenders as follows:

S.No.	Name of the Bank	Letter dated
1.	State Bank of India	February 11, 2008
2.	IDBI Limited	January 7, 2008
3.	Karnataka Bank Limited	February 4, 2008
4.	Punjab National Bank	February 18, 2008
5.	State Bank of Hyderabad	January 16, 2008
6.	State Bank of Travancore	January 21, 2008
7.	State Bank of Indore*	[●]
8.	UCO Bank	November 21, 2007
9.	Allahabad Bank	February 13, 2008
10.	Bank of India*	[●]

* We are awaiting approval from the same

21. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when options are granted to our employees under any ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
22. Since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up shares.
23. The securities, which are subject to lock-in, shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the Equity Shares are to be listed, before the listing of the securities.
24. The Equity Shares forming part of Promoter contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary
25. The total number of members of our Company as on the date of filing the Draft Red Herring Prospectus is 91.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Expansion cum modernization of existing manufacturing facilities;
2. Acquiring equity stake in Vraj Integrated Textile Park Limited;
3. Investment in subsidiary Chiripal Lifestyle Limited to open exclusive brand outlets;
4. General corporate purposes;
5. Public Issue Expenses; and
6. To get the Equity Shares being issued pursuant to the Draft Red Herring Prospectus listed on the BSE and NSE.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

The details of the utilization of proceeds as estimated by us will be as set forth in the table below:

(Rs. In millions)	
Particulars	Total
Expansion cum modernization of existing manufacturing facilities	533.31
Acquiring equity stake in Vraj Integrated Textile Park Limited	21.50
Investment in subsidiary Chiripal Lifestyle Limited to open exclusive brand outlets	60.00
General corporate purposes *	[•]
Public Issue Expenses *	[•]
Total	[•]

** To be finalised upon determination of Issue Price.*

The fund requirement and deployment are based on internal management estimates, vendors quotations and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in external circumstances, or costs or change in our financial conditions, business or strategy. In case of variation in the actual utilization of funds earmarked for the purpose set forth above, increased fund requirement for a particular purpose may be financed by surplus funds, if any, available in the respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required finance will be through our internal accruals and debt.

In view of the competitive and dynamic nature of the textile industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Details of the objects:

1. Expansion cum modernization of existing manufacturing facilities

In furtherance of our strategy to strengthen our operations, we propose to expand cum modernize our existing manufacturing facilities by setting up of new:

- Yarn dyeing facilities;
- fabric dyeing facilities;
- Weaving facilities; and
- Lignite based 7.50 MW power plant

We also propose to modernize cum expand our processing and circular knitting facilities and also expand our:

- POY, FDY & texturised yarn facilities
- Warp knitting facilities;
- Embroidery facilities;
- Readymade garment facilities;

We have appointed Man-Made Textiles Research Association (MANTRA), a textile research and consultancy association to conduct the technical appraisal for expansion cum modernization of existing manufacturing facilities.

The following table shows the existing capacity and proposed capacity through the expansion project:

Facility	Existing Capacity	Additional Capacity through expansion	Combined capacity after proposed expansion scheme
Unit 1			
POY	21900 TPA	1312.50 TPA	23212.50 TPA
FDY	10950 TPA	1312.50 TPA	12262.50 TPA
Draw Twisted Yarn / Draw Texturised Yarn / Air Texturised yarn	9125 TPA	12196 TPA	21321 TPA
Warp Knitted Fabric / Circular Knitting Fabric	3016 TPA	1838 TPA	4854 TPA
Weaving	-	5.1 million meters	5.1 million meters
Yarn Dyeing	-	991 TPA	991 TPA
Unit 2			
Processing of Fabrics	85.80 million meters per annum	7 million meters per annum	92.80 million meters per annum
Embroidered Fabrics	0.525 million meters per annum	1.05 million meters per annum	1.575 million meters per annum
Embroidered Garments	-	3.15 million pieces per annum	3.15 million pieces per annum
Polar Fleece Fabrics	980 TPA	-	980 TPA
Flock Fabrics	7 million meters per annum	-	7 million meters per annum
Readymade Garments & Apparels	2.35 million pieces per annum	2.35 million pieces per annum	4.70 million pieces per annum
Fabric Dyeing	-	22.80 million meters per annum	22.80 million meters per annum

The expansion cum modernization of existing manufacturing facilities has been divided into two phases, i.e Phase - 1 & Phase - 2. The following table shows the phase wise break up of the project:

Particulars	Phase – 1		Phase – 2	
	Commencement	Completion	Commencement	Completion
Yarn dyeing	-	-	March, 2008	November, 2008
fabric dyeing	April, 2006	July, 2008	March, 2008	November, 2008
Weaving	-	-	March, 2008	November, 2008
Modernisation cum expansion of processing & knitting facilities	April, 2006	April, 2008	March, 2008	November, 2008
Lignite Based 7.5 MW power plant	-	-	March, 2008	April, 2009
Expansion of readymade garment facilities	-	-	March, 2008	November, 2008
Expansion of embroidery facilities	-	-	March, 2008	November, 2008
Expansion of warp knitting facilities	-	-	March, 2008	November, 2008
Expansion of POY, FDY & texturised yarn facilities	April, 2006	September, 2007	March, 2008	November, 2008

The total cost of expansion cum modernization of existing manufacturing facilities is estimated to be Rs. 2,313.31 millions. The details of activity vice cost is set forth in the table given below:

(Rs. In millions)

Sr. No.	Project	Cost		
		Phase 1	Phase 2	Total
A	Setting up of yarn dyeing facilities	-	84.16	84.16
B	Setting up of fabric dyeing facilities	615.10	61.28	676.38
C	Setting up of weaving facilities	-	146.20	146.20
D	Modernisation-cum-expansion of existing processing & circular knitting facilities	82.62	165.48	248.10
E	Setting up of lignite based 7.5 MW power plant	-	394.93	394.93
F	Expansion of existing readymade garment facilities	-	53.91	53.91
G	Expansion of existing embroidery facilities	-	168.80	168.80
H	Expansion of existing warp knitting facilities	-	56.00	56.00
I	Expansion of existing POY, FDY & texturised yarn facilities	139.98	344.85	484.83
	Total	837.70	1,475.61	2,313.31

The total cost of expansion cum modernization of existing manufacturing facilities is proposed to be funded as under:

(Rs. in millions)

Particulars	Amount
Equity	533.31
Debt	1,670.00
Internal Accruals	110.00
Total	2,313.31

In the proposed expansion plan some of the machines would be imported. Exchange rate for the same has been taken as follows:

Currency	INR per unit
US\$	40.10
Euro	57.05
Yen	0.36
CHF	34.83

A) *Setting up of new Yarn dyeing facilities*

We are currently present in all kinds of consumer textiles, except yarn dyed fabrics. Production of such fabrics requires different kind of utilities, technical expertise and marketing network which we are possessing. The total cost of setting up of yarn dyeing facilities would be Rs. 84.16 millions. The break of the same is as below:

(Rs. in millions)

Particulars	Amount
Machineries / Equipments	53.15
Factory Buildings	17.90
Other Costs	13.11
Total	84.16

Machineries

Statement showing existing and proposed capacity of major plant & machines to be used for yarn dyeing:

Name of Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity	Proposed capacity in TPA per machine	Total Capacity TPA
Yarn Dyeing Machine – 200 Kg	-	2	2	-	385	770
Yarn Dyeing Machine – 100 Kg	-	1	1	-	192.5	192.5
Yarn Dyeing Machine – 10 Kg	-	1	1	-	19.25	19.25
Yarn Dyeing Machine – 5 Kg	-	1	1	-	9.62	9.62
Yarn Dyeing Machine – 1 Kg	-	1	1	-	Sampling	Sampling
Hydro extractor	-	1	1	-	2000	2000
Dryer	-	1	1	-	1500	1500
TFO Twistors	-	10	10	-	120	1200

(Source: Technical appraisal report by MANTRA)

We propose to acquire machines / equipments for setting up yarn dyeing facilities from various international and indigenous suppliers. The total cost machineries is expected to be Rs.53.15 million. A contingency provision of 5% is kept on the total cost of machineries. The yarn-dyeing project will be completed in the phase - 2 of the expansion plan. The details of machines are given below –

a) Imported Machines

(Rs. in millions)								
Machines/ Equipments	Supplier	Ref. No.	Qty	Price	Conversion Rate	Basic Cost	Other Costs*	Total Cost
Spectrophotometer	Konica Minolta	JISL/AMD/CTP0506/Shanti 13/04/06	1	\$14000	40.10	0.56	0.09	0.65
Total								0.65

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses

b) Indigenous Machines

(Rs. in millions)							
Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost
Dalal HT HP Dyeing Machine (200KG)	Dalal Engineering	New	pns-kvr-chiripal petrochem 05/04/06	2	6.91	1.60	8.51
Dalal HT HP Dyeing Machine (100 Kg)	Dalal Engineering	New	Pns-kvr-chiripal petrochem 05/04/06	1	2.68	0.62	3.30
Dalal HT HP Dyeing Machine (10KG)	Dalal Engineering	New	Pns-kvr-chiripal petrochem 05/04/06	1	1.44	0.33	1.77
Dyeing Machine (5 Kg)	Dalal Engineering	New	Pns-kvr-chiripal petrochem 05/04/06	1	0.89	0.21	1.10
Dyeing Machine (1Kg)	Dalal Engineering	New	Pns-kvr-chiripal petrochem 05/04/06	1	0.43	0.10	0.53
Hydro Extractor	Dalal Engineering	New	Pns-kvr-chiripal petrochem 05/04/06	1	0.71	0.16	0.87

Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost
Dryer	-	New	Management Estimate	1	2.75	0.64	3.39
Pressing Machine (200) Kg	-	New	Management Estimate	1	0.35	0.08	0.43
Hoist & Trollies	Safex Engineers Pvt.Ltd	New	LGML/DN/Hoist/06/278 01/0706	1	0.17	0.04	0.21
Twisting Machine,Coneing & Aluminium Cops	Texpro Engineers Pvt. Ltd	New	Proforma Invoice No. 27 11/08/06	-	17.81	3.29	21.10
Utilities – Water Tank	-	New	Management Estimate	-	2	0.46	2.46
Installation & Foundation	-	New	Management Estimate	-	2	-	2
Pipelines & Pressure Pump	-	New	Management Estimate	-	4	-	4
Cables & Panels	-	New	Management Estimate	-	2.3	0.53	2.83
Total							52.50

*Other Costs include Excise Duty, VAT, Freight, Unloading and other incidental expenses.

Factory Building

It is proposed to construct a factory building for setting up yarn dyeing facilities. The details are as follows:

Particulars	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	1800	8000	14.40
Site Development			
- Roads	1650	1750	2.90
- Storm Water Drain	400	1500	0.60
Total			17.90

(Based on estimates given by SIJCON Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses and contingency provision on machineries and factory building. The breakup of other costs is as under:

(Rs. in millions)	
Particulars	Amount
Working Capital Margin	6.16
Pre operative Expenses	3.40
5% Contingency Provision on Machineries	2.66
5% Contingency Provision on Factory Building	0.89
Total	13.11

B) Setting up of new fabric dyeing facilities

We propose to create state of the art facilities for fabric dyeing. We propose to use CD-R Dyeing technology, which has many advantages over the conventional dyeing process. The machines operating under this technology are continuous & automatic and would result in savings of labour cost and cost of utilities like steam, water, chemicals and dyes.

The installed capacity of the plant would be 22.80 million meters per annum of cotton and blended fabrics. The fabric dyeing project would be undertaken in both the phases. All the plant & machineries and factory building would be installed in phase - 1, while in phase – 2, a godown would be constructed. The total cost of setting up of fabric dyeing facilities would be Rs. 676.38 millions. The break of the same is as below:

(Rs. in millions)

Particulars	Phase 1	Phase 2	Total Amount
Plant & Machineries	423.56	-	423.56
Factory Buildings	91.65	58.36	150.01
Other Costs	99.89	2.92	102.81
Total	615.10	61.28	676.38

Machineries

Statement showing existing and proposed capacity of major plant & machines used for fabric dyeing:

Name of Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity	Proposed capacity in million meters per machine per annum	Total Capacity in million meters per machine per annum
CDR with drying range	-	1	1	-	24.00	24.00
Compressive shrinking range	-	2	2	-	11.40	22.80
Raising Machine	-	1	1	-	5.00	5.00
Wahing range with drying range	-	1	1	-	12.00	12.00
Thermosol dyeing	-	1	1	-	12.00	12.00
CPP dyeing	-	1	1	-	12.00	12.00
Stenter	-	1	1	-	10.00	24.00
	-	1	1	-	14.00	
Jumbo Jiggers	-	20	20	-	1.20	24.00

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments for setting up fabric dyeing facilities from various international and indigenous suppliers. All the machineries would be installed in Phase - 1. The total cost machineries is expected to be Rs. 423.56 million. A contingency provision of 5% is kept on the total cost of the machines. The details of machines are given below:

a) Imported Machines

(Rs. in millions)

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Rs.)	Basic Cost	Other Cost*	Total Cost
Continuous Dyeing Range	A. Monforts, Textilmaschinen Gmbh & Co. KG, Germany	New	Ps/kvr/ Monforts Q. NO. 55-05-0809-2 03/08/2006	1	Euro 852980	57.05	48.66	8.56	57.22
Compressive Shrinking Range	A. Monforts, Textilmaschinen Gmbh & Co. KG, Germany	New	Pns-kvr-shanti Q. NO. 71-06-0426-1 14/04/2006	1	Euro 637070	57.05	36.34	6.15	42.49
Easy touch 2 Brush Machine – Raising Machine	Stamperia Emiliana, ITALY	New	Dated 15/06/2005	1	Euro 57500	57.05	3.28	0.27	3.55
Continuous Open Width Washing Range	Kuster Textile Gmbh Germany	New	Q.No. 024.003-6-1 18/01/2006	1	Euro 1384980	57.05	79.01	7.29	86.30
Continuous Dyeing Range (Thermosole Machine)	A. Monforts Textilmaschinen Gmbh & Co. KG, Germany	New	Wolters/dw Q.No. 55-06-0425-1 07/04/2006	1	Euro 1643990	57.05	93.79	14.72	108.50

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Rs.)	Basic Cost	Other Cost*	Total Cost
Total									298.06

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses.

b) Indigenous Machines

(Rs. in millions)								
Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost	
Cold Pad Batch Dyeing Machine	Kusters Calico Machinery Limited	New	Ps:P:05:kcm 22/12/2005	1	5.60	1.30	6.90	
Lab Equipments	-	New	Management Estimate	1	10.00	-	10.00	
Folding Machine	Tech Shivam Industries	New	Dated 23/03/06	4	0.44	0.03	0.47	
Inspection Machine	Almac	New	Dated 20/03/06	8	4.99	1.16	6.15	
Roll packing machine	-	New	Management Estimate	1	0.80	0.19	0.99	
Hot Air Twinair Stenter	ATE Markeitng Pvt. Ltd.	New	Ps:cgpn:Motex 16/06/05	1	9.29	2.15	11.43	
6 Chamber PIN type hot air Srenter	Harish Enterprises Pvt. Ltd.	New	M-L-OC/1117/2006 2/8/06	1	4.2	0.97	5.17	
Compressive Shrinking Range	Dhall Enterprises	New	-	1	4.2	0.97	5.17	
Forklift Truck	Voltas Ltd.	New	MHBD/E/5000/1038A 13/07/06	1	0.82	0.19	1.01	
Jumbo Jigger Machine	Jeckswell Machinery Mfgs.	New	JMM:0572005-06 30/06/06	10	1.55	0.36	1.91	
Jumbo Jigger Machine	Jigger's Tex Industries	New	JTI/081/2006-07 2/ 08/06	-	2.05	0.47	2.52	
Processing Trolley Container	Sintex Industries Ltd.	New	MK: PI: AO: 96 13/07/05	-	0.99	0.23	1.22	
Chemical Storage & Pre tank & Cylinder	-	New	Management Estimate	-	1.5	-	1.5	
Water Softening Plant	Tech Aid	New	TA/TH/0471/06-07 18/07/2006	1	0.69	0.16	0.85	
Condensate Recovery System	Spriex Marshall Pvt.Ltd.	New	06-07/AHD-JV/SPX- SPL/118	4	1.5	0.35	1.85	
Hoist Weighing Scale and recovery system	-	New	Management Estimate	-	2.00	-	2.00	
Big Batching Trolley	Embee Corporation	New	Dated 1/06/05	200	6.4	1.48	7.88	
Woven Fabric Batching Machine	-	New	Management Estimate	1	0.35	0.01	0.36	
Drying Range for continuous Dyeing	-	New	Management Estimate	4	20	4.62	24.62	
Cables & Panels	-	New	Management Estimate	-	6.00	-	6.00	
Pipe Lines	-	New	Management Estimate	-	6.00	-	6.00	
Air Compressors	-	New	Management Estimate	-	1.00	-	1.00	
Work Shop Equipment	-	New	Management Estimate	-	0.50	-	0.50	
Design Studio	-	-	Management Estimate	-	20.00	-	20.00	
Total							125.50	

*Other Costs include Excise Duty, VAT, Freight, Unloading and other incidental expenses.

Factory Building

It is proposed to construct a factory building for setting up fabric dyeing facilities. The details are as follows:

Particulars	Phase 1			Phase 2			Total		
	Area (In Square Meters)	Average Rate per Square Meters. (Rs.)	Total Cost (Rs. Mn)	Area (In Square Meters)	Avg. Rate per Square Meters (Rs.)	Total Cost (Rs. Mn)	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Mn)
Main Factory Building	9,653	8,500	82.05	-	-	-	9,653	8,500	82.05
Ancillary Building	-	-	-	3,510	6,500	22.81	3,510	6,500	22.82
ETP – Civil Works	-	-	-	2,100	7,000	14.70	2,100	7,000	14.70
Office Building	-	-	-	1,800	6,500	11.70	1,800	6,500	11.70
Site Development	4,200	1,750	7.35	4,200	1,750	7.35	8,400	1,750	14.70
- Roads	1,500	1,500	2.25	1,200	1,500	1.80	2,700	1,500	4.05
- Storm Water Drain									
Total			91.65			58.36			150.01

(Based on estimates given by SIJCON Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Phase 1	Phase 2	Total Amount
Pre operative Expenses	24.91	-	24.91
Working Capital Margin	49.22	-	49.22
5% Contingency Provision on Machineries	21.18	-	21.18
5% Contingency on Factory Building	4.58	2.92	7.50
Total	99.89	2.92	102.81

C) Setting up of new weaving facilities

In order to fully integrate our operations we propose to set up 48 water jet looms for manufacture of woven fabrics. The key raw material for woven fabrics is microfilament yarn, which is being manufactured in-house. Currently our processing division has circular knitting looms where grey knitted fabrics is produced. With the proposed weaving facility, this division will become capable of producing woven fabrics, which will be processed further in-house.

We propose to install water jet weaving having capacity of 5.10 million meters per annum. 48 water jet looms along with one sectional warper and other ancillary equipments will also be installed. The weaving project would be commissioned in phase 2 of the expansion project. The total cost of setting up of weaving facilities would be Rs. 146.20 millions. The break of the same is as below:

(Rs. in millions)

Particulars	Amount
Machineries / Equipments	101.38
Factory Buildings	20.33
Other Expenses	24.49
Total	146.20

Machineries

Statement showing existing and proposed capacity of major plant & machines to be used for weaving:

Name of Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity	Proposed capacity in million meters per annum	Total Capacity in million meters per annum
Water jet looms	-	48	48	-	5.10 (@ 500 rpm)	5.10 (@ 500 rpm)
Warp tyeing machine	-	1	1	-	5.60	5.60
Sectional warping machine	-	1	1	-	5.60	5.60
Lino bobbin machine	-	1	1	-	-	-
Fabric Inspection machine	-	5	5	-	-	-

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments for setting up fabric dyeing facilities from various international and indigenous suppliers. The total cost machineries is expected to be Rs.101.38 million. A contingency provision of 5% is kept on the total cost of the machines. The details of machines are given below:

a) Imported Machines

(Rs. in millions)									
Machines / Equipments	Supplier	New / Second Hand	Ref. No.	Qty	Price	Conversion Rate	Basic Cost	Other Cost*	Total Cost
Water Jet Looms	Tsudakoma, Japan	New	K-0604032 03/04/06	48	Yen 212648520	0.36	76.21	6.26	82.48
Wrap tyeing machine	-	New	Management Estimate	1	Chf 35333	34.83	1.54	0.13	1.66
Total									84.14

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses.

b) Indigenous Machines

(Rs. in millions)						
Machine/ Equipments	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost
High Speed Sectional Wrapping machine	New	Management Estimate	1	5.59	0.34	5.92
Leno Winder Machine	New	Management Estimate	1	0.18	0.03	0.21
Fabric Inspection Machine	New	Management Estimate	5	1.68	0.39	2.06
Transformer	New	Management Estimate	1	1.20	0.27	1.47
Panels & Electrifications	New	Management Estimate	Lot	2.30	0.53	2.83
TQM, Lab & testing equipments	New	Management Estimate	1	0.81	0.27	1.08
Hydraulic Trollies	New	Management Estimate	6	0.67	-	0.67
Ancillary Equipments	New	Management Estimate	1	2.00	-	2.00
Furniture & Office Equipment	New	Management Estimate	1	1.00	-	1.00
Total						17.24

*Other Costs include Excise Duty, VAT, Freight, Unloading and other incidental expenses.

Factory Building

It is proposed to construct a factory building for weaving facilities. The break of the same is as below:

Particulars	Area (In Square Meters)	Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	1875	8000	15.00
Site Development			
- Roads	2400	1750	4.20
- Storm Water Drain	750	1500	1.13
Total			20.33

(Based on estimates given by SIJCON Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Amount
Pre operative Expenses	6.63
Working Capital Margin	11.77
5% Contingency Provision on Machineries	5.07
5% Contingency on Factory Building	1.02
Total	24.49

D) Setting up of new lignite based power plant

We require steam and electricity in our manufacturing units. We are currently having a power plant of 1.70 MW in our Unit 2 which satisfies about 45% of our energy requirement of Unit 2 and the balance is purchased from outside. We propose to set up a lignite based 7.50 MW power plant, which would be captively used to satisfy our energy needs.

The power plant will be highly feasible, as lignite mines are located in Gujarat and also the imported coal is easily available due to our facilities proximity to the port. We also have technical expertise and experience in operating lignite based power plant. The total cost of setting up of Lignite based power plant would be Rs. 394.93 millions. The break of the same is as below:

(Rs. in millions)

Particulars	Amount
Machineries / Equipments	296.51
Factory Buildings	31.50
Other Costs	66.92
Total	394.93

Machineries

Statement showing the proposed capacity of major plant and machines to be used for power plant.

Name of Machine	Proposed no. of Machines	Proposed capacity	Total Capacity
45TPH,66KG,409 Teph boiler	1	45TPH	45 TPH
Backpressure cum condensing steam turbine generator 7.5 MW	1	7.5 MW	7.5MW
Cooling tower	1 (5 Cells)	5813 Kw	5813 Kw
Coal handling system	1		
R O Plant	1	12 M3 / Hr	12 M3/ Hr

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from various indigenous suppliers. The total cost of machineries is expected to be Rs. 296.51 million. A contingency provision of 5% on plant and machineries has been taken. The details of machines are given below:

Indigenous Machines

(Rs. in millions)

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Basic Cost	Other Cost*	Total Cost
45TPH 68 Ksc(g) Temp. Boiler	Cethar Vessals Ltd.	New	RA-No.471 04/05/2006	1	144.50	33.44	177.94
7.5 MW STG	Siemens Ltd.	New	07/04/06	1	67.70	16.47	84.17
Cooling Tower	Mihir Engineers Ltd.	New	MCM/A/S 05/04/06	5	5.14	0.76	6.29
25 TPH Coal Handeling System	New Aarkay Industries	New	NAI/005/2006-07 05/04/06	1	3.41	0.20	3.61
Reverse Osmosis Plant	Teach Aid	New	TA/TH/021/06-07 06/04/06	1	1.71	0.40	2.11
RCC Chimney	Thirumala Refractory Works	New	055/05-06 04/04/06	1	5.35	0.11	5.46
Electrification work for various HT / LT Panels	Swati Switchgears (India) Pvt. Ltd.	New		1	3.60	0.83	4.43
Utility: Electrical cabling and fitting, air line and insulation	-	New	Management Estimate		12.5	-	12.5
Total							296.51

* Other costs include Excise duty, VAT, Freight, Installation and other incidental expenses.

Factory Building

It is proposed to construct factory buildings for the expansion. The details are as follows:

Particulars	Area (In Square Meters)	Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	4500	7000	31.50
Total			31.50

(Based on Management Estimate)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Amount
Pre operative Expenses	16.06
Working Capital Margin	34.45
5% Contingency Provision on Machineries	14.83
5% Contingency on Factory Building	1.58
Total	66.92

E) Modernisation-cum-expansion of existing processing & circular knitting facilities

To augment capacities, replace a few obsolete machines, install some sophisticated machines and to effect automation, we propose to undertake modernisation of existing processing and circular knitting facilities. This would help us in attracting new customers and in retaining existing customers with wide range of products at quick deliveries.

The existing capacity of process house is 85.80 million meters per annum including 14.50 million meters of cotton knits processing. We propose to enhance our processing capacity by another 7.00 million meters per annum.

The existing capacity of our circular knitting facilities is 2295 TPA. We propose to enhance it by 840 TPA. The total modernization cum expansion project would take place in both the phases. The total modernisation cost is expected to be Rs. 248.10 millions.

(Rs. in millions)			
Particulars	Phase 1	Phase 2	Total
Machineries / Equipments	51.29	125.86	177.15
Factory Buildings	18.70	10.99	29.69
Other Costs	12.63	28.63	41.26
Total	82.62	165.48	248.10

Machineries

Statement showing existing and proposed capacity of major plant & machines to be used for processing and circular knitting:

Name of Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity in million meters per machine per annum	Proposed capacity in million meters per machine per annum	Total Capacity in million meters per annum
Automatic colour kitchen	-	1	1	-	60.00	60.00
Peach finishing	2+1+1	2	6	14.0+9.8+2.45	3.50	33.25
OW compacter	-	1	1	-	7.00	7.00
Singeing	1	1	2	17.50	7.00	24.50
Rotary printing	2+8	1	11	3.50+7.00+48.30	7.00	65.80
Stanter	3	1	4	117.60	7.00	124.60
Jumbo Jiggers	-	3	3	-	2.33	7.00
Jiggers	75	-	75	78.75	-	78.75
JT – 10	12	3	15	21.00	2.33	27.00
Soft flow dyeing	Bhagyarekha - 1 150 Kg - 5 200 Kg - 0 300 Kg - 0	1 1 2	10	2.10	1.75	3.85
Washing winch	7	2	9	9.80	3.50	13.30
Drying range	4	-	4	46.00	-	46.00
Mercerize	2	1	3	28.00	7.00	35.00
Soaper	4	-	4	53.90	-	53.90
Jet dyeing	17	-	17	52.00	-	52.00
CPB Dyeing	2	-	2	21.00	-	21.00
Float dryer	1	-	1	8.75	-	8.75
Flat bed printing	4	-	4	14.70	-	14.70
Loop agers	2	-	2	59.15	-	59.15
Polymerizer	1	-	1	10.50	-	10.50
Zero Zero	3	-	3	63.00	-	63.00
Decatizing	1	-	1	8.75	-	8.75
Calander	1	-	1	21.00	-	21.00
Balloon Padder	1	-	1	8.75	-	8.75
Relax Dryer	1	-	1	8.75	-	8.75
Tibular compacter	1	-	1	8.75	-	8.75
Multi head embroidery			2	-	-	-
	TFKN-918	1				
	TFMX2-904	1				
Circular knitting machines		48	8	2295 TPA	840 TPA	3135 TPA

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from various indigenous and international suppliers. The total cost of machineries is expected to be Rs. 177.15 million. A contingency provision of 5% is kept on the total cost of the machines. The details of machines are given below:

a) Imported Machines - Phase 1

(Rs. in millions)

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate	Basic Cost	Other Cost*	Total Cost
Open Width Compector	BTM Co. Ltd, Korea	New	BTMDL – 060107 07/01/06	1	\$ 285000	40.10	11.43	0.94	12.37
Tajima Computerized Multihead Embroidery Machine	ICC International Agencies Ltd.	New	ICC/M/2006/66 17/04/06	2	Yen 11000000	0.36	3.94	0.33	4.27
Singeing Machine	-	New	Management Estimate	1	\$ 541895	40.10	21.73	1.79	23.51
Total									40.15

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses

b) Imported Machines - Phase 2

(Rs. in millions)

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate	Basic Cost	Other Cost*	Total Cost
Automatic plant for printing colour kitchen	Cerro, Maggiore(MI) Italy	New	Offer NO. 0040999020062 02/06/06	1	Euro 249385	57.05	14.23	1.88	16.11
Lisa Easy Touch machine	Stamperia emilliana, Italy	New	Order Confirmation No. 07/06 31/03/06	2	Euro 54000 per machine	57.05	6.16	0.51	6.67
Knitting machines & gauges	Pailung Machinery Mill Co. Ltd, Taiwan	New	PIPL – 06/18 20/06/06		\$ 274000	40.10	10.99	1.45	12.44
Soft flow dyeing machine	-	New	Management Estimates	3	\$169576	40.10	6.80	0.89	7.99
Total									43.21

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses.

c) Indigenous Machines - Phase 1

(Rs. in millions)

Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost (Rs.)	Other Costs* (Rs.)	Total Cost (Rs.)
Thermopac VTAIF 60	Thermax Ltd.	New	Ref No. 8073 16/05/06	1	9.05	2.09	11.14
Total							11.14

*Other Costs include Excise Duty, VAT, Freight, Unloading and other incidental expenses.

d) Indigenous Machines - Phase 2

(Rs. in millions)

Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost (Rs.)	Other Costs* (Rs.)	Total Cost (Rs.)
6 Chamber Pin Type hot air stenter	Harish Enterprises Pvt. Ltd.	New	M-L-Q/MM-SY/203/2006 21/06/06	1	4.00	0.93	4.93
Chainless Merceriser machine	Dhall Enterprises & Engineers Pvt. Ltd.	New	DS: SC: SPL: 42:06 18/02/06	1	5.90	1.37	7.27
Heavy duty box truck	Embee Corporation	New	Dated 22/06/06	50	0.78	0.16	0.95
Big Batching Trolley	Embee Corporation	New	Dated 21/06/06	25	0.65	0.14	0.79
A.E.C	Torrent Power	New	Management Estimate	1	7.00		7.00

ESP	Cethar Vessals pvt. Ltd.	New	CVPL/SO/05/396 03/03/05	1	10.00	4.31	16.31
Stormac Rotary Screen printing machine	Stovec Industries Ltd.	New	Vms:kvr:stove 28/06/06	1	10.46	2.42	12.89
Hot air twin air stanter	A.T.E Industries Pvt. Ltd.	New	Pns: kvr: motex 30/06/06	1	12.86	2.98	15.84
Jambo Jigger machine	Jeckswell machinery mfgs	New	JMM: 360/2005-06 10/03/06	3	0.42	0.03	0.45
Super Jumbo Jigger Machine	Jeckswell engineers works	New	-	3	1.10	0.06	1.16
Fabric Dyeing machine complete with dye kitchen & accessories (O type)	Bhagyarekha Engineers Pvt. Ltd.	New	Dated 30/03/06	2	2.17	0.13	2.30
Fabric Dyeing machine complete with dye kitchen & accessories (Economical "U" Jet)	Bhagyarekha Engineers Pvt. Ltd.	New	Dated 17/03/06	2	1.35	0.07	1.42
Rope Winch Washing machine	Bhatt Bros.	New	Dated 01/04/06	2	0.55	0.12	0.67
Inspection cum piling machine	Shree Laxmi Engineering & Moduling Works	New	2/SLEM/06-07 05/04/06	2	0.24	0.01	0.25
6-Station Hydraulic drive station	Embee Corporation	New	Dated 08/12/05	2	0.73	0.17	0.90
Utility: Electricabal Cabaling, fitting, water steam, oil, etc.	-	New	Management Estimate	-	9.51	-	9.51
Total							82.65

*Other Costs include Excise Duty, VAT, Freight, Unloading and other incidental expenses

Factory Building

It is proposed to construct factory buildings for the expansion. The details are as follows:

Particulars	Phase 1			Phase 2			Total		
	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building*	3042	6000	18.71	-	-	-	3042	6000	18.25
Ancillary Building*	-	-	-	4504	2400	10.99	4504	2400	10.81
Total			18.71			10.99			29.70

*(Based on estimates given by SMPS)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Phase 1	Phase 2	Total
Pre operative Expenses	3.17	7.15	10.32
Working Capital Margin	5.96	14.64	20.60
5% Contingency Provision on Machineries	2.56	6.29	8.85
5% Contingency on Factory Building	0.94	0.55	1.49
Total	12.63	28.63	41.26

F) Expansion of existing readymade garment facilities

We are currently manufacturing garments for both men and women from knitted and woven fabrics. We propose to double our present capacity from existing 2.35 million pieces per annum of knits and woven garments to 4.70 million pieces per annum. The total cost of expansion of readymade garment capacity is expected to be Rs.53.91 millions. The expansion in the readymade garment capacity would be undertaken in phase 2 of the expansion project. The breakup of costs is as under:

		(Rs. in millions)
Particulars	Amount	
Machineries / Equipments	31.65	
Factory Buildings	14.03	
Other Cost	8.23	
Total	53.91	

Machineries

Statement showing the existing and proposed capacity of major plant and machineries to be used for readymade garments:

Name of Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity	Proposed capacity in million pieces per annum	Total Capacity on million pieces per annum
Auto spreader & cutter	-	1	1	-	5.00	5.00
Vertical plotter	-	1	1	-	-	-
Fusing press	1	2	2	-	1.50	1.50
Sewing machine	290	290	580	2.35	2.35	4.70
Thread cutting	-	30	30	-	2.00	2.00
Steam press tables	20	20	40	2.35	2.35	4.70

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from various indigenous and international suppliers. The total cost of machineries is expected to be Rs. 31.65 million. A contingency provision of 5% is kept on the total cost of the machineries. The details of machineries are given below:

Imported Machines

										(Rs. in millions)
Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Basic Cost	Other Cost*	Total Cost	
Automatic Spreading Machine	F.K. arna – Italia	New	Dated 07/08/06	1	Euro 188159	57.05	10.73	1.53	12.26	
Vertical Inkjet Plotter	F.K. arna – Italia	New	Dated 07/08/06	1	Euro 13270	57.05	0.76	0.07	0.83	
Top Fusing Press	Western India Marketing Co.	New	WIM/06-07/350 17/08/06	1	US\$ 6900	40.10	0.28	0.02	0.30	
Industrial Sewing Machine	-	New	Management Estimates	4	US\$ 13100	40.10	0.53	0.04	0.57	

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Basic Cost	Other Cost*	Total Cost
Industrial Sewing Machine	-	New	Management Estimates	3	US \$ 5175	40.10	0.21	0.01	0.22
Industrial Sewing Machine	-	New	Management Estimates	2	US \$ 1750	40.10	0.07	0.01	0.08
Stitching Machine	-	New	Management Estimates	37	US \$ 19861	40.10	0.80	0.06	0.86
Three Needle 5 Thread Flat Bed Flat Lock Machine	-	New	Management Estimates	2	US \$ 1560	40.10	0.06	0.01	0.07
Stitching Machine	Orbito Asia PTE Ltd.	New	MMIL 40/05-06 29/10/05	80	US \$ 72000	40.10	2.89	0.23	3.12
Stitching Machine	-	New	Management Estimates	162	US \$ 145800	40.10	5.85	0.48	6.33
Total									24.64

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses

b) Indigenous Machines

(Rs. in millions)								
Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost	
Air Cooling System	Batliboi Ltd.	New	Q/AT/TOT/1018A 04/05/06	3	1.39	0.32	1.71	
Thread cutting machine	-	New	Management Estimate	30	1.68	0.10	1.78	
Steam Press System	Ramsons – Veit Pvt. Ltd.	New	Dated 08/08/2006	20	0.54	0.12	0.66	
Machine table, trolley & finishing equipment	Anukool Furniture Systems Ltd.	New	-	-	0.90	0.05	0.95	
Electric Equipment	-	New	Management Estimate	-	1.80	0.11	1.91	
Total							7.01	

* Other costs include Excise duty, VAT, Freight, Installation and other incidental expenses

Factory Building

It is proposed to construct factory buildings for the expansion. The details are as follows:

Particulars	Area (In Square Meters)	Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	1920	6250	12.00
Site Development			
- Roads	900	1750	1.58
- Storm Water Drain	300	1500	0.45
Total			14.03

(Based on estimates given by SIJCON Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)	
Particulars	Amount
Pre operative Expenses	2.27
Working Capital Margin	3.68
5% Contingency Provision on Machineries	1.58
5% Contingency on Factory Building	0.70
Total	8.23

G) Expansion of existing embroidery facilities

Embroidered fabric finds wider application in home furnishing, dress material and garments. Our current capacity is 0.525 million meters per annum on a four single-sided machine. We now propose to install 4 Laser double-sided machine, which would increase the capacity by another 1.05 million meters per annum taking the aggregate capacity to 1.575 million meters per annum. Additionally 6 Tajima machines would also be installed giving us a capacity of 3.15 million pieces per annum. The total cost of expansion of embroidery facilities is expected to be Rs.168.80 millions. The breakup of costs is as under:

(Rs. in millions)	
Particulars	Amount
Machineries / Equipments	126.04
Factory Buildings	13.09
Other Costs	29.67
Total	168.80

Machineries

Statement showing existing and proposed capacity of major plant & machines to be used in embroidery:

Machine	Make/ Model	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity	Proposed Capacity	Total Capacity
Computerized embroidery machine	Laser MDTB DISC 20M	4 (Single Frame – 752 positions)	4 (Double frame – 1504 positions)	8	0.525 million meters per annum	1.05 million meters per annum	1.575 million meters per annum
Flat bed embroidery machine	Tajima TFKN 920	-	6	6	-	3.15 million pieces per annum	31.5 million pieces per annum
Shearing Machine		-	1	1			

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from various indigenous and international suppliers. The total cost of machineries is expected to be Rs. 126.04 million. A contingency provision of 5% is kept on the total cost of the machines. The details of machines are given below:

a) Imported Machines

(Rs. in millions)								
Machines/ Equipments	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Total Basic Cost	Other Cost*	Total Cost
Lasser Computerized Embroidery machine	New	40748 05/08/06	4	CHF 675000 Per machine	34.83	94.04	7.73	101.77
Tajima 20 Head Computerized Embroidery machine	New	ICC/QT/2005-06/40R 27/03/06	6	Yen 7850000 per machine	0.36	16.88	1.39	18.27

Machines/ Equipments	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Total Basic Cost	Other Cost*	Total Cost
UPS	New	Dated 30/06/06	1	US \$ 19140	40.10	0.77	0.10	0.87
Total								120.91

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses

b) Indigenous Machines

(Rs. in millions)

Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost
Air Handling Unit	Blue Star Ltd.	New	V317/06-07/03 24/05/06	1	0.63	0.15	0.78
Steam Auto Clave	Bluemoon Engg. & Mfg. Co.	New	BME/QUO/2006/88	1	0.49	0.11	0.60
Air Comprassor	Firdos & S.Cambatta Company	New	Fe-31036/NP/MJ 29/06/06	2	0.51	0.12	0.63
Shering Machine	Qurbani Engg. Works	New	Dated 13/07/06	1	0.55	0.03	0.58
Mandding & Stitching	Shah Sewing machine co.	New	Dated 11/07/06	Lot	0.04	-	0.04
Utility – Pipeing Ducting	-	-	Management Estimate	-	2.50	-	2.50
Total							5.13

* Other costs include Excise duty, VAT, Freight, Installation and other incidental expenses

Factory Building

It is proposed to construct a factory building for embroidery facilities. The details are as follows:

Particulars	Area (In Square Meters)	Average rate per square meter (Rs.)	Total Cost (Rs. million)
Main Factory Building	1575	6167	9.71
Site Development			
- Roads	1500	1750	2.63
- Storm Water Drain	500	1500	0.75
Total			13.09

(Based on estimates given by SIJCON Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Amount
Pre operative Expenses	8.07
Working Capital Margin	14.65
5% Contingency Provision on Machineries	6.30
5% Contingency on Factory Building	0.65
Total	29.67

H) Expansion of existing warp knitting facilities

We are currently operating on Karl Mayer warp knitting machines. The total cost of expansion of warp knitting facilities is expected to be Rs. 56 millions. The breakup of costs is as under:

(Rs. in millions)	
Particulars	Amount
Machineries / Equipments	41.14
Factory Buildings	5.14
Other Costs	9.72
Total	56.00

Machineries

Statement showing existing and proposed capacity of major plant & machines to be used for warp knitting.

Machine	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity In TPA	Proposed Capacity In TPA	Total Capacity in TPA
210" Tricot warp knitting machine	8	6	14	721	998	1719
Drum Machine	4	2	6	721	998	1719

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from Mirae International Korea. The total cost of machineries is expected to be Rs. 41.14 million. The details of the same are given below:

Imported Machines

(Rs. in millions)									
Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Total Basic Cost	Other Cost*	Total Cost
210" Tricot Warp knitting machine	Mirae International, Korea	New	20/07/06	6	US\$ 133000 per set	40.10	32.00	2.95	34.95
Drum Warper	Mirae International, Korea	New	20/07/06	2	US \$ 24000 per set	40.10	1.92	0.18	2.10
Beam	Mirae International, Korea	New	20/07/06	200	US \$ 240 per set	40.10	1.92	0.17	2.09
Electrification	-	-	-	-	-	-	2.00	-	2.00
Total									41.14

* Other costs include Custom Duty, Insurance, freight, unloading, transportation and other incidental expenses

Factory Building

It is proposed to construct a factory building for warp knitting facilities. The details are as follows:

Particulars	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	262.50	7000	1.84
Site Development			
-Roads	1500	1750	2.63
- Storm Water Drain	450	1500	0.68
Total			5.15

Based on estimates given by SIJCON Consultants Private Limited

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries & factory building. The breakup of other costs is as under:

(Rs. in millions)	
Particulars	Amount
Pre operative Expenses	2.63
Working Capital Margin	4.77
5% Contingency Provision on Machineries	2.06
5% Contingency on Factory Building	0.26
Total	9.72

1) Expansion of existing POY, FDY & texturised yarn facilities

We already have large capacities in POY, FDY and texturised yarn. Due to increased demand by our customers and also due to increased captive requirement of yarn we have laid down a capacity expansion program in our POY, FDY and texturised yarn facilities.

The following table shows the existing and proposed capacities in POY, FDY and texturised yarn facilities.

Particulars	Existing Capacity	Proposed Additional Capacity	Total Capacity
POY/ FDY	32850 TPA	2625 TPA	35475 TPA
Texturised Yarns	9125 TPA	12196 TPA	21321 TPA

The total cost of expansion of POY, FDY & texturised yarn facilities is expected to be Rs.484.83 millions. The breakup of costs is as under:

(Rs. in millions)			
Particulars	Phase 1	Phase 2	Total
Machineries	51.24	238.49	289.73
Factory Buildings	72.10	49.15	121.25
Other Cost	16.64	57.21	73.85
Total	139.98	344.85	484.83

Machineries

Statement showing existing and proposed capacity of major plant & machineries to be used for POY, FDY and texturised yarn:

Machine	Make/ Model	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity In TPA	Proposed Capacity In TPA	Total Capacity In TPA
Draw Twisters	Isikawa ST-1522 E 156 spindels	5	6	11	3465 TPA (70 D)	3671 TPA (70 D)	7136 TPA (70 D)
Texturising	Murata 3J2 432 spindels	3+4 Alidhara	1	8	9450 TPA (90 D)	1363 TPA (90 D)	10813 TPA (90 D)
Air Textirising	a) Mirae AT-501 120 spindels	1	2	3	595 TPA (160 D)	1190 TPA (160 D)	1785 TPA (160 D)
	b) AIK1	-	2	2	-	931 TPA	931 TPA
POY spinning line	Shanghai Jwell	17	2	19	24850 TPA (125 D)	2625 TPA (110 D)	27475 TPA
Auto winder	Shanghai Jwell	6 End-40	16 (8 ends)	224	24850 TPA (125 D)	2625 TPA	27475 TPA
		8 ends - 96					
		12 ends - 72					

Machine	Make/ Model	Existing no. of Machines	Proposed no. of Machines	Total no. of Machines	Existing Capacity In TPA	Proposed Capacity In TPA	Total Capacity In TPA

(Source: Technical appraisal report by MANTRA)

We propose to acquire the following machines / equipments from various indigenous and international suppliers. The total cost of machineries is expected to be Rs. 289.73 millions. The details of the same are given below:

Phase 1:

Imported Machines

(Rs. in millions)									
Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Total Basic Cost	Other Cost*	Total Cost
Ishikawa Draw twister	-	Second hand	Management Estimate	12	US \$ 636000	40.10	25.50	2.35	27.86
Total									27.86

* Other costs include Custom duty, Insurance, Freight, Installation and other incidental expenses

Indigenous Machines:

(Rs. in millions)								
Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost	
For Second Hand Draw Twister								
Mechanical								
M.S Beam	Agarwal Steel Corporation	New	ASC/1951 13/03/06	-	1.66	0.10	1.76	
Hot Insulation Work	National Industrial Services	New	NIS/CPL/0306 14/03/06	-	0.32	0.02	0.34	
Bobin Gear etc.	Nirali Technologies	New	2/13605 13/03/06		0.89	0.05	0.94	
Equipment	Orient Enterprise	New	OE/SKF/2005-06 13/03/06	28	0.14	0.04	0.18	
Pipe fittings & flange	Fit well industries	New	FWI/ASD/270/06 13/03/06	-	0.48	0.01	0.49	
D.T	Devang B. Dalal	New	20/12/05	12	1.74	0.10	1.84	
Utility								
Vapour Absorption Heat pump	Thermax Ltd.	New	AHD/SK/01 13/03/06	2	4.70	1.29	5.99	
Fitter for 1200 CFM HOC Air Dryer	Airox Nigen Equipments Pvt. Ltd.	New	ANE/OFR/CHIRIPAL KP/630135 14/03/06	4	0.64	0.15	0.79	
AHU & Ducting	Patels Airtemp India Ltd.	New	PAT/PROJ/1010604/4 18/03/06	-	1.08	0.25	1.33	
Valve	S.M.Enterprise	New	SM/CHIRIPAL/3117/05-06 13/03/06	-	0.17	-	0.17	
Erw Elboo & SORF Flange ASA	Fit well Industries	New	FWI/ASD/1 to 4/06 13/03/06	-	0.02	-	0.02	
Installation								
Pressure Switch	Unitech Systems	New	UD/03256/CHIRIPAL 646 14/03/06	20	0.06	0.02	0.08	
Temperature Control	Amtech	New	AEIL/PP/63F/06-07	12	0.84	0.19	1.03	

Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost
Panel	Electronics (India) Ltd		26/04/06				
Air regulator with gauge	SMC P neumatics (India) pvt. Ltd.	New	SMC/Q05/A/715 13/03/06	12	0.23	0.05	0.28
Temperature Control penal	Spectrum Solutions	New	Dated 21/01/06	-	0.52	0.12	0.64
Invertor	Amtech Electronics (India) Ltd	New	AEIL/KRK/PP/Q-765- C/05.06 13/03/06	28	1.70	0.40	2.10
Pressure Gauge	Unitech Systems	New	UD/03256/CHIRIPAL 645 14/03/06	40	0.06	0.02	0.08
AC VFD Panel	Amtech Electronics (India) Ltd.	New	AEIL/PP/63D/06-07 24/04/06	3	0.31	0.07	0.38
Electrification							
Electrification Work	Swati Switchgears (India) Pvt. Ltd.	New	SS/QT/SK/CPL-825/06 17/03/06	-	4.00	0.94	4.94
Total							23.38

* Other costs include Excise duty, VAT, Freight, Installation and other incidental expenses

Phase 2:

Imported Machinery

(Rs. in millions)

Machines/ Equipments	Supplier	New/ Second Hand	Ref. No.	Qty	Price	Conversion Rate (Unit)	Total Basic Cost	Other Cost*	Total Cost
Murata Texturising Machine	Mirae International Co. Ltd., Korea	Second Hand	MR06071009 10/08/06	1	US \$ 379500	40.10	15.22	1.40	16.62
AC VFD Module	-	New	Management Estimate	3	Yen 5457429	0.36	1.96	0.18	2.14
Spinning Line- 1135 dia extruder, barrel & pumps	Shanghai Jwell Chemical Fiber Machinery Co. Ltd.	New	19/04/06	2	US \$ 94600	40.10	3.79	0.35	4.14
90 mm dia extruder	Shanghai Jwell Chemical Fiber Machinery co. Ltd	New	09/06/06	1	US \$ 21500	40.10	0.86	0.08	0.94
Inverter	Meidensha Corporation	New	CAP-0062/2006-07 15/06/06	94	Yen 4116088	0.36	1.48	0.21	1.68
Spinneret	Sossna GmbH	New	6101-160 21/03/06	1	US \$ 9675	40.10	0.39	0.06	0.44
Statimate ME Machine		New	Management Estimate		Euro 56010	57.05	3.20	0.30	3.50
JWA8A/1200/5500 & Oil Mist System (Auto Winder Machine)	Shanghai Jwell Chemical Fiber Co.	New	JW-SH-060718 17/12/05	16	US \$ 410000	40.10	16.44	2.34	18.78

	Ltd.								
Automatic Tensile tester	-	New	Management Estimate	1	Euro 54759	57.05	3.12	0.26	3.38
TOTAL									51.62

Indigenous Machines:

(Rs. in millions)

For Second Hand Murata Texturising Machine								
Machine/ Equipments	Supplier	New / Second	Ref. No.	Qty	Basic Cost	Other Costs*	Total Cost	
Mechanical								
Equipment	Orient Enterprise	New	OE/SKF/2005-06 13/03/06	10	0.12	0.02	0.14	
Shell Lubricant Preposition	P.K. Sons Trade-Link Pvt. Ltd.	New	PK/SHELL/141/2006 13/03/06	1	0.12	0.03	0.15	
D. Tex erection	Devang B. Dalal	New	Dated 20/12/05	2	0.29	-	0.29	
Utility								
AHU & Ducting	Patel Airtemp India Ltd	New	PAT/PROJ/1010604/4 18/03/06		1.10	0.26	1.36	
Non Lubricated air compressor (air twister)	Elgi Equipments Limited	New	23335056C 13/03/06	1	3.91	0.90	4.81	
Vapour absorption heat pump	Themax Ltd.	New	AHD/SK/01 13/03/06	1	4.07	1.04	5.11	
Non lubricated air compressor (Draw twister)	Elgi Equipments Limited	New	23335056B 13/03/06	1	3.83	0.89	4.72	
Valve	S.M Enterprises	New	Dated 13/03/06	8	0.03	-	0.03	
Pipes	Mahavir Corporation	New	MC 245 13/03/06	1	0.97	0.02	0.99	
Elbow etc.	Fit well industries	New	FWI/ASD/1 24/02/06	1	0.05	-	0.05	
Installation								
Invertor	Amtech Electronics India Pvt Ltd	New	AEIL/KRK/PP/Q-765 13/03/06	2	0.22	0.05	0.27	
Air regulator with gauge	SMC P neumatics (India) pvt. Ltd	New	SMC/Q05/A/715 13/03/06	2	0.04	0.01	0.05	
Electrification								
Electrification Work	Swati Switchgears (India) Pvt. Ltd.	New	SS/QT/SK/CPL-827/06 17/03/06		1.75	0.40	2.15	
Total (A)							20.12	

Draw Texturising Loose Machine								
Machine								
Draw Texturising Loose Machine	Aalidhra Texspin Engineers		Dated 02/02/06	3	32.09	7.43	39.52	
Mechanical								
Piping	V.Jashvantlal & Co.	New	Dated 25/04/06	-	0.05	-	0.05	
Twister Machine	Patels Airtemp (India) Ltd.	New	PAT/PROJ/1010604/6 18/03/06		1.08	0.25	1.33	
1400 CFM HOC Type Air dryer	Airox Nigen Equipment Pvt. Ltd.	New	ANE/OFR/CHIRIPAL KP/0630133 13/03/2006	1	1.6	0.37	1.97	

Fitter for 1400 CFM HOC Type Air Dryer	Airox Nigen Equipments Pvt. Ltd	New	ANE/OFR/CHIRIPAL KP/0630136 14/03/06	4	0.39	0.09	0.48
Installation							
Air reulator with gauge	SMC P pneumatics (India) Pvt. Ltd.	New	SMC/Q05/A/714 13/03/06	14	0.27	0.06	0.33
Electrification							
Electrification Work	Swati Switchgears (India) Pvt. Ltd	New	SS/QT/SK/CPL-826/06 17/03/06	-	4.20	0.97	5.17
Total (B)							48.85
Twister Texpro-160	Aalidhra Texpro Engineers Pvt Ltd.	New	Dated 26/06/06	6	7.00	1.62	8.62
Utility/Mechanical/ Electrification	-	-	Management Estimate	-	1.70	0.39	2.09
Total (C)							10.71
Misc. & Other Expenses.							
Air Compressors	Ingersoll Rand	New	Dated 08/07/06	1	6.90	1.46	8.36
Chiller (Steam Fixed Vapour Absorption Heat Pump)	Thermax Ltd.	New	AHD/SK/01 22/03/06	1	13.51	3.13	16.64
Boiler	Cethar Vessels Pvt. Ltd.	New	CVPL/RA-NO/411 14/08/06	1	10.80	5.01	15.81
Total (D)							40.81
Electrification		New	Management Estimate	-	21.20		21.20
Total (E)							21.20
Spinning Line							
Mechanical							
Lights & Fixtures	Om Heet Enterprise	New	Dated 01/06/06	-	0.13	-	0.13
Cable Trays	Indiana Cable Trays Corporation	New	IGPL/BRD/KVT/QTN/29-2006 02/05/06	1	0.31	0.07	0.38
Cables		New	Management Estimate	Lot	3.18	-	3.18
Instrument Cables	Udey Pyrocables Pvt. Ltd.	New	UP/Q/21139 27/05/06	Lot	0.82	-	0.82
Electro-Pneumatic Positioner	Samsons Controls	New	Dated 29/05/06	Lot	0.09	0.01	0.10
Inverter Panels	Amtech Electronics India Ltd.	New	AEIL/126/06-07 31/05/06	Lot	1.24	0.28	1.52
Oil Mist Lubrication System	Centraline Lubro-Tech Engineers Pvt. Ltd	New	CL/EMF-4947/2781 25/05/06	Lot	0.06	0.02	0.08
Pipe Fittings	Fit-Well Industries	New	FWI/ASD/006/06 02/06/06	-	0.40	0.03	0.43
Sight Glass	Flow-Tek Valves & Controls Inc.	New	INC/QTN/139/06-07 08/06/06	1	0.02	-	0.02
"BELOFLEX" Metallic Expansion Bellows	B.D Engineers	New	BDE/CPL/Q-5653/0151/06-07 10/06/06	4	0.04	0.01	0.05
Ejectors		New	Management Estimate		0.80	-	0.80
Level gauge	Process Equipment Corporation	New	ABD/PI/06/095 01/06/06	-	0.04	0.01	0.05
Level gauge	Process Equipment Corporation	New	ABD/PI/06/061 13/04/06	1	0.11	0.03	0.14
Safety Valves	Darling Muesco India Pvt. Ltd.	New	Dated 03/04/06	1	0.03	0.01	0.04
Piston Valves	Uni klinger Ltd.	New	BR/FCD/0607/005 04/04/06	74	0.57	0.14	0.71

Electric Cum Thermo Pack Dowtherm heater	Kantilal Chunilal & Sons Appliances Pvt. Ltd	New	CPLA/KC011/NPD/06 9/04/06	1	0.20	0.04	0.24
Tanks	Heat Chem Eng. Co.	New	25711755	2	0.40	0.09	0.49
Heat Exchnager	Heat Chem Eng. Co.	New	25711755	1	0.13	0.03	0.16
Grating	Indiana Gratings Pvt. Ltd.	New	IGPL-GT/BRD/KVT/QTN/032/2006 08/06/06	50 Square meters	0.09	0.02	0.11
Blower	Patels AirFlow Ltd.	New	PAF/SALES/HP/2089 12/07/06	3	0.06	0.01	0.07
Pneumatic Conveying System	Coperion Ideal Pvt. Ltd.	New	ISI0177.2 1/6/06	-	1.75	0.40	2.15
Suction Hood		New	Management Estimate	-	0.30	-	0.30
Utilities							
Pipe Fittings	Fit-wel Industries	New	FWI/ASD/096/86 02/06/06	-	0.40	0.03	0.43
Valves	Blue Star Engineering	New	BE/QTN/Chiripal-25 19/05/06	-	0.21	0.05	0.26
Pipes Fitting	Pooja Steel & Alloys	New	PSA/QT/06-07/198 13/06/06	-	0.01	-	0.01
Pipes Fitting	Calico Metals	New	CM/AHD/0175 08/06/06	-	0.49	0.11	0.60
Quench & take up AHU	Aerotherm Proucts	New	AP:2006-07:401:1019 10/08/06	2	5.10	1.18	6.28
Johnson Pump	Acquitech Engineers Pvt. Ltd	New	AEPL/Q-00102/05-06 06/06/06	-	0.22	0.02	0.24
Nitrogen Pump	Airox Nigen Equipments Pvt. Ltd.	New	ANE/OFR/99111/KG/060529 29/05/06	-	2.10	0.49	2.59
Duct & insulation on AHU		New	Management Estimate	-	1.00	-	1.00
Air Compressor	Ingersoll Rand India Ltd.	New	-	1	8.05	1.86	9.91
Oil Cooled Distribution transformer	Voltamp Tranformers Ltd.	New	VTL/DT/06-07/GPG 25/08/06	-	1.96	0.45	2.41
Water Softening Plant	Tech Aid	New	TA/TH/0507/06-07 28/07/06	1	1.13	0.27	1.40
VCB	Kunal Trading Co.	New	Dated 24/08/06	1	0.45	0.10	0.55
Furnace Oil cum Gas Fired Fluid Heater	Heatex Engineering Co.	New	Hec/Quo/2005-06/35/Apr 03/10/05	-	2.06	0.48	2.54
Cleaning System	Pemco Process Equipment (India) Pvt. Ltd.	New	P/06-07/180	1	2.43	0.56	2.99
Total (G)							43.18
8 End Auto Winder							
Utilities, Electrification & Instrumentation	-	New	Management Estimate	-	2.00	-	2.00
Total (H)							2.00
Total (A+B+C+D+E+F+G+H)							186.87

Factory Building

It is proposed to construct a factory building for POY, FDY and texturised yarn facilities. The details are as follows:

Particulars	Phase 1	Phase 2	Total
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	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)	Area (In Square Meters)	Average Rate per Square Meters (Rs.)	Total Cost (Rs. Million)
Main Factory Building	9951	6277	62.47	4976	6277	31.23	14927	6277	93.70
Ancillary Building	-	-	-	3545	3697	13.10	3545	3697	13.10
Site Development	3714	2594	9.63	1857	2594	4.82	5571	2594	14.45
Total			72.10			49.15			121.25

(Based on estimates given by SMPS Consultants Private Limited)

Other Costs

Other costs include pre-operative expenses, working capital margin and contingency provision on machineries and factory building. The breakup of other costs is as under:

(Rs. in millions)

Particulars	Phase 1	Phase 2	Total
Pre operative Expenses	4.53	15.11	19.64
Working Capital Margin	5.95	27.72	33.67
5% Contingency Provision on Machineries	2.56	11.92	14.48
5% Contingency on Factory Building	3.60	2.46	6.06
Total	16.64	57.21	73.85

2. Acquiring equity stake in Vraj Integrated Textile Park Limited

Chiripal Group is lead promoting an Integrated Textile Park (ITP) as per the Scheme of Integrated Textile Park framed by Ministry of Textiles, Government of India.

As per the Scheme of Integrated Textile Park an amount of Rs. 6250 million was provided by the Government of India for the development of these parks in a two year period between 2005-06 and 2006-07.

An SPV in the name of Vraj Integrated Textile Park Limited (VITPL) has been incorporated by a group of entrepreneurs led by Chiripal Group for setting up the ITP near Ahmedabad. The VITPL is to be spread over an area of 57.07 acres, adjacent to NH-8 in Bidaj Village, Kheda District, and located at a distance of around 30 Km from Ahmedabad airport. The Ministry of Textiles, Government of India has appointed IL & FS as the project management consultant for the VITPL.

The VITPL will house 36 textile units. The land has been acquired and the work on the site has commenced. The project is expected to be completed by September, 2008. As per the Scheme of Integrated Textile Park, a majority stake in the textile park shall rest with the members of the park.

The VITPL is eligible for subsidy from the Government of India to the extent of Rs. 400 millions out of which Rs. 120 million is already received. The VITPL is expected to generate employment for 6690 people directly and 10175 people indirectly. The total cost of the project and means of finance are given below:

(Rs. in Million)

Particulars	Amount
Land Cost	91.00
Common Infrastructure	432.60
Common Facilities	24.60
Factory Building	450.20
Technical Fees	45.40
Project Cost Eligible under Scheme of Integrated Textile Park	1,043.80
Pre Operative Expenses	71.00
Total Cost	1,114.80

(Source: Detailed Project Report prepared by IL & FS CDI Ltd.)

The project is proposed to be funded as under:

(Rs. in Million)	
Particulars	Amount
Promoters Contribution	
- Equity Share Capital	50.00
- Non Refundable Infrastructure Contribution	173.00
Grant under Scheme of Integrated Textile Park	400.00
Term Loans	491.80
Total	1,114.80

(Source: Detailed Project Report by IL & FS CDI Ltd.)

The VITPL would provide necessary infrastructure in the form of land, building & common facilities to the textile units. Each textile unit would have to bring in the required plant and machineries to undertake manufacturing activities. The following table shows the proposed facilities along with the investment required by textile units:

Activity	Units	Area (In acres)	Expected investment in plant & machineries (Rs. in million)	Expected Production Capacity
Spinning	1	6.45	800.00	14400 Kg/day
Weaving	14	19.46	1720.00	154112 meters/day
Processing	1	4.67	300.00	50000 meters/day
Garmenting	18	23.37	228.80	51850 pieces/day
Sizing	1	1.55	150.00	154112 meters/day
Yarn Dyeing	1	1.57	250.00	10000 Kg/day
<i>Total</i>	36	57.07	3448.80	

(Source: Detailed Project Report prepared by IL & FS CDI Ltd.)

Our Company proposes to acquire 43% equity stake in VITPL, which has been approved at the board meeting of VITPL held on 19th December, 2007. An MoU dated February 19, 2008 has been executed between our Company and VITPL for subscribing 2.15 million shares of Rs. 10 each amounting to Rs. 21.50 million.

3. Investment in our subsidiary, Chiripal Lifestyle Limited, to open exclusive brand outlets

In order to capitalize on our strength of low cost manufacturing and to reap benefit of enhanced margins, our subsidiary, Chiripal Lifestyle Limited is venturing into distribution of apparels by opening exclusive brand outlets in the name of *ConneXions*.

Opening of exclusive brand outlets and establishing the brand, *ConneXions*, is a natural forward integration. We believe creation of brand and marketing apparels through CLL brings natural synergies, as our Company is present in the entire chain right from manufacturing of yarn to garments.

The brand, *ConneXions*, shall offer value proposition to the consumers. The target market of CLL is in the age group of 17-35 years.

CLL has laid down the following strategy to market its brand “*ConneXions*”:

- i. CLL owned outlets
- ii. Franchisee operated outlets
- iii. Multi brand outlets

In the first phase CLL would be opening around 20 outlets across the country with around 5 outlets in Ahmedabad itself. The total investment in the first phase in establishing 20 stores across the country would be approximately Rs. 60.00 million. After establishing itself in the market of market of Ahmedabad CLL plan to roll out stores in other cities of Gujarat also like Surat, Vadodara, Rajkot, Jamnagar, Bhavnagar, etc.

CLL plan to open as many as 31 outlets in the state of Gujarat itself. CLL would also be opening outlets in other major cities of the country.

The implementation schedule for phasewise store rate out project of CLL is as follows: -

Particulars	(No. of Outlets)			
	Phase 1 March 2008 – March 2009	Phase 2 2009-2010	Phase 3	
	2010-2011	2011-2012		
Western India				
Gujarat				
- Ahmedabad	5			
- Other cities of Gujarat	3	7	8	8
- Other parts of western India	5	5	8	8
Northern India	5	5	7	7
Eastern India	-	2	2	3
Southern India	2	4	8	8
Total	20	23	33	34

The estimated cost of setting up exclusive outlet is expected to be Rs. 1.80 million per outlet. To start with, we propose to fund the first phase through the proceeds of the public issue. The estimated cost of setting up 20 outlets in first phase is expected to be Rs. 60 million. The remaining phases would be funded by CLL through internal accruals, debt and equity.

The break up of estimated cost of outlets is given below:

Particulars	(Rs. in Millions)	
	Per Store Cost (500 Sq. ft)	
Store Deposit (Rs. 750 per Sq.ft)	0.38	
Furniture & Fixture		
- Architect Fees (Rs. 60,000 per store)	0.06	
- Furniture & Fixture (Rs. 2000 per Sq. ft)	1.00	
Computers	0.05	
Pre Operative Expenses	0.15	
Contingency (10%)	0.16	
Inventory(per store)	1.20	
Total	3.00	
Total Cost of 20 Outlets in Phase I	60.00	

4. General corporate purposes

The Net Proceeds will be first utilised towards implementation of the aforementioned projects and the balance is proposed to be utilized for general corporate purposes including but not limited to brand building exercises and strengthening of our marketing capabilities. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

5. Public Issue Expenses

The Issue expenses estimated by our Company are as under:

Particulars	(Rs. In millions)	
	Expenses *	
Lead management, underwriting and selling commission	•	
Advertising and marketing expenses	•	
Printing and stationery	•	
Others (Registrar's fee, IPO grading expenses, legal fee, listing fee, etc.)	•	
Total	•	

* will be updated in the Prospectus

Means of Finance

Equity Share Capital

Our Company is planning to raise Rs. [●] millions through public issue of Equity Shares, being issued in terms of the Draft Red Herring Prospectus.

Term Loans

The project of expansion and modernization of existing manufacturing facilities is proposed to be financed by way of Term Loan aggregating Rs. 1,670 millions. The Company has received final sanction aggregating to Rs. 2,765 millions for the term loan from 10 banks.

The details of the final sanction received by the Company is given below:

(Rs. in millions)			
Banks	Date of Sanction	Sanction Letter Number	Amount Sanctioned
Allahabad Bank	09/09/2007	AB/SPN/ADV/CIL/919	145.00
Jammu & Kashmir Bank	28/09/2007	AP/2007	300.00
Canara Bank	19/11/2007	CBNAV: CR:07 UK	350.00
IDBI Bank	25/09/2007	IDBI/ABO/CFD/No.2788	350.00
Bank Of India	27/11/2007	ACBB: ADV: GMA:1089	320.00
State Bank of Patiala	10/07/2007	SBP/CIL/2007-08/167	200.00
State Bank of Hyderabad	20/03/2007	F/CHIRIPAL/887	250.00
Karnataka Bank	11/04/2007	PF(222)/OR:164/2007-08	150.00
State Bank of Travancore	10/07/2007	DGM/MUM	200.00
State Bank of India	09/01/2007	CBA/CPC/824	500.00
Total			2765.00

The above total constitutes 165.57% of the total debt funds requirement.

Internal Accruals

The company proposes to use internal cash accrual to the extent of Rs. [●] millions over the next three years.

Deployment of Funds to the Project

As on January 31, 2008, approximately Rs. 367.04 million has been incurred on the proposed project. The same has been certified by M/s Nahata Jain & Associates, Chartered Accountants vide their certificate dated March 11, 2008.

The Company has incurred the following expenditure on the project till January 31, 2008

(Rs. In millions)	
Deployment of Funds	Amount
Land Conversion Charge	5.24
Building & Civil Work	148.92
Plant & Machinery	208.67
Other Fixed Assets	0.56
Pre-operative Expenses	3.65
Total	367.04

The means of finance above capital cost incurred by our Company is given below:

(Rs. In Millions)	
Particulars	Amount
Term Loan	241.77
Internal Accruals	125.27
Total	367.04

Interim Use of Funds

Pending utilisation of funds as stated above, the Company intends to invest the proceeds of the fresh issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration. Our management in accordance with the policies established by our board of directors from time to time will have flexibility in deploying the net proceeds of the issue.

Monitoring of Utilisation of Funds

The Audit Committee will monitor the utilisation of issue proceeds. Other than as mentioned above, no part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key managerial personnel or companies promoted by our Promoters except in the course of normal business.

BASIC TERMS OF THIS ISSUE

Public Issue of 14,216,700* Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] millions (the “Issue”) by Chiripal Industries Limited (“our Company” or the “Issuer”). The Issue comprises a Net Issue to public of 12,100,000 Equity Shares at Rs. [●] each (the “Net Issue”), Promoters’ Contribution of 1,916,700 Equity Shares at Rs. [●] each and a reservation of upto 200,000 shares at Rs. [●] each for Eligible Employees of our Company (the “Employee Reservation Portion”). The Net Issue will constitute 34.57% of the fully diluted post Issue paid-up capital of our Company. The Issue would constitute 40.62% of the fully diluted post Issue paid-up capital of our Company.

** Our Company is considering a Pre-IPO Placement prior to the completion of this Issue. If the Pre-IPO Placement is completed, the Net Issue to the Public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue to the Public being 25% of the post Issue paid-up capital of our Company. We will complete the issuance of such Equity Shares pursuant to the Pre-IPO Placement, if any, prior to filing the Red Herring Prospectus with RoC.*

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. For description of our Articles of Association, please refer the section titled “Main provisions of the Articles of Association” beginning on page [●] of the Draft Red Herring Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a Face Value of Rs. 10/- each are being issued in terms of the 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 of our Company, subject to applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

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

- 1) Right to receive dividend, if declared;
- 2) Right to attend general meetings and exercise voting powers, unless prohibited by law;
- 3) Right to vote on a poll either in person or by proxy;
- 4) Right to receive offers for rights shares and be allotted bonus shares, if announced;
- 5) Right to receive surplus on liquidation;
- 6) Right of free transferability; and
- 7) Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, Memorandum and Articles of Association of our Company and the Listing agreements to be entered with the Stock Exchanges.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer "Main Provisions of the Articles of Association" beginning on page 206 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, please refer the chapter titled "Issue Procedure - Basis of Allotment or Allocation" on page [●] of the Draft Red Herring Prospectus.

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 and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative factors

For some of the qualitative factors, which form the basis for computing the price refer to the sections titled “Our Business” on page [●] and “Risk Factors” on page [●], respectively.

Quantitative factors

Information presented in this section is derived from the Company’s restated standalone financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

Weighted average earnings per share (EPS)

Financial period	EPS (Rs.)	Weight
Financial year 2005	8.34	1
Financial year 2006	16.66	2
Financial year 2007	11.76	3
*Six month period ended on September 30, 2007	6.96	
Weighted average	12.82	

** Not annualized for 6 months*

Notes:

- *The earnings per share has been computed on the basis of adjusted profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments / re-groupings pertaining to earlier years as per the auditors report.*
- *The face value of each equity share is Rs. 10.*

Price/earning (P/E) ratio

- Based on the financial year ended March 31, 2007, EPS is Rs. 11.76.
- P/E based on the financial year ended March 31, 2007, EPS is Rs. [●] at the Floor Price and Rs. [●] at the Cap Price.
- Industry P/E*:
 - (a) Highest: 99.6
 - (b) Lowest: 4.9
 - (c) Average: 39.2

(*Source: Capital Market – Vol. XXII/24 January 28-February 10, 2008, Segment –Textile-Manmade)

Weighted average return on net worth**

Financial period	Return on average net worth (%)	Weight
Financial year 2005	14.37	1
Financial year 2006	23.75	2
Financial year 2007	18.44	3
*Six month period ended on September 30, 2007	11.58	
Weighted average	19.53	

* Not annualized for 6 months

** Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our audited restated financial statements.

Minimum return on increased net worth required to maintain pre-Issue EPS

The minimum return on increased net worth required to maintain pre-Issue EPS is [●] %.

NAV per Equity Share

NAV per equity share represents shareholders' equity less miscellaneous expenses as divided by number of equity shares outstanding at the end of fiscal year. The NAV per Equity Share at March 31, 2007 is Rs. 53.13 and the NAV per Equity Share at September 30, 2007 is Rs. 60.12.

NAV per Equity Share after the Issue

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

The Issue Price per Equity Share is Rs. [●].

The Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

Comparison of accounting ratios as of March 31, 2007

	EPS (Rs.)	P/E	Return on average net worth (%)	Book value per share (Rs.)
Chiripal Industries Limited*	11.8	●	18.44	53.12
Indo Rama Synthetics	1.4	43.4	2.7	41.4
JBF Industries	19.3	9.6	23.5	73.0
Century Enka	6.2	25.3	2.8	224.8
Filatex India	3.7	11.4	-12.8	27.3
SRF	32.8	4.9	42.8	119.9

* Our EPS, return on average net worth and book value per share have been calculated from our audited restated consolidated financial statements.

** Source for other information is Capital Market – Vol. XXII/24 January 28-February 10, 2008, Segment –Textile-Manmade

The BRLM believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. For further details, see the section titled “Risk Factors” on page [●] and the financials of the Company including important profitability and return ratios, as set out in the auditor's report stated on page [●] to have a more informed view.

STATEMENT OF TAX BENEFIT

To

The Board of Directors
Chiripal Industries Limited
Chiripal House
Shivranjani Cross Roads
Satellite
Ahmedabad - 380015
India

Statement of Tax Benefits

We hereby report that the enclosed annexure states the tax benefits available to Chiripal Industries Limited (the "Company") and its shareholders under the tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant 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 in the statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For NAHTA JAIN & ASSOCIATES

Chartered Accountants

Partner
Membership No. 116735

PLACE: Ahmedabad
DATE: March 12, 2008

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO CHIRIPAL INDUSTRIES LIMITED AND TO ITS SHAREHOLDERS

Under the Income-Tax Act, 1961 (“the Act”):

I. Benefits available to the Company

1. As per the provisions of Section 32 of the Act, the company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

In accordance with and subject to the conditions specified in Section 32(I)(iia) of the Act, the company is entitled to an additional depreciation allowance of 20% of the cost of new machines acquired and put to use during an year.

2. 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 April 2003 by domestic companies) received on the shares of any company is exempt from tax.
3. As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a company as referred to in section 2(h) of the said Act.

4. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, “Equity Oriented Fund” means a fund –

- (i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
 - (ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.
5. As per section 88E of the Act, the securities transaction tax paid in respect of taxable securities transaction entered into the course of business would be eligible for a rebate from the amount of income tax on the income chargeable under the head “Profits and gains from business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in

computing the income chargeable to tax as capital gain, for the amounts paid on account of securities transaction tax.

6. As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax @ 11.33% (including a surcharge of 10% and education cess of 3% on the overall tax) of the book profits determined.
7. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.
8. 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 such transfer. However, if the assessee transfers 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 1st day of April 2006:

- (i) 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 purposes of this section; or
 - (ii) 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.
9. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:

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 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

3. As per section 10(38) of the Act, long-term capital gains arising to the shareholder from the transfer of a long-term capital asset being an equity share in the Company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
4. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction 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, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as "Capital Gains" or under the head "Profits and Gains of Business or Profession" for such amount paid on account of securities transaction tax.
5. As per section 112 of the Act, if the shares of the Company are listed on a recognised stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
6. 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 such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the act. However, if the assessee transfers 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 1st day of April 2006:

- (i) 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 purposes of this section; or
 - (ii) 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.
7. As per section 54F of the Act, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long-term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in the residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
8. As per section 111A of the Act, short-term capital gains arising to the shareholder from the sale of equity shares of the Company or a unit of equity oriented fund transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax will be taxable at the rate of 10% (plus applicable surcharge and education cess).

10. Section 88E provides that where total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transaction, he shall get rebate of securities transaction tax paid by him in course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transaction calculated by applying average rate of income tax. However, the amount of deduction shall not exceed securities transaction tax paid by investor.

III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors).

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 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 shareholder 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 shareholder.
3. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits & Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profit and gains of Business or Profession” for such amount paid on account of securities transaction tax.
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 such transfer. However, if the assessee transfers 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 1st day of April 2006:

- (i) 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 purposes of this section; or
 - (ii) 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. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital assets, not being a residential house, will be exempt from capital gain tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

6. Under section 115-C(e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:
- (i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessorally taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
 - (ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - (iii) As per 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 specified 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.
 - (iv) As per 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 the assessment year in which he is first assessable as a Resident, 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.
 - (v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his 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 the other provisions of the Act.
7. 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 non-resident 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 non-resident.

IV. 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 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 or a unit of equity oriented fund

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:

Nature of income	Rate of tax (%)
Long-term capital gains	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.

4. 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.
5. 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 such transfer. However, if the assessee transfers 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 1st day of April 2006:

- (i) 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 purposes of this section; or
 - (ii) 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.
6. Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains not covered under Section 10(38) of the Act arising on the transfer of shares of the Company, will be exempt from capital gain tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
7. As per section 88E of the Act, where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.
8. 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.

V. Venture Capital Companies/Funds

1. As per section 10(23FB) of the Act, all venture capital companies/funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the Company. However income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

VI. Mutual Funds

1. As per 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 thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Benefits to shareholders of the Company under the Wealth Tax Act, 1957

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

Benefits to shareholders of the Company under the Gift Tax Act, 1958

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

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 shares.

Notes:

- (i) All the above benefits are as per the current tax laws.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Chiripal Industries 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 V – ABOUT US

INDUSTRY OVERVIEW

Indian Scenario

The textile industry occupies a unique position in the Indian economy as it contributes significantly to the industrial production, employment generation and foreign exchange earnings. Currently, it adds about 14 per cent to the industrial production and about 4 per cent to the GDP. It has immense potential for employment generation, particularly in the rural and remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million people. In fact, the textile industry is the second largest provider of employment after agriculture. The contribution of this industry to the gross export earnings of the country is about 21 per cent. It is the only industry, which is self-reliant and complete in value chain i.e. from raw material to the highest value added products – garments / made-ups. Therefore, the growth and development of this industry has a significant bearing on the overall development of the Indian economy. The Indian textile industry is extremely complex and varied. This industry uses natural fibres – cotton, jute, silk and wool, as well as synthetic / man-made fibres – polyester, viscose nylon, acrylic and their multiple blends. The complex and varied structure of the industry coupled with its close linkage with our ancient culture and tradition provides it with the unique capacity to produce, with the help of latest technological inputs and design capability, a wide variety of products suitable to the varying consumer tastes and preferences, both within the country and overseas. The textile industry has shown remarkable resilience and has grown considerably in terms of installed spindleage, yarn production and output of fabrics and garments.

[Source: www.texmin.nic.in]

Indian textile and apparel industry is one of the largest in the world with US\$ 19 billion of export and US\$ 30 billion of domestic textile and apparel during 2006-07 (P). The industry has, over the years, contributed significantly to national output, employment and exports. At present, industry accounts for about 14% of our total industrial production and contributes nearly 15% of total exports. It provides direct employment to about 35 million people and another 56 million are engaged in allied activities. The textile export has registered a growth of 10 percent to 19.24 billion during 2006-07 (P) from US\$ 17.85 billion during 2005-06. The Industry has a potential to reach a size of US\$ 85 billion by 2010. With its consistent growth performance and abundant cheap skilled manpower, there are enormous opportunities both for domestic and foreign investors to make investments in textile sector in India.

[Ministry of Textiles, Government of India]

Growth and development of this industry has a significant bearing on the overall development of the Indian economy.

World Scenario:

The global textile and clothing industry is worth over US\$ 4,395 billion, with clothing accounting for 60% of the market and textiles the remaining 40%. Global trade in textile and clothing is currently at US\$ 356 billion and is expected to grow to US\$ 600 billion by 2010. The bulk of the increase is expected to be in clothing. The global textile trade in 2003 was US\$ 395 billion consisting of global exports of textile and garments at US\$ 169 billion and US\$ 226 billion respectively. At US\$ 395 billion, global textile trade contributes 5.4% of the total international trade. The industry is highly fragmented in terms of geography and size. There has also been a traditional divide between the various segments of the Industry.

[Source: WTO International Trade Statistics Book-2004]

In view of labour intensive nature of the textile industry, in the last fifty years the industry has shifted its base several times and concentrated to those countries, which offered most competitive labour cost structure. Developed countries such as USA and the EU have started downsizing capacities in view of their higher cost of manufacturing compared to countries such as India, Pakistan, China and Indonesia. The relocation is also on account of environmental concerns. This is expected to provide developing countries

with an opportunity to penetrate US and EU markets and enhance their export share in these markets. However, the migration of textile capacity will be influenced by objective competitive factors and will be hampered by presence of distorting domestic measures and weak infrastructure of the developing countries. India is the second most preferred textile destination after China. Our major advantages in textile are easy availability of raw material, spinning, weaving and garmenting capabilities. The major importers of Indian textiles are USA, UK, UAE, Germany and many more. Almost 80% of shipments are sent to the US and the European countries. Though these products are gaining importance in the US but competition faced from China can not be ignored.

Structure of the Textile Industry

Textile Industry is unique in the sense that it is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. Textile industry in India has vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged. Indian textile industry is constituted of the following segments: Readymade garments, cotton textiles including handlooms, man-made textiles, silk textiles, woolen textiles, handicrafts, coir and Jute.

The textile industry is one of the oldest and largest industry in India and is highly fragmented. It is divided in four segments spinning, weaving, processing and garmenting. Indian textile industry comprises of two sectors, the organized sector consisting of modern and highly mechanized mills and the unorganized sector consisting of the small-scale powerloom sector and the highly fragmented handloom (hand spinning and hand weaving) sector.

Indian textile industry can basically be categorized into two sections:-

- Organized Textile Industry
- Unorganized Textile Industry

Unorganized sector primarily uses the orthodox practices (woven or spurn) in cloth production and is labour intensive in nature. The industry is characterized by the production of clothes either through weaving or spinning using hands. The decentralised nature is another significant characteristic of the unorganized textile industry in India.

- Sub-sectorial categorization of Indian textile industry : -
- Textile industry based on fiber produced through man made means or natural cotton.
- Yarn industry utilizing fiber or filament of man made type.
- Textile industry involved in production of wool, its derivatives and final woolen products.
- Production, processing of Jute and the textile industry based on it.
- Textile industry involved in the mass production of natural silk along with derivative and final products from silk
- Handloom industry - Handicrafts industry which is basically unorganized in nature

Man-Made Fibre and Filament Yarn Industry

The industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/ yarn industry is under the administrative control of the Ministry of Textile, while the non-cellulosic industry is under the control of Ministry of Chemicals and Fertilizers (Department of Chemicals and Petro Chemicals.)

The production of man-made fibre during April - August 2006, increased by 16% as compared to the corresponding previous period of last financial year. The Man- made fibre production is expected to increase by about 14% during 2006-07, as compared to 2005-06. However, during 2006-07, the production of Viscose Staple Fibre and Acrylic Staple Fibre is expected to decrease by 10% and 3% respectively. The

production of Polyester Staple Fibre and Polypropylene Staple Fibre is expected to increase by 26% and 11 % respectively during 2006-07.

The production of man-made filament yarn increased by 9% during April – August 2006 as compared to corresponding period of the previous year and is expected to increase by about 11% as compared to the production during 2005-06. The production of Nylon Filament Yarn and Viscose Filament Yarn is expected to decrease by about 2%, and the production of Polyester Filament Yarn and Polypropylene Filament Yarn is expected to increase by 12 % each during 2006-07, as compared to the corresponding period of 2005-06.

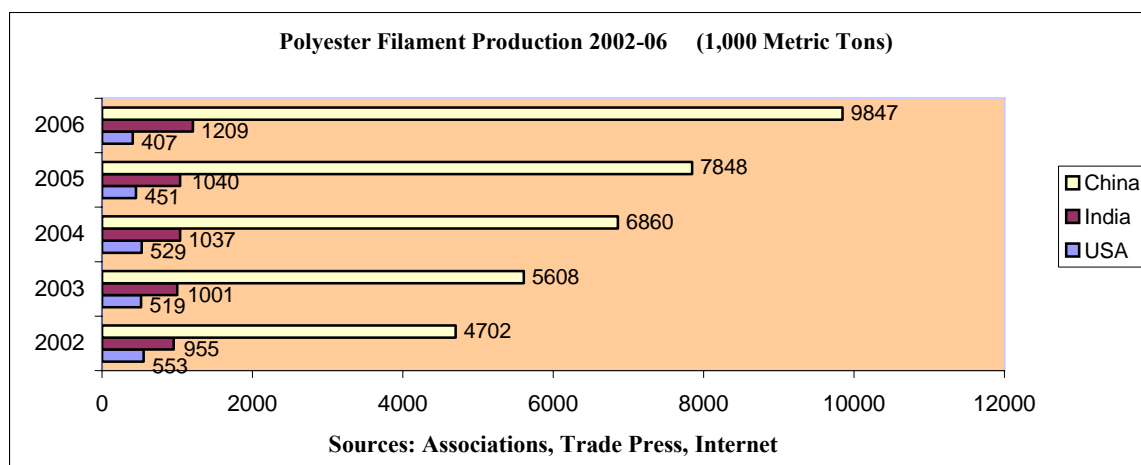
Type	No. of Units	Installed Capacity (TPA) 31/08/2006	Production (Million K.g)					
			2004-05	2005-06 (P)	% age growth	2005-06 (April-August)	2006-07 (April-August) (P)	% age growth
Staple Fiber								
Viscose*	6**	342.03	247.95	228.98	-7.65	82.94	85.36	2.92
Polyester	15	696.47	644.16	628.16	-2.48	262.24	328.66	25.33
Acrylic	8	145.00	127.61	107.81	-15.52	50.97	43.51	-14.64
Polypropylene	3	8.00	2.88	3.08	6.94	1.21	1.42	17.36
Total	32	1191.50	1022.60	968.03	-5.34	397.36	458.95	15.50
Filament Yarn								
Viscose	7	79.70	53.56	53.09	-0.88	21.95	21.69	-1.18
Nylon #	10	24.00	35.41	36.84	4.04	16.01	15.08	-5.81
Polyester ##	41	1253.10	1003.63	1075.82	7.19	456.27	500.52	9.70
Polypropylene #	13	17.63	16.30	13.58	-16.69	5.63	6.35	12.79
Total	71	1374.43	1108.90	1179.33	6.35	499.86	543.64	8.76

P = Provisional, *=Including HWM fiber, # = The exclusive capacity of N.F.Y and P.P.F.Y

= The capacity under Broad Banding Scheme has been indicated against P.F.Y

** = Grasim Industries at Mavoor, Kharach, Harihar & Nagda are treated as four units.

(Source: Annual Report 2006-07, Ministry of Textiles)



Weaving / knitting Industry

India's weaving and knitting sector is highly fragmented, small-scale, and labour intensive. The woven fabric production industry can be divided into three sectors: power loom, handloom and mill sector. The decentralized power loom sector accounts for 95 per cent of the total cloth production. The knitted fabric forms 18 per cent of the total fabric production. India is equipped with 1.80 million shuttle looms (45% of the world), 0.02 million shuttle-less looms (3% of the world) and 3.90 million handlooms (85% of world).

This segment is concentrated in Tamil Nadu and Gujarat. The processing industry is largely decentralized and marked by hand processing units and dependent processing units.

Year	Total Production	Production on Powerlooms	% of Powerlooms over total Production	% of increase over previous year	
				Total Production	Powerlooms production
2002-03	41973	25954	62%	(-) 0.15%	3%
2003-04	42383	26947	64%	1%	4%
2004-05	45378	28325	62%	7%	5%
2005-06 (P)	49008	30254	62%	8%	7%

[Source: Ministry of Textile, Annual report 06-07]

Despite a 58% global share of looms, technology still remains obsolete. This sector, critical to the survival of the Indian textile industry and its export thrust, requires rapid modernization. Clustering of production facilities in the decentralised sector will be encouraged to achieve optimum size and adopt appropriate technology.

The Government will facilitate harmonious development of all the segments of the fabric-manufacturing sector. The balanced growth of these sectors will be achieved based on their intrinsic strengths and capacity to meet the demands and requirements of the domestic as well as international markets.

Production of fabrics by Mill

(Million Square Meters)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07(P) (April-Dec)	2006-07 Anticipated
Cotton	1019	969	1072	1192	1030(884)	1229
Blended	263	253	243	252	206(185)	260
100% Non cotton	214	212	211	212	156(159)	240
Total	1496	1434	1526	1656	1392(1228)	1729

Production of fabrics by Decentralised Powerlooms

(Million Square Meters)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07(P) (April-Dec)	2006-07 Anticipated
Cotton	6761	6370	7361	8821	7188(6555)	10310
Blended	4695	4688	4526	4632	3915(3497)	4952
100% Non cotton	14498	15889	16438	17173	14175(12948)	18297
Total	25954	26947	28325	30626	25278(23000)	33559

[Source: Ministry of Textile, Annual report 06-07]

Processing Industry

Processing is the weakest link in the entire textile value chain. The processing industry is largely decentralized and marked by hand processing units and independent processing units. In the composite mill sectors, very few fall into the organised category. Indian processing industry has deployed low-end technology with little investment initiative in technology upgradation. The decentralized processing industry lacks Research & Development and innovation.

Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving or knitting units. The Government has identified processing as a critical segment of the textiles chain. The National Textile Policy, 2000 envisages:-

- Setting up of modern processing units, which will meet the international quality and environmental norms.
- Expansion of the network of CAD/CAM, computerized color matching and testing facilities, particularly in the decentralized textiles center/clusters.
- Extending necessary support to individual units to achieve ISO 9000(quality) and ISO 14000 (environment) standards
- Giving a thrust to development of eco-friendly dyes and on energy conservation.

Garment Industry

The apparel industry is the largest foreign exchange earner accounting for more than 8% of India's exports in 2004-05. It also accounts for 48% of India's total textile exports. This industry is structurally labour intensive, low wage industry with some variations across its market segments. Pricing in the industry depends upon the extent of value addition in the end product, the more the value addition the higher per unit price realization. The competitive advantage of companies in this market segment is related to their ability to create designs that capture tastes and preferences, and even influence such tastes and preferences - in addition to cost effectiveness. This industry has also seen a significant amount of global relocation of production and outsourcing to lower-cost producers.

Small-scale fabricators dominate garment manufacturing. Most garment-manufacturing units fare reasonably well on the technology count. The bulk of apparel is produced by about 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters and fabricators (subcontractors). The fragmented structure of the industry provides the advantage of a large pool of skilled workers in different areas of textile manufacturing and also gives scope for entry of organized integrated textile manufacturers. Small-scale units in different sectors can also be leveraged as a supply base for sourcing materials at low cost. Apart from these advantages, the industry has also been experiencing consistent growth across different sectors, making it one of the key potential sectors in India.

[Source-http://www.ibef.org/download/TextilesSector_sectoral.pdf]

Export Market

The growth of the textile industry has a bearing on the development of the economy, especially exports. The textile products continue to play an important role in the total export basket of the country.



India's Exports of RMG – knit and woven apparel amounted to US\$ 8.626 Billion in 2005-06 showing a growth of 31.22% over the previous year with a Compounded Annual Growth Rate (CAGR) of 9.11% over the last 6 years period i.e. 2000-01 till 2005-06 when the total exports of RMG were worth US\$ 5.577 Billion. The RMG constituted 7.87% and 8.37% share in India's total exports during the year 2004-05 & 2005-06 respectively

The total market size of Indian textile industry in 2006-07 is worth US\$ 57.6 Billion and participation of Domestic market is US\$ 37.9 Billion and export is US\$ 19.7 Billion. Expected market size in 2012 is US\$ 110 Billion.

Textile exports increased by 10.53%. Significant increase was recorded in Cotton Textiles (21.47%), Man-made Textiles (19.03%), and RMG (5.80%) during April-February 2006-07 as against corresponding period of previous year.

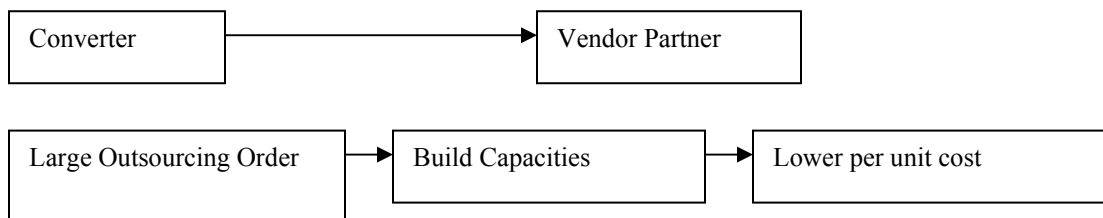
India's textile and clothing exports to the US and the member states of the European Union, which together account for about two-thirds of India's total textiles and clothing exports, have recorded a growth of 8 per cent and 14 per cent respectively in the year 2006 over 2005, as per World Trade Atlas data.

According to provisional data, India's textiles and clothing exports during 2006-07 were of the value of \$18,729.93 million, as against exports valued at \$17,520.07 million during 2005-06, registering a growth of 6.91 per cent.

US and European markets dominate global textile trade, accounting for 64% of clothing and 39% of the textile market. With the dismantling of quotas, global textile trade is expected to grow (as per McKinsey estimates) to US\$ 650 bn by 2010 (3-year CAGR of 10%). However, as against expectations, in the post-quota regime, the resurgence in exports to the now unregulated markets took off rather slowly. India's overall market share at 5.5% in December 2006 was at an all-time high, while that of China's has declined over the past couple of months. Also, India's average realization per metre of exported fabric at US\$ 2.1 improved by 3.7% YoY

Drivers of exports

1. Rising outsourcing budgets of retail giants
2. Evolution of Indian Textile Companies:



- Imposition of caps on certain import segments from China by EU and US



Post quota (FY05 – FY07) India has witnessed the third highest CAGR (11%) in home textile exports to the US after China (33%) and Pakistan (19%).

Domestic Market

Drivers of domestic market

Domestic household market growth to be driven by:

- Increase in penetration of organised retail,
- Favourable demographics
- Rising consumption and income levels

Domestic non-clothing consumption growth would be driven by:

- Rising usage of technical textiles
- Rapid industrial growth
- Increased activity in construction of residential and commercial properties

GOVERNMENT INITIATIVES

In 1985, first set of initiatives was taken in the Textile Sector and 1991-92 was the year for taking action on initiatives for promoting textiles. Satyam committee recommends shift in focus to Man-made Fibre (MMF) to promote the Textile industry growth and recommended change in slogan.

-80's: cotton for masses and synthetics for classes changed to
-95-96: Synthetics for masses and cotton for classes.

1993-97 was the year for stagnation of the industry and in year 2000, Government articulated the National Textile Policy to realize its vision of exports of textiles to US\$ 50 billion by 2010.

- 100 per cent foreign direct investment in the textiles sector under the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the SSI sector.
- Modernisation and upgradation of the sector through the 'technology upgradation fund scheme' (TUFS), which had been operational from 1 April, 1999.
- Formulating a new scheme for integrated textile parks by merging the scheme for apparel parks for exports and the textiles center infrastructure development scheme, in order to expand the production base of the textiles and garment sector.
- Rationalising the fiscal duty structure to achieve growth and maximum value addition within the country. Except for the mandatory excise duty on man-made filament yarns and man-made staple fibres, the whole value addition chain has been given the option of excise exemption.
- The import of specified textiles and garment machinery has been allowed at a concessional rate of customs duty to encourage investment and to make our textiles product competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.
- Duty-free import of 21 items of trimmings and embellishment items is allowed to garment exporters. This can be upto 3 per cent of their actual export performance during the previous year.
- For the speedy modernisation of the textiles processing sector, the government has introduced, from 20 April, 2005, a credit-linked capital subsidy scheme at the rate of 10 per cent under TUFS, in addition to the existing 5 per cent interest reimbursement.
- Skills development through National Institute for Fashion Technology (NIFT) and the Apparel Training & Design Centres (ATDCs), which are running various courses / programmes at various locations in the in the country to meet the skilled manpower requirement of the textiles industry, especially apparel, in the field of design, merchandising and marketing.
- Facilities like eco-testing laboratories have been created to enable exporters to get garments / textiles pre-tested so that they conform to the requirements of the importing countries.

Positive developments in the Textile Policy

- Reservation for small scale sector, especially key segments removed over last few years.
- Fiscal anomalies in terms of excise duty structure removed.

Some of the other important recent initiatives taken by the Government of India are as follows:

1. The Government has liberalized the textile sector by allowing foreign direct investment (FDI) up to 100%
2. The Ministry of Textiles launched a Technology Upgradation Scheme (TUFS) in 1999 with the objective of upgrading the technology of textile units. Accordingly, the union government set up a fund of Rs.250 billion under the TUFS to assist textile projects, commencing from April 1, 1999, through a 5 % interest reimbursement in respect of loans availed from specified institutions. The union budget announced on February 28, 2007 has extended the TUF scheme to March 31, 2012.
3. The Export Promotion Capital Goods (“EPCG”) scheme facilitates the import of capital goods at a concessional duty of 5%, with appropriate export obligations.
4. Advance Authorization Scheme (formerly the Advance Licensing Scheme) allows duty free import of raw materials to be used in the goods that are exported with a view to encourage exports.

The Scheme for Integrated Textiles Parks (SITP)

The ‘Scheme for Integrated Textile Parks (SITP)’ is launched by merging the existing two schemes namely, the scheme for Apparel Parks for Exports (APE) and the Textile Center Infrastructure Development Scheme (TCIDS). One of the main purpose of introducing the SITP is to provide the industry with world class infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards. SITP would create new textile parks of international standards at potential growth centers by 2007-08. The scheme is based on Public-Private partnership (PPP) and envisages engaging of a professional agency for project execution. An amount of Rs. 6250.00 million would be provided by the Government of India for the development of these parks in a two-year period between 2005-06 and 2006-07. The scheme is co-terminus with the 10th Plan period. Its continuation into 11th Plan, would be dependent upon the success in completion of 25 projects in the next two years.

Technology Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme, the flagship scheme of the Ministry of Textiles, was launched on April 1, 1999, with the objective of making funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology in order to enhance its viability and competitiveness in the domestic and international markets.

Under the TUF, the textiles firm receives the required finance at the subsidised interest rate of 5 per cent from the special fund created by the government. The scheme, which was to last upto March 31, 2004, was extended till March 31, 2007. In the Xth five year plan (2002-07), Rs.1,2700.00 million was earmarked for the scheme. The Government have decided to continue the scheme in the XIth five year plan, and Rs.9110.00 million had been earmarked for the scheme during 2007-08. Under TUFS, during April-February 2006-07, the overall increase was recorded in terms of total number of applications sanctioned (414.39%), the amounts sanctioned (192.32%) and disbursed (284.63%). The performance in respect of the powerloom sector has also increased in terms of total amount disbursed (816.19%).

[Source: Ministry of Textile]

Benefits

1. 5% interest reimbursement of the normal interest charged by the lending agency on Rupee Term Loan (RTL); or
2. 5% exchange fluctuation (interest & repayment) from the base rate on Foreign Currency Loan (FCL); or
3. 15% credit linked capital subsidy (CLCS) for the SSI textiles and jute sectors; or
4. 20% credit linked capital subsidy (CLCS) for the powerlooms sector; or
5. 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.
6. 25% capital subsidy on the purchase of new machinery and equipment for pre-loom & post-loom operations, upgradation of handlooms, and testing & quality control equipment for handloom production units. The scheme covers spinning, cotton ginning & pressing, silk reeling & twisting, wool scouring & combing, synthetic filament yarn texturising, crimping and twisting, manufacture of viscose filament yarn (VFY)/ viscose staple fibre (VSF), weaving/knitting (including non-wovens) and technical textiles. It also covers the manufacture and processing of fibres, yarns, fabrics, garments and made-ups, the jute sector, and handloom sector (since 2006-07).

Recent changes in TUFs

The Ministry of Textiles announced the continuation of the TUFs for the entire period of the 11th Five year plan (2007-12). The decision of the Government places special thrust on garmenting, technical textiles and processing segments of the textile industry in view of their potential for value-addition and employment generation. This decision is expected to help the textile sector to achieve the targeted growth rate of 16%. The salient features of the decision are as follows:

- Provision of 4% interest reimbursement for spinning machinery
- Retention of the provision of 5% interest reimbursement for all the remaining sectors.
- Retention of the provision to purchase second hand machinery for shuttleless powerlooms.
- Margin Money subsidy @ 20% to the powerloom units in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs.200 lakh from Rs.100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
- Margin money subsidy @15% for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs.200 lakhs from Rs.100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
- 10% capital subsidy in addition to 5% interest reimbursement for machineries required in manufacture of technical textiles and garments will be provided machineries. The same level of assistance will continue for specified processing machinery.
- Interest subsidy/capital subsidy/Margin money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation.
- 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom and post-loom operations, handlooms/upgradation of handlooms and testing and Quality control equipments, for hand loom production units in addition to investments like land, factory building, pre-operative expenses and margin money for working capital will be assisted with 50% cap.
- Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector with existing 50% cap.

Other factors to influence the Indian Textile Sector

Multi Fibre Arrangement (MFA)

The Multi Fibre Arrangement (MFA) that came to an end on January 1, 2005 has opened up a plethora of opportunities for the Indian textile industry. Global trade in textiles is expected to increase to US\$ 600 billion by 2010 from US\$ 356 billion in 2003. The phasing-out of MFA has ensured that quota restrictions in US, European Union and Canada which restricted textile and apparel exports from India to these regions

have been removed. India and China are the two countries poised to derive the maximum benefit from the phasing out of MFA. India's quota allocation for important markets like the US, EU and Canada was very low. Post –MFA, India's share in world apparel exports have been predicted to increase from 2.5 per cent in 2003-04 to 5 per cent by 2008.

SWOT Analysis

Strengths

- India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is the fifth largest producer of synthetic fibres/yarn and is also rich in fiber resources like polyester, silk, viscose etc.
- India is highly competitive in spinning sector and has presence in almost all processes of the value chain.
- Indian garment industry is very diverse in size, manufacturing facility, type of apparel produced, quantity and quality of output, cost, requirement for fabric etc. It comprises suppliers of ready-made garments for both, domestic or export markets.
- Self-reliant industry producing the entire chain from fibre/cotton to garments/home textiles.
- Large and growing domestic market.
- Second-largest textile producer in the world.
- Low labour cost and availability of skilled and technical labour force.

Cost comparisons of various countries

India's main competitors in the textile sector include countries like China, Bangladesh, Indonesia, Sri Lanka and Pakistan. Like India, these countries too are cost-effective producers due to the advantage of lower labour costs, which account for a significant portion of the cost of converting fabrics into garments. The major markets for India have been the US and the EU.

(% of total cost)	Brazil	China	India	Italy	Korea	Turkey	USA
Packing	1%	1%	1%	0%	1%	1%	0%
Labour	5%	4%	6%	30%	20%	7%	25%
Power	6%	14%	15%	28%	10%	12%	27%
Auxiliary	13%	12%	14%	7%	14%	10%	7%
Capital	49%	49%	36%	21%	33%	37%	23%
Raw Material	26%	20%	28%	14%	22%	33%	18%
Total	100%	100%	100%	100%	100%	100%	100%
Index	52	48	56	100	52	60	87

[Source: Ministry of Textiles]

The biggest advantage that India has over western countries is its labour, while in comparison with China, the biggest advantage India has is the capital cost. From the last row of the above table, it can be seen that the total production cost of Indian textile product is about 56% of that of Italy (i.e. 56 upon 100) and about 64% (56 upon 87) of that of the US.

Weaknesses

- Indian textile industry is highly fragmented, and is led by small scale companies. The reservation of production for very small companies that was imposed with the intention to help out small scale companies across the country, led substantial fragmentation that distorted the competitiveness of industry. Smaller companies do not have the fiscal resources to enhance technology or invest in the high-end engineering of processes. Hence they lose in productivity.
- Indian labour laws are relatively unfavorable to the trades and there is an urgent need for labour reforms in India. Impractical labour laws also restrict large players to lay off redundant workers to improve competitiveness.
- India seriously lacks in trade pact memberships, which leads to restricted access to the other major markets.
- Small size and technologically outdated plants result in lack of economies of scale, low productivity and weak quality control.
- Cotton availability is vulnerable to erratic monsoons and low per hectare yield. With the exception of spinning, other sectors are fragmented.
- Infrastructure bottlenecks for handling huge volumes.

Opportunities

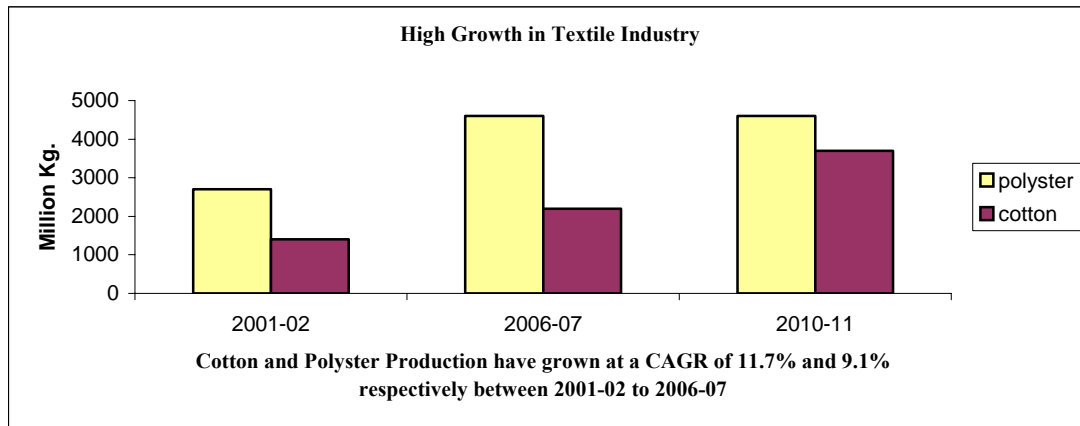
- Replacement of the MFA and full integration of textile industry resulted in huge opportunities for export.
- Shift in domestic market towards readymade garments.
- **Per capita domestic textile consumption offers room for growth, with increasing disposable incomes**

Threats

- Survival of the fittest-in terms of quality, size, delivery and cost pressure
- Stiff competition from other Asian countries
- Increase in regional trade could reduce share of markets opened for India, China etc.

Future Outlook for Indian textile Industry

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. The country is aiming at a 16 per cent growth in textile sector in the next five years, from about 10 per cent in 2006-07, with exports touching \$55 billion by 2012.



(Source: www.indianbusiness.nic.in and ministry of textile, 11th 5 years plan).

Textile industry is being modernized by an exclusive scheme, which has set aside \$5bn for investment in improvisation of machinery. The textile industry is anticipated to generate 12mn new jobs in various sectors.

OUR BUSINESS

Overview

Our Company is a vertically integrated textile company having its operations in India. Our Company is among few fully integrated textile companies in the country having its presence in the entire value chain right from manufacturing of yarn to manufacturing of readymade garments. Our Company operates primarily in the man-made fiber segment especially in polyester based products.

Our Company commenced its operations in the year 1988, as a processing house in the name of Chiripal Twisting and Sizing Private Limited. Our Company was converted into a public limited company with effect from October 23, 2003 and consequently the word 'Private' had been removed from the name of our Company. Subsequently, the name of our Company was changed to Chiripal Petrochemicals Limited vide Fresh Certificate of Incorporation consequent to change of name dated January 4, 2004. The textile sector has been continuously changing over the years and it was important for us to keep ourselves abreast with the changing fashion and ever changing consumer demand. With this objective our Company had undertaken various expansion cum backward and forward integration projects in the past to establish itself as one of the leading textile companies in the country, having its consolidated turnover to the tune of Rs. 4,904.54 million for the Fiscal 2007. Our Company's phenomenal success in implementing its projects can be attributed to our capabilities to plough back internal accruals and support of various banks and financial institutions.

In order to bring synergy to the operations and to achieve the economy of scale, two of our group companies namely Shanti Processors Limited and Preeti Processors Private Limited were merged with Chiripal Petrochemicals Limited w.e.f April 1, 2005 and subsequently the name of Chiripal Petrochemicals Limited was changed to Chiripal Industries Limited. Further on March 31, 2006, we have acquired majority shareholding in Vishal Fabrics Private Limited, which is mainly into manufacturing of home furnishings. Our Company currently holds 92.26% equity capital of Vishal Fabrics Private Limited. For further details of our history and milestones please refer to the section titled "History and Certain Corporate Matters" beginning on page no. [●] of the Draft Red Herring Prospectus.

Our Company's manufacturing activities are undertaken at two different units:

- i. **Unit 1** consisting of *yarns and knits division* is located at 199,200/1 & 200/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad; and
- ii. **Unit 2** (erstwhile Shanti Processors Limited) consisting of *fabrics and garments division* is located at 165-166/2, 174/1 & 174/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad,.

At **Unit 1** the operations are divided into Partially Oriented Yarn (POY) division, Fully Drawn Yarn (FDY) division, texturising division and knits division. At this unit we undertake manufacturing of POY, FDY, draw twisted yarn, air texturised yarn, draw texturised yarn, warp knitted fabrics and circular knitted fabrics.

At **Unit 2** we undertake manufacturing as well as processing for various varieties of fabrics. The operations at Unit 2 are divided into processing division, embroidery division, polar fleece division, flock printing division, garments division and chemical division. At this unit we undertake manufacturing of circular knitted fabrics, wrap knit fabric, embroidered fabrics, polar fleece fabric and flock fabrics. Unit 2 also houses facilities for manufacturing ready-made garments.

The Unit 2 also houses one of the largest and modern processing houses of the country having a total processing capacity of 85.80 million meters per annum including separate line of cotton knits processing for 14.50 million meters per annum. The processing house is equipped to bleach, dye and print all kinds of fabrics like corduroy, cotton twill, PV twill, pique cord, knits, moss crepe, viscose georgettes, rayon, denim, lycra, canvas, flocks, etc. The processing house is catering to various manufacturers across India.

The facilities for manufacturing as well as processing at both the units are technologically advanced as most of the machines are imported from Switzerland, Taiwan, Italy, Germany, etc. and from other leading textile machinery manufacturers from India.

Our Company primarily caters to the domestic market. Out of the total consolidated sales of Rs. 4,904.54 million of our Company in the Fiscal 2007, the share of the domestic market was 91% and the share of exports was 9%. Our Unit 1 is catering to more than 350 domestic customers through a network of whole sellers and traders. Our Company is exporting yarn to Brazil, Turkey, Argentina, Mexico, Egypt, Algeria, Bangladesh, Kenya, Srilanka, USA, Thailand, Nepal, etc. Our Unit 2 is catering to more than 2000 domestic and international customers through a network of whole sellers and traders. Our major clients in the domestic market includes Pantaloons Retail (India) Limited, Arvind Mills, Page Industries, Gokaldas Images, Vigneshwara Exports etc. Major clients in the international market for garments include Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc. Our Company has been enjoying very good relations with our clients and consistently adding new clients in both domestic and international market.

In order to become more self-sufficient, support the existing operations and to further integrate, our Company has planned an expansion cum modernisation project of Rs. 2313.31 million. The expansion is planned in processing division, circular knitting division, garments division, embroidery division, warp knitting division and yarn division. The new divisions namely yarn dyeing division, fabric dyeing division and weaving division, would be now added in the portfolio of our Company. For further details refer to "Objects of Issue" beginning on page [•] of the Draft Red Herring Prospectus.

Unit 2 has 1.70 MW lignite based captive power plant, which satisfies approximately 45% of its total energy requirement. In order to lower down the energy cost and to eliminate the dependence on purchased power, a new lignite based power plant of 7.50 MW is proposed to be set up. For further details refer to "Objects of Issue" beginning on page [•] of the Draft Red Herring Prospectus.

Our Company has also been accredited with ISO 9001:2000 by SGS United Kingdom Limited vide its certificate dated April 12, 2006 for its chemical division, polar fleece division, warp knitting division, flocks printing division, texturizing division and POY division.

Our Competitive Strengths

We believe that our years of experience in textile have given us significant expertise and industry knowledge. We believe that amongst many, following are our core strengths that have enabled us to successfully compete in the market for all these years and have been instrumental in positioning our Company among the leading textile houses in the country.

Our scale of operations and vertical integration through the entire value chain

Our Company is a vertically integrated manufacturer of textile products having its presence in the entire value chain right from manufacturing of yarn to readymade garments. Our Company has one of the largest and modern processing houses in the country with a processing capacity of 85.80 million meters per annum including separate line of cotton knits processing of 14.50 million meters per annum. Our Company is able to realize efficiencies of large scale. Yarn produced in Unit 1 is used for captive consumption in Unit 2 for manufacturing of various kinds of fabric and readymade garments. This helps us in maintaining quality of our products, reducing our dependence on external suppliers and results in cost savings. Vertical integration helps us in reaching optimality in our production, enabling us to customize our products as per the needs of the customers with an assurance that they would continue to receive quality products consistently within the stipulated time schedule.

With our proposed capital expenditure, we plan to add yarn dyeing, fabric dyeing & weaving activities into our portfolio apart from expanding our capacities in existing production lines. We already have large capacities and now with further expansion the capacities would rise to new levels. Large capacities would

help us to take advantage of our large scale of operations and consolidate our positions among the leading textile houses in the country.

Extensively experienced and proven top management

Our management team is well experienced in the textile industry and is instrumental in sustained growth of our operations and on going expansions. Our founder and Chairman & Managing Director, Mr. Ved Prakash Chiripal has more than 33 years of experience in textiles business. Mr. Ved Prakash Chiripal oversees our strategic expansion initiative, business development and supervises the finance functions of the Company. Mr. Jaiprakash Chiripal has more than 22 years of experience in textile business. He looks after yarn, fabric, processing, and garment manufacturing activities of our Company. He also looks after fabric and yarn and marketing activities of our Company. Mr. Jyotiprasad Chiripal has more than 25 years of experience in the fabric and yarn business and marketing of knitted apparels. Mr. Rajesh Bindal, our executive director looks after marketing and client relationship for our processing division.

Mr. Vishal Chiripal is the Chief Executive Officer of our Company, overseeing the operations of the Company. Mr. Suresh Chatterjee is the director (finance) of our Company, managing the finance function of our Company. Our management is supported by an experienced and technically qualified execution team. Our top management is also regularly advised by our Directors, Mr. Ambalal C. Patel, Mr. Jawaharlal Goel, Mr. Samar Mohapatra and Ms. Nita Chowdhry. The company has the benefit of availing advice from Mr. Chandan Bhattacharya, the former Managing Director of State Bank of India on financial and strategic matters.

Our excellent relations with labour force

Our Company believes in maintaining healthy relations between management and workers. In a labour intensive industry like textiles maintaining healthy relations with labour assumes greater significance. We have always taken due care to keep our workers happy by providing them with good working facilities and environment. As on December 31, 2007, our total workforce consisted of 2719 workers working in both the units and 487 employees working in finance, administration, marketing, HR, production, purchase and other capacities in our company. Out of total workers 979 were on rolls of our Company while 1740 were on contract. We have a well-defined model of attracting, training and retaining our workers. We continuously impart job training to our workers. We also offer our workers with subsidized meals, adequate safeguard and protection against equipments etc.

Our low cost of production

The basic raw materials for manufacturing of POY and FDY at Unit 1 are polyester chips and spin finish oil. We source these polyester chips and spin finish oil from various suppliers located domestically as well as internationally. The raw material for manufacturing of texturised yarns like draw texturised yarn, air texturised yarns and draw twisted yarn is POY, which is procured 100% captively, i.e within the same unit. The raw materials at our Unit 2 are different type of yarns, which are used to make grey cloth / fabric. Around 22% total raw material requirement in Unit 2 is catered by Unit 1 and remaining demand is met by purchasing yarn and grey cloth from various composite mills, weavers and whole sellers domestically. Due to integration in our capacities, we can procure these raw materials on timely manner and at competitive rates. Our high storage capacity and strong liquidity position enables us to store good quality raw materials at low prices. Our well-defined raw material procurement policy ensures that optimal quantity of raw material is always maintained and prices are also kept in check.

Our Company has a lignite-based power plant of 1.70 MW. It serves approximately 45% of our energy requirements in Unit 2 and the remaining energy requirement is being served through purchased power. Our average energy cost per unit from captive power plant is Rs. 1.90 per unit as against average of Rs. 4.30 per unit for purchased power. In our proposed capital expenditure, we are planning to set up a 7.50 MW power plant in Unit 2, which will further lower down the energy cost and eliminate the dependence on purchased power.

Our Company requires chemicals of good quality, especially for processing activities and has developed an in-house chemical division. The chemical division is currently manufacturing around 6000 tonnes per annum of different types of chemicals, out of which around 30% is used for captive consumption in processing division and around 70% is being marketed outside.

We are currently operating on 3 shifts basis in both the units. We are highly automated and through our labour policies we ensure that the labour efficiency always remains high. We make conscious and continuous efforts to cut down on our costs wherever possible in order to keep our cost of production in check, at the same time ensuring that the quality does not suffer. Our strategy of continuously monitoring costs and offering best quality products to our clients has enabled us to grow in size over the years and has enabled us to position ourselves among the leading textile companies in the country.

Our highly strong and wide customer base

Due to our commitment to quality and service our Company has been able to build excellent relations with its customers over the years. Our Company is catering to more than 2350 domestic and international customers through a network of whole sellers and traders. The countries where our Company is currently exporting are Brazil, Turkey, Argentina, Mexico, Egypt, Algeria, Bangladesh, Kenya, Srilanka, USA, Thailand and Nepal. Our major clients in the domestic market include, Pantaloons Retail (India) Limited, Arvind Mills, Page Industries, Gokaldas Images, Vigneshwara Exports etc. Major clients in the international market for garments include Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc. Our Company has been consistently adding new clients in the international market and also in the domestic market over the years for our products.

Our Company receives continuously repeat orders from many of our customers and is not dependent on a few customers. Our top 10 customers have contributed approximately 14% of the total revenue till September 30, 2007.

Our high level of efficiency and productivity

Our Company is currently using advanced technology in its manufacturing facilities. Our Company has imported most of its machineries from Kuster (Switzerland), Shanghai Jwell (China), TMT Machinery Inc. (Japan), Zinser (Germany), Karl Mayer (Germany), Fukahama (Taiwan), Stamperia emiliana (Italy), Siruba (Taiwan), etc. The machineries installed in our factories are technologically advanced, which enables us to achieve high level of efficiency and productivity. In our proposed expansion, we would be importing most of our machineries from A. Monforts, Texilmaschinen GmbH, & Co. K G, (Germany), Stamperia Emiliana (Italy), Tsudakoma (Japan), BTM Co. Ltd (Korea), F.K ama (Italia), Mirae International (Korea), etc. which are technologically advanced and would guarantee high efficiency and productivity. We also try to develop the skills of our unskilled and semi skilled workers by continuously undertaking on site training for them. We believe that a right mix of technology and skilled manpower has enabled our Company to obtain high level of efficiency and productivity over the years and would also continue to do in the future.

Our strong financial position

Our Company has a strong financial position, which we believe will enable our Company to generate sufficient internal accruals to finance its' current expansion plans and continue to implement growth strategies in the future. As of September 30, 2007, we had long term debt to equity ratio of 0.70, and in the Fiscal 2007, we had net cash flow from operating activities of Rs. 488.83 million. Our management is consistently reinvesting the earnings back into the Company, which has supported our growth. For further details of our financial position, see the section titled "Financial Information" on page no. [•] and section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" on page no. [•] of the Draft Red Herring Prospectus.

Business Strategy

We believe that our strength is the scale of our operations and quality of products, which we offer to our customers. Our core business strategy is to further expand our operations by undertaking large scale forward and backward integration projects to continuously add new activities in our portfolio. We have laid down the following core business strategies:

Capacity Expansion and Increasing our Presence in the Entire Value Chain.

In order to grow further and to consolidate and expand our operations, we have laid down a capacity expansion program of Rs. 2,313.31 million. In the current expansion program, apart from expanding the existing facilities we are also introducing new activities like yarn dyeing, weaving and fabric dyeing into our portfolio. With expansion and addition of new activities, we would be further strengthening our position in the entire value chain.

The expansion would enable us to operate on a very large scale. With the implementation of the above projects, our Company's existing capacities would increase as detailed below:

Facility	Existing Capacity	Additional Capacity through expansion	Combined capacity after proposed expansion scheme
Unit 1			
POY	21900 TPA	1312.50 TPA	23212.50 TPA
FDY	10950 TPA	1312.50 TPA	12262.50 TPA
Draw Twisted Yarn / Draw Texturised Yarn / Air Texturised yarn	9125 TPA	12196 TPA	21321 TPA
Warp Knitted Fabric / Circular Knitting Fabric	3016 TPA	1838 TPA	4854 TPA
Weaving	-	5.1 million meters	5.1 million meters
Yarn Dyeing	-	991 TPA	991 TPA
Unit 2			
Processing of Fabrics	85.80 million meters per annum	7 million meters per annum	92.80 million meters per annum
Embroidered Fabrics	0.525 million meters per annum	1.05 million meters per annum	1.575 million meters per annum
Embroidered Garments	-	3.15 million pieces	3.15 million pieces
Polar Fleece Fabrics	980 TPA	-	980 TPA
Flock Fabrics	7 million meters per annum	-	7 million meters per annum
Readymade Garments & Apparels	2.35 million pieces per annum	2.35 million pieces per annum	4.70 million pieces per annum
Fabric Dyeing	-	22.80 million meters per annum	22.80 million meters per annum

We have laid down an expenditure plan aggregating Rs. 2,313.31 million for setting up of above additional capacity. The expansion plan is proposed to be funded through term loans of Rs. 1,670 million, internal accrual of Rs. 110 million and balance of Rs. 533.31 millions through this Issue. The expansion is proposed to be undertaken in two phases. The phase 1 has already commenced and is expected to complete by July, 2008, while phase 2 is expected to start by March, 2008 and is expected to complete by April, 2009. For further details refer to section titled "Objects of the Issue" on page no. [●] of the Draft Red Herring Prospectus.

Lead promote an Integrated Textile park

Chiripal Group is lead promoting an Integrated Textile Park (ITP) as per the Scheme of Integrated Textile Park framed by Ministry of Textiles, Government of India. As per the Scheme of Integrated Textile Park an amount of Rs. 6,250 million was provided by the Government of India for the development of these parks in a two year period between 2005-06 and 2006-07.

An SPV in the name of Vraj Integrated Textile Park Limited (VITPL) has been incorporated by a group of entrepreneurs led by Chiripal Group for setting up the ITP near Ahmedabad. The VITPL is to be spread over an area of 57.07 acres, adjacent to NH-8 in Bidaj Village, Kheda District, and located at a distance of around 30 Km from Ahmedabad airport. IL&FS CDI Ltd. is the “design, engineering & construction supervision” consultant for the Park.

The VITPL will house 36 textile units. The land has been acquired and the work on the site has commenced. The project is expected to be completed by September 2008. As per the Scheme of Integrated Textile Park, a majority stake in the textile park shall rest with the members of the park.

The VITPL would provide necessary infrastructure in the form of land, building and common facilities to the textile units. Each textile unit would have to bring in the required plant and machineries to undertake manufacturing activities. The following table shows the proposed facilities along with the investment required by textile units:

Activity	Units	Expected Production Capacity
Spinning	1	14400 Kg/day
Weaving	14	154112 meters/day
Processing	1	50000 meters/day
Garmenting	18	51850 pieces/day
Sizing	1	154112 meters/day
Yarn Dyeing	1	10000 Kg/day
Total	36	

(Source: Detailed Project Report prepared by IL & FS CDI Ltd.)

Our Company proposes to acquire 43% equity stake in VITPL, which has been approved by our Board of Directors. An MoU dated February 19, 2008 has been executed between our Company and VITPL for subscribing 2.15 million shares of Rs. 10 each amounting to Rs. 21.50 million. The setting up of ITP will further synergize the operations of our Company by:

- Providing readymade market for the yarn manufactured by our Company;
- Fabric manufactured in the ITP may be processed in our processing house;
- Ready availability of grey/processed fabric for our garments division

Opening exclusive brand outlets in the name of ConneXions.

In order to capitalize on our strength of low cost manufacturing and to reap benefit of enhanced margins, our subsidiary, Chiripal Lifestyle Limited is venturing into distribution of apparels by opening exclusive brand outlets in the name of *ConneXions*.

Opening of exclusive brand outlets and establishing the brand, *ConneXions*, is a natural forward integration. We believe creation of brand and marketing apparels through CLL brings natural synergies, as our Company is present in the entire chain right from manufacturing of yarn to garments.

The brand, *ConneXions*, shall offer value proposition to the consumers. The target market of CLL is in the age group of 17-35 years.

CLL has laid down the following strategy for opening exclusive brand outlets:

- 1) CLL owned outlets
- 2) Franchisee operated outlets
- 3) Multi brand outlets

In the first phase CLL would be opening 20 outlets across the country including 5 outlets in Ahmedabad itself. The total investment in the first phase in establishing 20 outlets across the country would be approximately Rs. 60 million.

The store rollout plan by CLL is as follows:

Particulars	(No. of Outlets)			
	Phase 1 March 2008 – March 2009	Phase 2 2009-2010	Phase 3	
			2010-2011	2011-2012
Western India				
Gujarat				
- Ahmedabad	5			
- Other cities of Gujarat	3	7	8	8
- Other parts of western India	5	5	8	8
Northern India	5	5	7	7
Eastern India	-	2	2	3
Southern India	2	4	8	8
Total	20	23	33	34
Cumulative Total	20	43	76	110

Increasing our operating margins

The consolidated operating margins of our Company for the Fiscal 2006, 2007 and for the half year ended September 30, 2007 was 14.01%, 14.19% and 16.53% respectively. We are focusing on cutting down our operating costs so as to increase our operating margins. We believe that keeping our operating costs low would increase our price competitiveness and at the same time ensure adequate operative margins for us. We have been consistently trying to cut down on our operating costs wherever possible. We have already set up a power plant and in house chemical division to lower down on power and chemical cost. We propose to set up a power plant of 7.50 MW to supplement our existing power plant of 1.70 MW. The current cost of generating power through power plant comes to around Rs. 1.90 per unit as against average of Rs. 4.30 per unit for purchased power. The new power plant would result in significant savings in power costs. Chemical also constitutes one of our crucial raw material costs specially for our processing division. We have developed an in house chemical division, which is satisfying approximately 30% of the chemical requirement of our processing division. The division is currently manufacturing around 6000 MT per annum of different chemicals. We believe that large volume with good operating margins would significantly affect the profitability of our company.

Products and Services

Unit 1 - Yarns and Knits Division

Our Company is manufacturing POY, FDY, draw twisted yarn, air texturised yarn, draw texturised yarn, warp knitted fabrics and circular knitted fabrics in our Unit 1. We produce these yarns ranging in denier from 20 to 630.

Partially Oriented Yarn (POY)

The basic raw material for manufacture of POY is polyester chips and spin finish oil. Our Company is currently manufacturing POY of various types including semi dull, semi bright, super bright, cationic semi dull, dope dyed etc. The POY produced by our Company is sold in both domestic and international markets. The POY is also used captively in the next process line i.e manufacturing of texturised yarns.

Fully Drawn Yarn (FDY)

The basic raw material for manufacturing FDY is polyester chips and spin finish oil. FDY is also popularly known as flat yarn. Our Company manufactures a wide range of FDY in denier ranging from 20 to 630. Our Company also manufactures dope dyed FDY in a wide range of colours. Generally FDY is produced in package weight ranging from 1.50 Kg to 9 Kg

Draw Twisted Yarn

The basic raw material for manufacturing draw twisted yarn is POY. Draw twisted yarn is produced in different types of lustre like semi dull, semi bright, cationic semi dull, etc. Our Company manufactures draw twisted yarn in denier ranging from 20/14 to 150/34 with different ranges of shrinkage. Draw twisted yarn is primarily used in dress materials and sarees.

Draw Texturised yarn

POY is used as a raw material for manufacturing draw texturised yarn. The denier of draw texturised yarn ranges from 30 to 600 and is available in different filaments and lustre like semi dull, semi bright, full dull, cationic and dope dyed. The draw texturised yarn is used for shirtings, suitings, dress materials and sarees.

Air Texturised yarn

The basic raw material for manufacturing air texturised yarn is POY. Air texturised yarns are produced in deniers ranging from 75 to 150 . Air texturised yarns are produced in various types of lusters like semi dull, semi bright, dope dyed, etc. The air texturised yarn is used in tapestry, furnishing cloth, shirting, seat covers, etc.

Warp Knitted fabric

The basic raw material for manufacturing warp knitted fabric is draw texturised yarn and FDY. Our Company manufactures warp knitted fabric with width ranging from 10 inches to 130 inches and weight ranging from 100 gsm to 300 gsm. Our Company manufactures warp knitted fabrics in various qualities like plain weave, net weave, etc. and is sold in domestic as well as in the international market. The warp knitted fabrics are used in home furnishings, seat covers, blankets and sports wear.

Circular Knitting fabric

The basic raw material for manufacturing circular knitted fabric is draw texturised yarn and FDY. Our Company manufactures circular knitted fabric in width of 58 cms to 72 cms and weight ranging from 60 gsm to 200 gsm. Our Company manufactures circular knitted fabrics in qualities like interlock and single jersey and sells the same in domestic as well as in the international market. The circular knitted fabrics are used in apparels and home furnishings.

Unit 2 – Fabrics and Garments Division

Processing of fabrics

Our processing house has a capacity of 85.80 million meters per annum including separate line for cotton knits processing of 14.50 million meters per annum and is equipped to bleach, dye and print all kinds of fabrics like corduroy, cotton twill, PV twill, pique cord, knits, moss crepe, viscose georgettes, rayon, denim, lycra, canvas, flocks, etc. The fabrics processed by our Company are used in various types of products like shirtings, sarees, fabric dyeing, dress materials, hosiery products, car seat covers, etc. Our processing facilities are equipped to carry out various dyeing and printing processes such as reactive dyeing, pigment dyeing, vat dyeing, disperse dyeing, ombre dyeing, direct pigment printing, direct reactive (procion) printing, discharge printing, disperse printing, khadi printing, burnt out printing etc.

Approximately half of the capacity of our processing house is used for job work and the balance is used for processing of our own products. Despite Gujarat being our major market for processing of fabrics, we receive grey fabric for processing from customers across the country. Our Company has an R&D laboratory and an in-house design studio to continuously develop new designs and to offer our customers a wide range of styles and designs in fabric.

Embroidered Fabrics

Our Company has established an embroidery cum designing department equipped with fully computerized CAD / CAM and L-punch designing software by *Lasser*, Switzerland. Our Company manufactures cotton allovers, net allovers, TC laces, cotton laces, pallas, guipure laces, dress materials, denim embroidered fabrics and all types of trims in embroidered fabrics. The professional designing team is well trained and experienced, which ensures a constant and innovative flow of designs to cater to our customers.

Polar Fleece Fabrics

Polar fleece is a circular knitted terry fabric made from 100% POY, which is procured captively. Our Company provides disperse printing and finishing facilities for polar fleece fabrics such as anti pilling, flat finish, anti bacterial, fire retardant, etc., depending upon the quality requirement. The polar fleece is primarily winter wear, which is used in jackets, blankets, bath robes and shoes.

Flock Fabrics

Flock printing can be done on cotton or polyester based fabrics. The base fabric is either dyed or printed. The raw material for flock is nylon and viscose tow, which are imported from China and France.

Readymade Garments

Our Company manufactures readymade garments by converting polyesters, cotton knitted fabrics and woven fabrics into apparels like shirts, jackets, bathrobes, t-shirts, night wear, women's tops, capris, ladies dresses etc. In the international market our garments are exported Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc.

Chemical Division

Our Company requires chemicals in good quantity and superior quality especially for our processing activities. Our Company has developed an in-house chemical division for uninterrupted supply of the same. The chemical division can be broadly classified into two sections, i.e. adhesives section and specialty performance chemical section. The adhesive section manufactures polymer emulsions based on acrylates, vinyl acetane, styrene monomer, etc. and markets chemicals under the brand name of Chiritex and Chiribond. Our specialty performance chemicals are being marketed under the brand name of Chirimol and Chirisoft. The division is currently manufacturing around 6000 MT per annum of different types of chemicals, out of which around 30% is used for captive consumption and around the balance is being marketed outside.

Existing Facilities and Capacity Utilization

The following table shows the installed and utilised capacity in Unit 1 during the Fiscal 2005, 2006 and 2007.

Facility	Installed			Utilised		
	2005	2006	2007	2005	2006	2007
POY (TPA)	9608	21900	21900	4083	16543	18872
FDY (TPA)	4900	10950	10950	4346	7965	8879
Draw Twisted Yarn / Draw Texturised Yarn / Air Texturised yarn (TPA)	-	7850	9125	-	4691	8342
Warp Knitted Fabric / Circular Knitting Fabric (TPA)	2285	3016	3016	2023	2135	2491

The following table shows the installed and estimated capacity utilisation in Unit 1 for the Fiscal 2008, 2009 and 2010.

Facility	Installed			Estimated Capacity Utilisation		
	2008	2009	2010	2008	2009	2010
POY (TPA)	21900	23213	23213	20258	21177	21986
FDY (TPA)	10950	13125	13125	10175	10822	11631
Draw Twisted Yarn / Draw Texturised Yarn / Air Texturised yarn (TPA)	16467	21321	21321	14655	18224	19189
Warp Knitted Fabric / Circular Knitting Fabric (TPA)	3016	4854	4854	2564	3261	4236
Weaving (million meters per annum)	-	5.10	5.10	-	1.20	4.10
Yarn Dyeing (TPA)	-	991	991	-	231	793

The following table shows the installed and utilised capacity in Unit 2 during the Fiscal 2005, 2006 and 2007.

Facility	Installed			Utilised		
	2005	2006	2007	2005	2006	2007
Processing of Fabrics (million meters per annum)	45.50	85.80	85.80	39.33	45.40	54.50
Embroidered Fabrics (million meters per annum)	-	-	0.525	-	-	0.455
Polar Fleece Fabrics (TPA)	980	980	980	450	495	585
Flock Fabrics (million meters per annum)	7	7	7	2.03	2.15	2.60
Readymade Garments & Apparels (million pieces per annum)	-	0.15	2.35	-	0.02	0.30

The following table shows the installed and estimated capacity utilisation in Unit 2 for the Fiscal 2008, 2009 and 2010.

Facility	Installed			Estimated Capacity Utilisation		
	2008	2009	2010	2008	2009	2010
Processing of Fabrics (million meters per annum)	85.80	92.80	92.80	68.64	78.88	83.52
Embroidered Fabrics (million meters per annum)	0.525	1.575	1.575	0.40	0.70	1.30
Embroidered Garments (million pieces per annum)	-	3.15	3.15	-	0.80	2.70
Polar Fleece Fabrics (TPA)	980	980	980	539	588	637
Flock Fabrics (million meters per annum)	7	7	7	3.50	3.90	4.20
Readymade Garments & Apparels (million pieces per annum)	2.35	4.70	4.70	1.90	2.70	4.30
Fabric Dyeing (million meters per annum)	-	22.80	22.80	-	13.60	18.20

Manufacturing Processes

Unit 1 - Yarns and Knits Division

The manufacturing process of various products at Unit 1 is briefly mentioned as under:

Partially Oriented Yarn (POY)

Chips feeding, crystallizing and drying

Polyester chips having an intrinsic viscosity of 0.645 to 0.655 and moisture of 2000 to 5000 (ppm) are conveyed to the receiving hopper of the crystallizer unit. In the crystallizer, chips are kept in a fluidized state by means of air to avoid lumping of chips. In this process, moisture content of the chips is reduced from 5% to 0.1%, which is further reduced in the dryer column to 0.005%.

Melting and Extrusion

The dried chips are fed to the electrically heated extruder where they are melted and homogenized with extruder screws. The melt is passed through the continuous polymer filter to remove any foreign particles and to homogenise the polymer, before it is sent to the spinning manifold. Manifold distributes the molten polymers in the spinheads. Spinheads are mounted with metering pumps, which feed to polymer in exact amount to the spin pack. The spinning pack contains circular spinnerets, polymer distributor and filter cartridge suitable for high viscose polymer spinning process. The polymer temperature through the entire spinning process is maintained by Dowtherm vapour heating system.

Cooling and stabilizing the polymer

The extruded filaments from the spinnerets pass through quench cabinets in which they are cooled and solidified. In the quench chamber, the air is filtered and maintained at constant temperature. At the end of the quenching chamber, spin finished oil is applied onto the filaments.

Winding of Filaments

Winding is accomplished by high-speed winders at a take up speed of about 3300 meters per minute. Winding at these speeds ensures partial orientation of polymer molecules in the filaments and imparts better shelf life of about 6-8 months to the POY package.

Fully Drawn Yarn (FDY)

The polyester chips from the bags are transferred to the chips silo and thereafter conveyed to the dryer through compressed air, where it gets dried under controlled conditions of temperature and time. The dried chips are then fed into the extruder hopper, from where they are passed to the extruder under gravity.

In the extruder the chips are melted to give molten polymer. The molten polymer passes through a distributor, polymer filter and manifold before reaching the spinning beam through diphenyl vapour heated jacketed pipes. The spin pumps feed molten polymer to the spinneret.

The filaments extruded through the spinneret in the molten state solidify in the quench air chamber. The individual quench air chamber is connected with the quench air system. The quench air quantity required for the individual quench chamber can be adjusted by means of a controlling device. Each quench duct is provided with special device to ensure proper distribution of the air over a definite quenching distance. After cooling, the spin finish is applied to the yarn through a guide. The function of spin finish is to lubricate the yarn to assist the drawing and winding operations downstream. After the application is over, the spin finish yarn enters the take up section. Here the yarn is drawn between two hot godet rollers to set the properties of yarn i.e. elongation and shrinkage and then through intermingling device it goes for winding on bobbins with the help of a winder.

Draw Texturised Yarn

Texturising is an automatic and continuous process in which initial settings of machine components, depending upon denier for POY, viz. temperature, tension and draw ratio etc. are done along with required quantity of yarn.

POY is the basic raw material, which is received in rolls and is mounted on the creels. Position for POY varies with the numbers of the spindle per machine. After putting the rolls, loose ends of POY are fed manually for the first time and then entire process of texturising is done automatically. It passes through several positions called yarn path namely yarn cutter, input feed system, primary heater, cooling zone, friction twist units, intermediate feed, final heaters, output feed system, yarn oiling system, final output on paper tubes, etc. From the creel, yarn passes to the primary heaters viz. yarn cutter so as to soften the yarn. Simultaneously yarn is drawn between the input and intermediate rollers due to the speed ratio maintained between the two. In the primary heater, required temperature is maintained so that, the yarn can be drawn to the required length by heating and then it is cooled. The cooled yarn is then twisted and detwisted by posi torque unit provided on each position. After that, the yarn again passes through secondary heater, following which a roller, which rotates in the oil tray at a continuous speed, applies antistatic oil. Finally the yarn is put on paper tube known as cheese following which it is taken on bi-conical packages.

Draw Twisted Yarn

The basic raw material for obtaining draw twisted yarn is POY. The process involves hot drawing, heat setting, twisting and intermingling. POY from spools mounted on creel is fed through guides and feed rollers to every position on machine. POY is drawn between hot godet and draw roller due to preset speed ratio between the two and simultaneously yarn is heat set in contact with one plate heater provided on every position. Heat set yarn is then intermingled by passing through an air jet provided on each position. Yarn is passed through a cop mounted on rotating spindle through balloon control guide and traveller provided on a ring on each position. Here on the cop the yarn is twisted.

Air Texturised yarn

The basic raw material for manufacturing of air texturised yarn is POY. The process of manufacturing air texturised yarn involves hot drawing, interloping and heat setting. POY from spools mounted on the creel is fed through creel tubes and input feed roller to every position of the machine. On each position, yarn is wrapped around hot pin and such hot yarn is drawn due to preset speed ratio between input feed rollers and draw rollers. Such hot drawn yarn is overfed through air jet unit. Here yarn is cooled and then interloosing of cooled yarn takes place in intermingling unit of airjet. The yarn is then overfed through secondary heater provided on each position due to preset speed ratio between intermediate delivery and output delivery. Antistatic oil is applied to yarn by passing it in contact with oiler roller on each position. Air texturised yarn is then taken up on paper tube to produce bi-conical packages.

Circular Knitting

Knitting is the second most common method of manufacturing fabrics after looms. The major difference between the fabric manufactured by knitting and by looms is quality and construction of fabrics. In case of knitting, the yarn is interlocked in the form of loops, thereby imparting stretch ability to the yarn. The fabric produced is given post-processing treatments like bleaching, mercerizing, printing and finishing.

Warp Knitting

Knitting is a method of constructing fabric by using a series of needles to interlock loops of yarn. Lengthwise rows of these loops, comparable to the warp yarn in woven goods, are called wales. Crosswise rows, comparable to filling yarns, are called courses. When producing warp-knits, a yarn sheet is linked by stitches in longitudinal direction. Thus, each individual thread in the sheet (warp) forms the wale. These loops gives the warp knit fabric the desired elasticity.

Unit 2 - Fabrics and Garments Division

Processing of fabrics

The entire process of processing of fabrics is briefly describes as under:

Preparation of grey cloth for processing

Majority of the grey cloth is weaved on power looms. The fabrics received are first mended to remove loose ends on the mending tables and are checked for major weaving faults. The fabrics are folded on folding stands and rejected lots if any, are returned to the suppliers.

Bleaching

Bleaching of cotton fabrics is done on continuous bleaching range and JT-10 machines, depending on quality, with caustic and peroxide in the batch form. In case of 100% polyester, fabrics with polyester viscose blends and also fabrics, which are required to be carbonized, the process of mercerizing is not required. For fabrics with above 50% cotton content, mercerizing is required if they are used for dyeing.

Heat Setting

This is a very important stage for polyester and blended fabrics. The fabrics are passed through mangle and are squeezed and stentered at required temperature. This gives lustre and dimension to the fabrics. If the heat is not set, fabrics tend to shrink in length as well as in width. While heat setting, dyes are added in mangle. If the fabric is 100% polyester, then, after reduction clearing on JT-10, the fabrics are ready for finishing and if they are blended, then after reduction clearing they are dried.

Dyeing

Dyeing of cotton fabrics is done Kustor padding mangles. Dyeing of polyester and blended fabrics are done on jet dyeing machine. Heat set fabrics are fed into jet dyeing machine, where they are first treated with chemicals. The disperse dyes are then added and the temperature is raised and fabrics are kept as per requirement of the shade. The darker the shade the longer is the time required. The polyester component of the fabric gets on the jet dyeing machine while the cotton/viscose component is dyed on jiggers.

Printing

Printing is done with pigment, reactive and disperse dyes depending on fabric quality. Fabrics dyed and bleached are taken for printing on machine and are printed with gum. After printing, the fabrics are taken to pressure ager or loop ager. In loop ager, fabrics are passed for about 10 minutes. Fabrics are wound on creel along with ager cloth and steamed for about 20-30 minutes at steam pressure. After fixation, the fabrics are again taken on soapers or winch soapers for reduction clearing and after drying for finishing.

Discharge style is possible on 100% polyester fabrics. After heat setting, fabrics are padded uniformly on float dryer at required temperature with dischargeable disperse dyes, so that fixation does not take place. Fabrics are then printed with non-dischargeable disperse dyes along with a highly retarding agent. After printing, fabrics are again developed in loop ager and all dyes are fixed. Same process of reduction, cleaning follows and fabrics are ready for finishing.

Finishing

Polyester and blended fabrics are again taken on stenter for finishing. In the mangle bath different softening agents, body-filling agents, silicone softeners, etc. are added to give lustre and supple finish.

Sanforising

The fabric is sanforised to give dimensional stability.

Packing

In this stage the fabrics are folded on folding machines or folding stands in required multiples. The fabrics are then checked on tables and required length pieces are taken out and packed for stamping. If orders are on roll, then they are rolled on sticks, stamped and then packed in boxes or bales as per orders. Electrical bailing press is used for bailing. Bales are then stored in godowns and dispatched as per instructions of the customers.

Cotton Knits Processing

The processing is done on imported Fong's soft flow machines. After the chemical treatment mechanical finish is done with a shrinkage control of 20% on fully automatic tubular compacting imported machine of Poong Kwang, South Korea. We have installed full line of Poong Kwang machine, right from ballooning to finishing.

Readymade garments

The raw materials for manufacturing readymade garments are fabric, zippers, threads, buttons and chemicals. The sourcing of majority of our fabrics is done in-house from our units. Other components like zippers, buttons, rivets, thread, etc. are either sourced from manufacturers in India or are imported. The fabric sample is checked for quality standards, tear and tensile strength, colour fastness in our quality laboratory.

The entire production process involving cutting, stitching, washing, processing, finishing & packaging usually takes 20 to 30 days.

The process of manufacturing of readymade garments is briefly described below:

Fabric Cutting

Once the fabric sample is tested for quality, the fabric is issued for cutting. Various types of cutting machines like automatic layering machine, power cutting machine, end cutters machine, etc. are used to ensure quality standards.

Stitching

After the fabric is cut, it is stitched. Trained tailors and specialists make use of various imported and indigenous machines for processes involved in the stitching. For example, the pockets of trouser are sewn by automatic pocket setters. There are special machines for hemming the bottom of trousers, affixing a double stitch on the side of the jeans as well as its pockets, loop attaching, interlocking and for affixing the two legs of the trousers.

Washing & Processing

Washing and processing of apparels is done after stitching is over. Most of the apparels have to be pre-washed to give a special look and feel to the fabric. Washing involves carrying out various processes like desizing (starch removal), bleaching (colour removal), stone wash, sand blasting, over-dyeing, acid wash, fraying, surface printing, screen printing, dry cleaning and laser engraving.

Finishing & Packaging

After the apparels are washed, they are ready for finishing. The process involves excess thread removal, ironing, wrinkles removal and attaching of labels displaying the product, size and price. After the product undergoes the above-mentioned processes, it is ready to be packed and dispatched.

Embroidery

Embroidered fabrics enjoy very good market acceptance for home furnishing, dress materials and garments. Embroidery is done on all kind of fabrics. The fabrics are first inspected and then they are stitched, selvedge-to-selvedge of approximately 3 to 4 width. The wide fabric roll is loaded on embroidery machine, in which the design and stitch per inch is set as per the requirement. The machines perform the embroidery as per set design. On completion of the embroidery the selvedge-to-selvedge stitches are opened up. The loops and protruding threads are cut and cleaned on shearing machine. The fabric is then mended for any loose threads and defects.

Polar Fabrics

Polar fleece is generally 13 to 16 ounce pile fabric, which is light weight and has superior insulating qualities. The fibres are first twisted into yarn and then knitted into fabrics on a circular knit machine. The fabric is dyed as per the requirement of the buyer and then brushed with wire brushes. It gives the cloth the required compatibility. The fabric is sheared and tumbled to remove excess fibres before giving anti-pilling treatment to the fabric. The fabric is then passed through steam and then cooled. It is a high quality product and has many features like soft touch, warmth, ability to wick away moisture from the body, etc.

Flock Fabrics

The flock is a precision cut synthetic fibre (0.3 – 2.00 mm long). The flock is made from continuous filament, Tow, which is cut to the required length. The cut flock is then dyed to the proper colour and a final chemical treatment, called the finish, is applied to give the flock; flow characteristics, electrostatic properties and moisture retention. The combination of electrostatics with polymer adhesive substance creates a flock, which is a unique product. Flocked fabrics can be embossed and printed. Flocked fabrics

impart heat insulation, thermal stability, liquid retention or dispersal, buffing, and gives a decorative & visual appeal.

Proposed Activities:

Our Company proposes to establish the following activities in its yarn & fabric division in the proposed expansion plan. The manufacturing processes of these proposed activities are discussed in brief below.

Unit 1 - Yarns and Knits Division

Yarn Dyeing

Most of the fabric consumption is in dyed or printed forms. To cater to high-end market, yarn is dyed and then woven to produce fashion fabrics and garments. Yarn can be dyed either in hank form or in cheese form. Mechanised drying is much better and uniform than sun drying inspite of additional steam cost. Cheese dyeing is a better technology and requires large capital expenditure and sophisticated plant and machinery. The plant is versatile as it can dye all kinds of yarns i.e. polyester, blends or cotton. The process of yarn dyeing is as follows:

The untwisted yarn is twisted and is rewound on dye springs under very low tension to make soft packages so that dye liquor can penetrate through the yarn package inside out and outside in, with least resistance and uniformity. Such soft packages are then stuffed and pressed in a carrier. The carrier is then lifted by EOT crane and inserted in dyeing machine. The pre-programmed software operates the dyeing machine as per the required recipe in technical sequence, timing, pressure, temperature, etc. through several processes one after the other viz. detergent washing, scouring, bleaching, dyeing, dye fixing, washing, rinsing, etc. Usually 13 processes take place in each batch and it takes about 9 hours to dye a batch. When the batch is ready, samples are drawn from 2 packages and checked for shade, colour fastness, etc. If required the batch is re-dyed to match the exact tone. On completion of dyeing, the carrier is brought out by EOT crane and the packages are removed and loaded to hydro extractor, where most of the water is centrifugally extracted by revolving the packages at a very high speed. These packages are dried in radio frequency dryer or pressure dryer depending upon the nature of the dye used. Yarn on dye springs can be dried on either machine but yarn on beams can be dried only in pressure dryer. Dyed or dried yarn packages are then sent to coning machine for transferring yarn from dye springs to paper cones/cheese and for precision winding to ensure smooth unwinding in the subsequent process like weaving, knitting, etc. by the customers. Yarn on cones are then tested, checked and packed and dispatched.

Weaving

Weaving is the oldest method of converting yarn into fabrics. Traditionally cloth was woven by a wooden shuttle that moved horizontally back and forth across the warp sheet, interlacing the filling yarn with horizontally, lengthwise warp yarn. While modern methods are more complex and faster but the basic principle of interlacing yarns remains the same. On the loom, lengthwise, yarn called the warp forms the skeleton of the fabric. They usually require a higher degree of twist than the filling yarns that are interlaced widthwise. Warp sheet is prepared on sectional warper, which is wound on metal pipes having flanges at both ends.

Unit 2 - Fabrics and Garments Division

Fabric Dyeing

Grey fabrics are inspected for any weaving defects and are mended. The fabrics are treated and bleached to clean it of all impurities, stains etc. so as to increase the absorption capacity of the fabric. The fabrics are then treated with caustic soda for the required period of time and are then washed. This process is called mercerising and it enhances the lustre, dimensional stability and dye absorbency. Once the treatment is over the fabric is dyed either in continuous dyeing range or batch process depending upon the fabric quantity. In case of batch dyeing, the fabrics are rotated for 12 hours and are then washed. In case of continuous dyeing

the fabric passes through mangle containing dye liquor and is steamed for fixation of dyes. The dyed fabric is padded with finishing chemicals for the desired feel and lustre in stenter machine. The finished fabric is pre-shrunk on compressive shrinking range to ensure that there is negligible residual shrinkage in the hands of consumers. On the peaching machine, surface finish like raising or peaching is given to the fabric. Finally the fabrics are folded on folding machines or folding stands in required multiple. The fabrics are then checked on tables and required length is taken out and packed after stamping. If orders are for roll packing, they are rolled on sticks, stamped and then packed in boxes or bales. Bales are then stored in godown and dispatched.

Infrastructure Facilities and Utilities

Unit 1 - Yarns and Knits Division

Raw materials

The basic raw material at our Unit 1, are polyester chips and spin finish oil. Our major suppliers for polyester chips include Reliance Industries Limited, JBF Industries Limited, Indorama Synthetics (I) Limited, Garden Silk Mills Limited etc. The major supplier of spin finish oil is Japan based Sojitz Chemical Corporation. Our Company proposes to meet the additional raw material requirement from the existing sources.

Power

The sanctioned power in our Unit 1 is 6200 KW from Torrent Power Limited. The average cost per unit is Rs. 4.30 per unit. Our Company proposes to meet the additional power requirement from the existing source and from a new power plant at Unit 2.

Water

At Unit 1, our Company has 2 borewells having capacity of 45 KL/ Hr. per borewell, which satisfy all of its water requirement. Our Company proposes to meet the additional water requirement from the existing sources.

Machines / Equipments

The following table depicts the details of various plant & machinery currently installed at Unit 1.

Machinery	Manufacturer	New / Old	Purpose	Quantity
POY, FDY & Texturised yarn				
Dense Phase Conveying	Coperion Ideal	New	Raw Material Conveying (Polyester Chips)	4
Chips Dryer	DHP Beijing, China	New	Drying & crystallization of chips	1
Chips Dryer	Sathe Engineering	New	Drying & crystallization of chips	3
Extruder	Shanghai Jwell, China	New	Melting of polyester chips in polymer form.	13
Extruder	Teijin Seiki, Japan	Old	Melting of polyester chips in polymer form.	4
CPF	Shanghai Jwell, China	New	Filtration of polymer.	13
CPF	Lunarmech	New	Filtration of polymer	4
Spin Beam	Teijin Seiki, Japan	Old	Uniform distributor of polymer	20
Spin Beam	Shanghai Jwell, China	New	Uniform distributor of polymer	8
Quench Chamber	Teijin Seiki, Japan	Old	Quenching of yarn	128
Quench Chamber	Shanghai Jwell, China	New	Quenching of yarn	16
Winder FDY	Teijin Seiki, Japan	Old	Winding of yarn	32
Winder FDY	TMT, Japan	New	Winding of yarn	24
Winder POY	Teijin Seiki, Japan	Old	Winding of yarn	72

Machinery	Manufacturer	New / Old	Purpose	Quantity
Winder POY	Toray, Japan	New	Winding of yarn	40
Winder POY	Shanghai Jwell, China	New	Winding of yarn	48
Thermic Fluid Heater	Thermax	New	Heating of Equipments	1
Thermic Fluid Heater	Heatex	New	Heating of Equipments	1
Air Compressor	Atlas Copco.	New	High Pressure air generation for pneumatic operation	4
Air Compressor	Chicago Pneumatic	New	High Pressure air generation for pneumatic operation	3
Air Compressor	Elgi	New	High Pressure air generation for pneumatic operation	3
Air Compressor	Ingersoll Rand	New	Medium Pressure air generation for texturised yarn	1
VAC Chiller	Thermax	New	Chilling of water for yarn quenching	2
Cooling Tower	Mihir Engineers	New	Equipment cooling	3
DM Plant	Ion Exchange	New	Spin Finish Oil preparation	1
Draw Texturising	Aalidhara	New	Texturising of yarn	3
Air Texturising	Aalidhara	New	Texturising of yarn	1
Draw Twisting	Ishikawa, Japan	Old	Texturising & Twisting of yarn	5
Draw Twisting	Teijin Seiki, Japan	Old	Texturising & Twisting of yarn	10
Draw Twisting	Zinser, Germany	New	Texturising & Twisting of yarn	4
Warp Knitting Division				
Warp Knitting	Karl Mayer, Germany	Old	Knitting of fabrics	8
Circular Knitting Division				
Circular Knitting	Fukagama, Taiwan	New	Knitting of fabrics	16

Employees

The following table shows the employees and workers working in Unit 1 of our Company as on December 31, 2007.

Employees:

	Top Management Cadre	Senior Management Cadre	Middle Managerial Cadre	Junior Management Cadre	Others	Total
Finance	1	3	-	2	14	20
Marketing	-	2	2	1	3	8
Human Resource	-	1	1	2	28	32
Purchases	-	-	1	1	4	6
Production	1	2	-	-	9	12
Others	-	4	10	4	63	81
Total	2	12	14	10	121	159

Workers:

Category	Workers on rolls of the company	Workers on Contract	Total
Skilled	206	-	206
Semi skilled	137	-	137
Unskilled	-	219	219
Total	343	219	562

Effluent Disposal / Water treatment

Our Company has obtained all the necessary regulatory approvals for pollution control.

Unit 2 – Fabrics and Garments Division

Raw materials

In Unit 2 the major raw materials required for manufacture of polar fleece fabrics and flock fabrics are polyester filament yarn and texturised yarn. The polyester yarn and texturised yarn is sourced in-house from Unit 1. The other raw material required in Unit 2 for processing activities is colour chemicals, which is procured from in-house chemical division and from other manufacturers located in Gujarat. For manufacturing of flock, the other raw material is tow, which is imported. The raw materials for manufacturing readymade garments are fabric, zippers, threads, buttons and chemicals, which are procured in-house and from other sources.

Power

The total sanctioned power at this Unit is 2500 kw. The total energy consumption at our Unit 2 was 20891964 Kwh for the Fiscal 2007. The power procured from Torrent Power Limited was to the tune of 11583190 Kwh and the balance of 9308764 Kwh was sourced through the 1.70 MW captive power plant. The captive power plant is able to satisfy about 45% of the total energy requirement.

The per unit cost of producing power through captive power plant comes to Rs. 1.90 per unit while average cost per unit cost of purchasing power from Torrent Power Limited comes to Rs. 4.30 per unit .

Water

At Unit 2, our Company has 4 borewells, which satisfy our water requirement. The capacity is 90 KL / Hr per borewell.

Machines / Equipments

Machinery	Manufacturer	New / Old	Purpose	Quantity
Processing Division				
Mercerize Machinery	Dhall Enterprise	New	Mercerise of fabrics	1
Mercerize Machinery	Dhall Enterprise	New	Mercerise of fabrics	1
Mercerize Machinery	Benengger	Old	Mercerise of fabrics	1
Kuster Padder Machine	Kuster, Switzerland	New	Dyes padder	2
Sanforizer	Dhall Enterprise	New	Sanforise(shrinkage cont.)	1
Sanforizer	Dhall Enterprise	New	Sanforise(shrinkage cont.)	1
Sanforizer	Dhall Enterprise	New	Sanforise(shrinkage cont.)	2
Rotary Printing Machine	Stormac Industries Limited	New	Fabric printing	3
Rotary Printing Machine	Laxmi Engineering	New	Fabric printing	1
Rotary Printing Machine	Shubha laxmi Engineering	New	Fabric printing	1
Rotary Printing Machine	Harish Enterprises	New	Fabric printing	1
Stenter Machine	Harish Enterprise	New	Finishing & heatsetting	5
Stenter Machine	Dhall Enterprise	New	Finishing & heatsetting	2
Calendar Machine	Mother & Plant	New	Mechanical finish	1
Winch Machine	Gayatri Machinery	New	Sco.& dyeing m/c	9
Soft Flow Machine	Krishna Engineering	New	Sco.& dyeing m/c	1
"	Tong-Gong Eng	New	Sco.&dyeing m/c	2
"	Devrekha Engineering	New	Sco.&dyeing m/c	1
Flat Bed Machinery	Pankaj Machinery	New	Printing m/c	2
"	Scrinotex Engineering	New	Printing m/c	2
"	Indian Textile	New	Printing m/c	1
"	Texprint Engineering	New	Printing m/c	2
Jet Dyeing Machinery	Devrekha Engineering	New	Dyeing m/c	12
"	Krishna Engineering	New	Dyeing m/c	1
Float Dryer	Bhatt Brothers	New	Dyes padder with dryer	2
Poly Mercerize		New	Polymerriser	1
Liza Machinery	Stamperia, Italy	New	Mechanical finishing.	2

Machinery	Manufacturer	New / Old	Purpose	Quantity
Utility				
12 TPH Steam Boiler	Cethar Vessals Ltd.	New	Steam generation	1
2000 U Thermopack	Thermax Ltd.	New	Thermo feol heater	1
2500 U Thermopack	Thermax Ltd.	New	Thermo feol heater	2
50 HP Air Compressor	Ingersoll-Rand	New	High press.air generator	2
1250 KVA D.G. Set	Cummins Ltd.	New	Electric power generator	1
"	Gemmco Ltd.	New	Electric power generator	1
Embroidery Division				
MDB Single Frame Embroidery Machinery	Lasser Swiss, Switzerland	New	Embroidery	4
Shearing Machinery	Gurbani Eng. Works	New	Shearing	1
Yarn Setting Autoclave Machinery	Bluemoon Eng. & Mfg. Co.	New	Steaming of yarn	1
Bobbin Winder Machinery	Casati Carlo	New	Yarn winding	8
Flock Division				
Flock Plant	J.T.I.C	New	Flocking& knifecoating m/c	2
Pressure Ager	Gayatri Machinery	New	Developer of dyes	1
Brushing Machinery	Yash Machinery	New	Cleaning of fabric	1
"	Trushape Eng.	New	Cleaning of fabric	1
"	Embee Corporation	New	Cleaning of fabric	1
Batching Machine	Trushape Engineering	New	Binding of fabrics	1
Hot Emborsing Machinery	-	New	Machenical printing m/c	1
Hydro Extractor	K.B Corporation	New	dryer	3
Flock Dyeing Tank	Chemi Process	New	Dyeing m/c for nylon pdr	3
Flock Dryer	Grovers Eng.	New	Dryer	1
Sieving Machinery	K.B Corporation	New	Flock pdr filter	1
Polar Division				
Tumbler Machinery	Yantoo Co. Taiwan	New	Dryer & Shrinkage for circular fabric	6
Brushing Machinery	"	New	For cleaning of fabric	2
Raising Machinery	"	New	Resgin for kinnted fabric	2
		Old		1
Sharing Machinery	"	New	Shears of knitted fabric	2
Slitting Machinery	"	New	Sliting of fabrics	1
Platting Machinery	"	New	Platting of fabrics	1
Tumbler Dryer	Santosh Fabricators	New	Dryer	1
Cotton Hosiery Plant				
Soft flow Machinery All fit 60	Fongs National Eng. Co. , Tawan	New	Circular dyeing m/c	1
Soft flow Machinery Eco 38 2T	"	New	Circular dyeing m/c	2
Soft flow Machinery Eco 38 1T	"	New	Circular dyeing m/c	1
Soft flow Machinery Eco 38 3T	"	New	Circular dyeing m/c	1
Soft flow Machinery 600 Kg	Gopal Engineering Work	New	Circular dyeing m/c	1
Soft flow Machinery 300 Kg	Gopal Engineering Work	New	Circular dyeing m/c	1
Soft flow Machinery 750 Kg	Bhagyarekha Engineering	New	Circular dyeing m/c	1
Soft flow Machinery 50 Kg	Bhagyarekha Engineering	New	Circular dyeing m/c	1
Balloon Padder	Poong Kwang	New	Circular heat setting	1
Compactor	Poong Kwang	New	Shrinkage of circular fabric	1
Relax Dryer	Harish Enterprise	New	Dryer for circular fabric	1
Stenter Machinery	Harish Enterprise	New	Finish & heat setting	2

Machinery	Manufacturer	New / Old	Purpose	Quantity
Rotary Printing Machinery	Harish Enterprise	New	Printing m/c	1
Loop Ager Machinery	Texcel Engineering	New	Dyes Developer	1
Gumming Cutter Machinery	Santosh Fabricators	New	Gumming for circular fabrics	1
Hydro Extractor	K.B Corporation	New	Dryer	1
Winch Machine	Gayatri Machinery	New	Sco.dyeing m/c	1
Heat Setting Machine	Suraj International	New	Circular fabric heat setting	1
Fabric Dyeing Plant				
Continuous Bleaching Range	Kusters Far East Ltd, Germany	New	Pre-treatments of woven fabric	1
Continuous Mercerizing Range	Kusters Far East Ltd, Germany	New	For mercerizing of woven fabrics	1
Singeing Machinery	Osthoff-Senge GmbH & Co, Germany	New	Burning of fiber free threads	1
6 Batch Rotating Station	Kusters Calico Machinery	New	Rotater for binding batch	2
Softening Plant	Thermax Ltd.	New	Water purification plant	1
Chemical Plant				
Reactors Vessels 5-Ton Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 3-Ton Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 1.2-Ton Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	4
Reactors Vessels 2-Ton Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 700 Kg. Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 600 Kg. Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 500 Kg Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 850 Kg Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Reactors Vessels 1Ton Cap.	Marshal Fab Engineers	New	Chemicals mfg. m/c	1
Texturising Division				
AFT 11 HS * 288 Spindle Texturising Machine	Aalidhara	New	Processing for yarn rotto crimping & texturising	3
AFT 11 HS * 312 Spindle Texturising Machine	Aalidhara	New	Processing for yarn rotto crimping & texturising	1
Power Plant				
23 TPH Steam Boiler	Cethar Vessels Ltd.	New	High pressure steam generator	1
1.7 MW Turbine	Demang Delaval Ind.	New	Electric power generator	1
12M / HR * 3 R O Plant	Tech Aid.	New	For water purification for proce.	1
PRDSH System	Forbes Marshal Arca Pvt. Ltd	New	Pressur reducer & de setured steam systems	1
Circular Division Division				
Circular Knitting Machine	Kumyong, Korea	New	For making of circular [knit] fabrics	11
”	Pailung, Taiwan	New	For making of circular [knit] fabrics	8
”	Fukuhama, Taiwan	New	For making of circular [knit] fabrics	9
”	Sasangyoung, Korea	New	For making of circular [knit] fabrics	6
”	Chamber, UK	New	For making of circular [knit] fabrics	2
Warp Knitting Division				
Warp Knitting Machine	Karl Mayer, Germany	New	For making of Warp knitted woven fabrics	7

Machinery	Manufacturer	New / Old	Purpose	Quantity
Garments Division				
Stitching Machines	Siruba, Taiwan	New	Stitching	275

Employees

The following table shows the employees and workers working in Unit 2 of our Company as on December 31, 2007.

Employees:

	Top Management Cadre	Senior Management Cadre	Managerial Cadre	Junior Management Cadre	Others	Total
Finance	1	-	4	2	26	33
Marketing	3	2	10	9	18	42
Human Resource	-	-	1	1	14	16
Purchases	1	-	2	1	26	30
Production	2	5	21	19	110	157
Others	-	-	-	-	52	52
Total	7	7	38	32	244	328

Workers

Category	Workers of Rolls of the company	Workers on Contract	Total
Skilled	348	551	899
Semi skilled	126	326	452
Unskilled	162	644	806
Total	636	1521	2157

Effluent Disposal / Water treatment

Our Company has an effluent treatment plant for bringing down the levels of effluents discharged during the processing activities as per the norms of Gujarat Pollution Control Board. The present consent of GPCB has expired on September 28, 2006 and our Company has applied for renewal of the same GPCB vide application dated September 27, 2006. The present capacity of the ETP plant is 80000 Lts / day.

Marketing & Distribution

Domestic market contributes bulk of the business. Out of the total consolidated sales of Rs.4904.54 million of our Company in the Fiscal 2007, the share of the domestic market was 91% and the share of exports was 9%.

Unit 1 - Yarns and Knits Division

Domestic Market

In the domestic market, the marketing channel of our Company consists of yarn processors and dealers. Our Company has a separate marketing team catering to yarn processors across the country. Our Company has dealers network across the country to distribute our products to retailers. Our unit 1 is currently serving to around 350 parties across the country.

Export Market

Unit 1 exports its products to Brazil, Turkey, Argentina, Mexico, Egypt, Bangladesh, Kenya, Srilanka, USA and Nepal.

Unit 2 - Fabrics & Garments Division

Domestic Market

In case of fabrics and garments, the domestic market contributes the major proportion of the total revenues. In domestic market the marketing channel can be broadly divided into garment exporters, wholesalers and traders.

- Garment Manufacturers / Exporters – Our Company has a separate marketing team catering to garment manufacturers and exporters. In most of the cases the garment manufacturers / exporters approach us directly for purchasing of fabrics as well as for processing of their grey fabrics.
- Wholesalers – Our Company has wholesalers as clients, who distribute its products to retailers across the country. The wholesalers are buying fabrics from us as well as getting their fabrics processed at our processing house. Our Company also has a separate marketing team catering to wholesalers across India.
- Traders – Our Company has traders directly approaching us for purchase of fabrics as well as for processing of grey fabrics. Majority of these traders are located at Ahmedabad, Mumbai and Delhi.

Export Market

Unit 2 is exporting its garments to customers in countries like France, USA, Italy, Germany, UK, Switzerland, Netherlands, etc.

Export obligation

We have obtained licenses under Export Promotion Capital Goods scheme (“EPCG”). As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. Our export obligation under these licenses as on September 30, 2007 is Rs. 73.57 millions.

Competition

The fabric and apparel manufacturing industry is highly competitive both in the domestic as well as in international arena. China, Pakistan and India are major players globally in the fabrics segment. China, India, Bangladesh and Sri Lanka are major players in the garments segment. In the domestic market, industry is highly fragmented by the presence of large number of players in both organized as well as in unorganized sector. There is no single player that dominates the garments or fabrics segment either in Indian or International markets. Our competitors ranges from large multinational enterprises to niche manufacturers in the domestic market. In order to be competitive, our Company intends to leverage on its large capacities, cost effective production, operational capabilities, and by further strengthening its relationships with customers and at the same time developing relationships with new clients.

Properties

The following are details of properties owned by our Company

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
a)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Mr. Jaiprakash Devkinandan; and Mr. Brijmohan Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<p><u>Survey No. 165:</u> Survey No. 165 admeasuring 12242 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> ▪ On or towards the North: land Survey No. 166 and 167 ▪ On or towards the South: Land Survey no. 164 ▪ On or towards the East: Land of Survey No. 84 ▪ On or towards the West: Canal 	Rs. 5,85,640	<p>Registration No.: AHD-5-NRL-5725 dated November 07, 2006.</p> <p>Stamp Duty: Rs. 34,000/-</p>	Unit 2
b)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<p><u>Survey No. 166/2:</u> Survey No. 166/2 admeasuring 5463 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> ▪ On or towards the North: [Gamtal] outskirt Land ▪ On or towards the South: Land Survey no. 162/2 ▪ On or towards the East: Land Survey No. 167 ▪ On or towards the West: [Gamtal] outskirt Land 	Rs.2,62,000	<p>Registration No.: AHD-5-NRL-5727 dated November 07, 2006</p> <p>Stamp Duty: Rs. 15,600</p>	Unit 2
c)	Agreement to Sell dated May 28, 2005 and Agreement of Possession dated May 28, 2005 between Ms. Shardhaben; Mr. Kirtikumar Ishwarbhai;	<p><u>Survey No. 167/1:</u> Survey No. 167/1 admeasuring 5200 sq.(2783) yards situated at Mouje Saijpur-Gopalpur in the</p>	Rs. 1,11,320	<p>Registration Nos.: 34398 [Agreement to Sell]</p>	Unit 2

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
	Mr. Ashwiniben Ishwarbhai and Mr. Pravinbhai Ishwarbhai (“the Vendors”) and Shanti Processors Limited (“the Purchaser”)	<p>registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Land Survey No. 178 On or towards the South: Water Stream. On or towards the East: Water Stream On or towards the West: Land survey No. 171 		<p>34402 [Agreement of Possession]</p> <p>Stamp Duty: Rs. 50 [Agreement to Sell]</p> <p>Rs. 50 [Agreement of Possession]</p>	
d)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Ms Pushpaben Devkinandan and Ms. Urmilaben Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<p><u>Survey No. 167/2:</u> Survey No. 167/2 admeasuring 2023 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Property of Govindbhai Shambhubhai On or towards the South: Property of Shardul Bodhabhai On or towards the East: Saijpur Village On or towards the West: Water Rivulet 	Rs. 96,800/-	<p>Registration No.: AHD-5-NRL-5728 dated November 07, 2006</p> <p>Stamp Duty: Rs. 5,800/-</p>	Unit 2
e)	Agreement to Sell dated May 28, 2005 and Agreement of Possession dated May 28, 2005 between Ms. Shobhnaben and Mr. John Winner Christian (“the Vendors”) and Shanti Processors Limited (“the Purchaser”)	<p><u>Survey No. 168:</u> Survey No. 168 admeasuring 5200 sq. yards situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as</p>	Rs. 2,08,000/-	<p>Registration Nos.: 34399 [Agreement to Sell]</p> <p>34400 [Agreement of Possession]</p> <p>Stamp Duty: Rs. 50 [Agreement to</p>	Unit 2

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
		<p>follows:</p> <ul style="list-style-type: none"> On or towards the North: Land Survey No. 178 On or towards the South: Water Stream. On or towards the East: Water Stream On or towards the West: Land survey No. 171 		<p>Sell]</p> <p>Rs. 50 [Agreement of Possession]</p>	
f)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan as the karta of M/s Devkinandan & Sons [HUF] ("the Vendors") and Chiripal Industries Limited ("the Purchaser")	<p><u>Survey No. 174/1:</u> Survey No. 174/1 admeasuring 3743 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Saijpur Road On or towards the South: Land Survey no. 173 On or towards the East: Land of Survey No. 174/2 On or towards the West: Land of 1 to 6 of Survey No. 173 	Rs. 2,08,000	<p>Registration No.: AHD-5-NRL-5726 dated November 07, 2006</p> <p>Stamp Duty: Rs. 12,400</p>	Unit 2
g)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan ("the Vendor") and Chiripal Industries Limited ("the Purchaser")	<p><u>Survey No. 174/2:</u> Survey No. 174/2 admeasuring 4553 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Saijpur-Gopalpur Road On or towards the South: Land Survey no. 168 	Rs. 2,17,000/-	<p>Registration No.: AHD-5-NRL-5730 dated November 07, 2006</p> <p>Stamp Duty: Rs. 13,000/-</p>	Unit 2

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
		<ul style="list-style-type: none"> On or towards the East: Land of Survey No. 174/3 On or towards the West: Land of Survey No. 174/1 			
h)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Mr. Jaiprakash Devkinandan and Mr. Brijmohan Devkinandan ("the Vendors") and Chiripal Industries Limited ("the Purchaser")	<u>Survey Nos. 174/3, 4, 5, 6; 176 and 178 plus Pot Kharaba [Waste] land:</u> Survey No. 174/3, 4, 5, 6; 176 and 178 plus Pot Kharaba [Waste] land totally admeasuring 13152 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 5,56,000/-	Registration No.: AHD-5-NRL-5729 dated November 07, 2006 Stamp Duty: Rs. 33,200/-	Unit 2
i)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan ("the Vendor") and Chiripal Industries Limited ("the Purchaser")	<u>Survey No. 175:</u> Survey No. 175 admeasuring 3136 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows: <ul style="list-style-type: none"> On or towards the North: Land Survey No. 174 On or towards the South: Land Survey No.168 On or towards the East: Land Survey No.178 On or towards the West: Land Survey No.173 	Rs. 1,50,040/-	Registration No.: AHD-5-NRL-5724 dated November 07, 2006 Stamp Duty: Rs. 8,950/- [Rupees eight thousand nine hundred and fifty only]	Unit 2
j)	Agreement to Sell dated May 27, 2005 and Agreement of Possession dated May 27, 2005 between Ajitbhai through and on behalf of his Attorney holder Mr. Jaiprakash Devkinandan ("the Vendor") and Shanti	<u>Survey No. 179:</u> Survey No. 179 admeasuring 7865 sq. yards situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with	Rs. 3,13,600/- [Rupees three lacs thirteen thousand and six hundred only]	Registration No.: 33918 [Agreement to Sell] 34401 [Agreement of Possession]	Unit 2

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
	Processors Limited (“the Purchaser”)	factory building and all other superstructure standing thereon and the same is bounded as follows: <ul style="list-style-type: none"> On or towards the North: Survey No. 180 On or towards the South: Survey No. 167 On or towards the East: Village boundary On or towards the West: Water Stream 		Stamp Duty: Rs. 50 [Agreement to Sell] Rs. 50 [Agreement of Possession]	
k)	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Ms. Puspaben Devkinandan and Ms. Urmilaben Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 180/1 and 180/2:</u> Survey No. 180/1 and 180/2 totally admeasuring 3744 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows: <ul style="list-style-type: none"> On or towards the North: Public way for ingress and egress in the said land On or towards the South: Land Survey no. 179 and 178 On or towards the East: Land of Survey No. 181 On or towards the West: Land of 1 to 6 of Survey No. 176 	Rs. 1,80,000/- [Rupees one lac eighty thousand only]	Registration No.: AHD-5-NRL-5731 dated November 07, 2006 Stamp Duty: Rs. 10,800/- [Rupees ten thousand and eight hundred only]	Unit 2
l)	Agreement to Sell dated May 27, 2005 and Agreement of Possession dated May 27, 2005 between Mr. Vedprakash Devkinandan Agarwal; Mr. Jyotiprasad Devkinandan Agarwal; Mr. Jaiprakash Devkinandan Agarwal and Mr. Brijmohan Devkinandan Agarwal (“the	<u>Survey No. 185/1:</u> Survey No. 185/1 admeasuring 7790 sq. yards situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the	Rs. 3,11,600/- [Rupees three lacs eleven thousand and six hundred only]	Registration No.: 33912 [Agreement to Sell] 33913 [Agreement of Possession] Stamp Duty: Rs. 50	Unit 2

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
	Vendors”) and Shanti Processors Limited (“the Purchaser”)	<p>same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Survey No. 186 and Lake of Village On or towards the South: Road On or towards the East: Road On or towards the West: Survey No. 185/2 		<p>[Agreement to Sell]</p> <p>Rs. 50 [Agreement of Possession]</p>	
m)	Sale Deed October 22, 2003. between Mr. Vedprakash Devkinandan karta of V. Jyotiprasad [HUF]; Mr. Jaiprakash Devkinandan karta of S. Jaiprakash [HUF] and Mr. Vedprakash Devkinandan karta of S. Vedprakash [HUF] (“the Vendors”) and Chiripal Petrochemicals Limited (“the Purchaser”)	<p><u>Survey No. 199:</u> Survey No. 199 admeasuring 15762 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Nalia Road and Survey No. 201 On or towards the South: Survey No. 191 On or towards the East: Revenue Survey No. 203 and 198 On or towards the West: Revenue Survey No. 190 	Rs. 7,89,100/- [Rupees seven lacs eighty nine thousand and one hundred only]	<p>Registration No.: AHD-5-NRL-3326 dated October 22, 2003.</p> <p>Stamp Duty: Rs. 88,500/- [Rupees eighty eight thousand and five hundred only]</p>	Unit 1 and Registered Office
n)	Sale Deed executed on October 22, 2003 between Keshavram Family Trust through its trustee Mr. Vedprakash D. Agarwal (“the Vendors”) and Chiripal Petrochemicals Limited (“the Purchaser”)	<p><u>Survey No. 200/1:</u> Survey No. 200/1 admeasuring 6576 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows:</p> <ul style="list-style-type: none"> On or towards the North: Nalia Road 	Rs. 3,28,800/- [Rupees three lacs twenty eight thousand and eight hundred only]	<p>Registration No.: AHD-5-NRL-3324 dated October 22, 2003.</p> <p>Stamp Duty: Rs. 37,000/- [Rupees thirty seven thousand only]</p>	Unit 1 and Registered Office

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
		and Survey No. 201 ▪ On or towards the South: Survey No. 191 ▪ On or towards the East: Revenue Survey No. 203 and 198 ▪ On or towards the West: Revenue Survey No. 190			
o)	Sale Deed executed on October 22, 2003. between Mr. Vedprakash Devkinandan karta of Vedprakash Brijmohan [HUF]; Mr. Jyotiprasad Devkinandan karta of S. Jyotiprasad [HUF]; Mr. Vedprakash Devkinandan karta of S. Vedprakash [HUF] and Mr. Brijmohan Devkinandan karta of S. Brijmohan [HUF] (“the Vendors”) and Chiripal Petrochemicals Limited (“the Purchaser”)	<u>Survey No. 200/2:</u> Survey No. 200/2 admeasuring 6475 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon and the same is bounded as follows: ▪ On or towards the North: Nalia Road and Survey No. 201 ▪ On or towards the South: Survey No. 191 ▪ On or towards the East: Revenue Survey No. 203 and 198 ▪ On or towards the West: Revenue Survey No. 190	Rs. 3,23,750/- [Rupees three lac twenty three thousand seven hundred and fifty only]	Registration No.: Serial No. 3323 dated October 22, 2003. Stamp Duty: Rs. 36, 300/- [Rupees thirty six thousand and three hundred only]	Unit 1 and Registered Office
p)	Possession Letter dated June 18, 1994 between Goyal Towers Association (“the Vendor”) and Chiripal Twisting and Sizing Pvt. Limited (“the Purchaser”)	<u>Flat at Goyal Tower.</u> B-42, 4 th Floor, Goyal Tower, Near Jahanvi Restaurant, Gulbai Tekra, Ahmedabad	280,000	NA	Guest House
	Share Certificate No. 108 dated June 1994				
q)	Sale Deed dated November 17, 1994 between Mr. Manubhai Manhar Modi (“the Vendors”) and Chiripal Twisting and Sizing Pvt. Ltd (“the Purchaser”)	<u>Flat at Satellite Apartment.</u> Flat No. 21-E, 2 nd Floor, Block No. E, Shree Bahuchar Co-operative Housing Society Limited, Satellite Apartments, Survey No 241, Vejalpur, admeasuring 100 sq.	Rs. 3,47,000/- [Rupees Three lacs forty seven thousand only]	Registration No.: AHD-4-PLD-2761 dated November 17, 1994 Stamp Duty: Rs. 27,300/- [Rupees Twenty	Guest House

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Registration and Stamp Duty	Existing Usage
		feet		seven thousand and three hundred only]	
r)	Certificate of Membership dated June 30, 1998 given by Goyal Palace, Shree Surajdev Co-operative Housing Society (“the Vendor”) to Chiripal Twisting and Sizing Pvt. Ltd (“the Purchaser”)	<u>Flat at Goyal Palace.</u> Flat No. 42, FP-382, Opp.Vasu farm, Adjoining Devang Park, Rajpath Highway, Bodakdev, Ahmedabad – 15	Rs. 11,00,000/- [Rupees Eleven lacs only]	NA	Guest House
s)	Allotment Letter dated July 29, 2001 given by Geratpur Bhagyalaxmi Co-operative Housing Society Ltd (“the Vendor”) to Shanti Processors Ltd (“the Purchaser”) Poseession Letter dated July 29, 2001 given by Geratpur Bhagyalaxmi Co-operative Housing Society Ltd (“the Vendor”) to Shanti Processors Ltd (“the Purchaser”) Share Certificate No.124 dated July 29, 2001	<u>Flat at Nandanvan.</u> A-94, Nandanvan – II, Geratpur Bhagyalaxmi Co-operative Housing Society Ltd, FP No. 192, Survey No. 361/1, T.P.S 5, Vejalpur, Ahmedabad	1,233,000	NA	Guest House

Details of properties taken on lease/leave and license by our Company:

Sr. No.	Details of Agreement	Property Details	Consideration [Rs.]	Tenure	Existing Usage
i)	Lease Agreement dated January 03, 2007 between Surendra Dhanraj Maroti [HUF] (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	Godown premise admeasuring 960 square feet situated at plot no. 11 bearing Revenue Survey No. 84, Hissa No. 1 of Block No. 139 in Mouje Village Saroli, Sub-District and Taluka Choryasi in the district of Surat	Monthly Rent of Rs. 6000/-	Eleven months with effect from January 01, 2007	Godown
ii)	Lease Agreement dated September 06, 2006 between Sureshkumar Sardarmal Shah (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	Shop No. 9, admeasuring 300 square feet constructed on the ground floor of the building known as “Darshan Complex” situated on Survey No. 233/1 at Village Dadra in the Union Territory of Dadra and Nagar Haveli.	Monthly rent of Rs. 2,2550 and Maintenance Charges of Rs. 1500	September 01, 2006 to July, 31, 2007	Godown
iii)	Lease Agreement dated April 01, 2007 between Shanti Exports Pvt. Ltd. (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	Part of Second Floor of Chiripal House, Shivranjini Cross Road, Satellite Road, Ahmedabad.	Annual Rent of Rs. 4,80,000/-	April 01, 2007 to March 31, 2008	Corporate Office
iv)	Agreement of Lease	Century Business Centre,	Rs. 1,20,000/-	February 01,	Marketing

	between Chiripal Enterprise Limited (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	02/3, Paiki, First floor, House No. D, 21 st Century Business Centre, Lal Darwaja, Ring road, Surat, Gujarat		2008 to March 31, 2012	Office
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Details of properties given on lease by our Company:

Details of Agreement	Property Details	Consideration [Rs.]	Tenure
Agreement of Lease between Chiripal Industries Limited (“the Lessor”) and Mr. Vijay Ranjan (“the Lessee”)	Flat No. C/42, Goyal Palace, The Grand Bhagwati, S. G Road, Ahmedabad	Rs. 6000/- [Rupees Six thousand Only]	January 01, 2008 to November 30, 2008

Insurance Policies

Our Company has insured the office premises at Surat, building, plant and machinery, godowns, warehouses, stocked raw materials, finished goods, stocks in process, computer, laptops, coolers, air conditioners and furniture and fixtures, office equipments, against fire accidents, earthquake, robbery and such other loss and damage to property. Our Company has also insured its permanent employees and its contract workers working at these units, godowns and warehouses against any loss and damages caused to them when on duty. In addition to the same, our company has also insured its twenty five vehicles against any loss and damage.

Trademark

Our company has applied for trademark under class 23 for the word “CHIRIPAL” and for the logo “DEVICE BIRD-LABEL”

REGULATION AND POLICIES

Our Company is in the business of manufacture of yarn, fabric, garments and processing of fabrics. Our activities are governed by various legislations relating to manufacturing and working factories, running a place of business among others. Some of the key regulations applicable to us are summarised hereunder:

Further, for the purposes of executing the work undertaken by our Company, we are required to obtain licenses and approvals under the prevailing laws and regulations. For details of such approvals, please see “Government/Statutory and Business Approvals” on page [●] of the Draft Red Herring Prospectus.

The regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Regulation Applicable to Our Manufacturing Activities

The primary central legislation governing the manufacturing sector is the Factories Act, 1948. In addition, compliance also has to be ensured with various *labour* related legislations, including the Payment of Wages Act, 1956, The Minimum Wages Act, 1948, The Employees State Insurance Act, 1948, Workmen’s Compensation Act, 1923, Payment of Gratuity Act, 1972 Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. Employees’ State Insurance Act, 1948, Payment of Bonus Act, 1965 and The Shops and Establishment Acts as applicable in each state.

Factories Act, 1948

The Factories Act, 1948 (“Factories Act”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires *inter alia* the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

Labour Regulations

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (“IDA”) is the key statute governing the relationship between the Employer and the Employee (termed as the “Workmen”). It sets out the legal framework for managing the employer – employee relationship as well as the mechanism for dispute resolution. It further prescribes legal remedies available to the workmen for addressing their grievances. In brief, IDA is an act to make provision for the investigation and settlement of industrial disputes. IDA is applicable to all the “workmen” of any “industry”.

Section 2(j) of the IDA defines an “**Industry**” *inter alia*, as any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft, or industrial occupation or avocation of workman.

Section 2(s) of the IDA defines *inter alia*, a “**Workman**” as any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work. This definition, however, excludes the persons employed in a managerial or administrative capacity.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "PF Act") stipulates that all employees are eligible for provident fund benefits. The employer is responsible for:

- Deducting certain percentage of salary paid to the employee (employee's contribution)
- Arranging employer's contribution.
- Depositing both employee's contribution as well as employer's contribution to the designated PF authority.

Environmental Regulations

We have to comply with the provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974. Entrepreneurs are required to obtain statutory clearances relating to pollution control and environment for setting up and operation of an industrial project.

Water

The discharge of industrial effluents is regulated by the Indian Standard code. In addition to the general standards, certain specific standards have been developed for effluent discharges.

Water (Prevention and Control of Pollution) Act, 1974 prohibits the discharge of pollutants into water bodies beyond a given standard, and lays down penalties for non-compliance. NOCs are required under this act for an industry to operate. Water (Prevention and Control of Pollution) Cess Act, 1977 provides for a levy and collection of a cess on water consumed by industries and local authorities. It aims at augmenting the resources of the central and state boards for prevention and control of water pollution.

Import and Export Regulations

Customs Act, 1962 and Rules thereunder

The Customs Act, 1962("Customs Act") provides that all importers must file a bill of entry or a cargo declaration, containing the prescribed particulars for entry of customs clearance. Additionally, a series of other documents relating to the cargo are to be filled with the appropriate authority. After registration of the bill of entry, it is forwarded to the concerned appraising group in the custom house. This is followed by an assessment by the assessing officer in order to determine the duty liability. Further, all imported goods are examined for verification of correctness of description given in the bill of entry. Post- assessment, the importer may seek delivery of the goods from the custodians.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

Export Promotion Capital Goods Scheme (EPCG Scheme)

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Fiscal Regulations

In accordance with the Income Tax Act, 1961 any income earned by way of profits by a company incorporated in India is subject to tax levied on it in accordance with the tax rate as declared as part of the annual Finance Act. Our Company, like other companies, avails of certain benefits available under the Income Tax Act, 1961. For details of the tax benefits, please refer to “Statement of Tax Benefits” beginning on page 39 of the Draft Red Herring Prospectus.

Value Added Tax

Value Added Tax (VAT) is a modern and progressive form of sales tax. It is charged and collected by dealers on the price paid by the customer. VAT paid by dealers on their purchases is usually available for set-off against the VAT collected on sales. VAT is a State subject and therefore the States will have the freedom for appropriate variations in their VAT regimes, many of the States have agreed to change over to a VAT system providing uniformity. The essence of VAT is in providing set-off for the tax paid earlier, and this is given effect through the concept of input tax credit. VAT is based on the value addition to goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular financial period.

Central Excise Regulations

Excise Duty is imposed on goods produced or manufactured in India under the provisions of the Central Excise & Tariff Act, 1985.

The Multi Fiber Arrangement (MFA) & the WTO Agreement on Textiles & Clothing (ATC)

The Multi Fiber Arrangement governed world trade in textiles and garments from 1974 through 1994, imposing quota restrictions on the textile exports from developing countries to developed countries.

Though the MFA was signed in 1974, its roots stretched back to the 1930s. At that time, during a period of global economic distress, Japan emerged as the largest exporter of cotton textiles, and the U.S. and Europe moved to limit imports from Japan to preserve their domestic markets for their own textile industries. These restraints never really went away. By the 1960s, they were extended to Hong Kong, Pakistan, and India. As the restraints on textile trade were globalized, multilateral negotiations ensued, leading to a series of agreements. Initially, the agreements covered only cotton, but they eventually expanded into “*multi fiber*” arrangements covering textiles and clothing made from all fibers. The MFA was hence introduced in 1974 as a short-term measure intended to allow developed countries to adjust to imports from the developing world.

On January 1, 1995, the MFA was replaced by the WTO Agreement on Textiles and Clothing, which set out a transitional process for the ultimate removal of the aforesaid quotas. The ATC was signed by the signatories to the General Agreement on Tariff and Trade (GATT) on the basis of securing the eventual integration of the textiles and clothing sector into the GATT on the basis of strengthened GATT rules and disciplines whereby quotas were phased out on the basis of an agreed timetable *i.e.* 16% of imports were made quota-free by January 1, 1995, a further 17% by January 1, 1998, a further 18% by January 1, 2002 and the remaining 49% by January 1, 2005.

The ATC was a transitional instrument, built to ensure the progressive integration of textile and clothing products into the GATT 1994 rules and thereby ensure a liberalization process to progressively enlarge existing quotas (until they are removed) by increasing annual growth rates at each stage.

The abolition on January 1, 2005 of the 42-year-old system of quotas for exports of textiles and clothing has led to the biggest buyer’s market in history. From a situation where normal market rules of ‘*caveat emptor*’ (let the buyer beware) applied, we have moved to ‘*caveat vendor*’, where unwary or unprepared

suppliers will find themselves without clients. The elimination of quotas has changed the global clothing industry forever, raising the bar for suppliers.

National Textile Policy – 2000 (NTxP – 2000)

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto \$ 50 billion by 2010 from the present \$ 11 billion. It also dereversed the garments sector from the SSI reservation list and lifted the foreign direct investment cap of 24 per cent. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004.

The objectives of the NTxP – 2000 were

1. Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
2. Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
3. Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
4. Enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
5. Develop a strong multi-fibre base with thrust on product upgradation and diversification;
6. Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
7. Enrich human resource skills and capabilities, with special emphasis on those working in the decentralised sectors of the textile industry; and for this purpose to revitalise the institutional structure;
8. Expand productive employment by enabling the growth of the textile industry, with particular effort directed to enhancing the benefits to the north east region;
9. Make Information Technology (IT), an integral part of the entire value chain of textile production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing and;
10. Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organisations in the fulfillment of these objectives

Vide the NTxP – 2000 the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfill its obligation to different sections of society.

Technology Upgradation Fund Scheme (TUFS)

Given the significance of the textile industry to the overall health of the Indian economy, its employment potential and the huge historical backlog of technology upgradation, particularly in the context of the liberalization of the national industrial and trade policy and globalization of textile trade, it has been emphasized that in order to sustain and improve its competitiveness and overall long term viability, it is essential for the textile industry to have access to timely and adequate capital at internationally comparable rates of interest in order to upgrade its technology level.

In light of the foregoing, it has been felt necessary to make operational a focused and time-bound Technology Upgradation Fund Scheme (TUFS) which would provide a focal point for

modernization efforts through technology upgradation in the textile industry. The main feature of the TUFs would be a five percent reimbursement on the interest actually charged by the identified financial institutions on the sanctioned projects. The TUFs was launched from April 1, 1999 to March 31, 2007 in order to provide an impetus for the modernization of the textile and jute industry and to further enhance its viability and competitiveness in the domestic and the international markets. Technology upgradation under TUFs would ordinarily mean induction of state-of-the-art or near-state-of-the-art technology. But in the widely varying mosaic of technology obtained in the Indian textile industry, at least a significant step up from the present technology level to a substantially higher one for such trailing segments would be essential. Accordingly, technology levels are bench-marked in terms of specified machinery for each sector of the textile industry. Machinery with technology levels lower than that specified will not be permitted for funding under the TUFs Scheme.

The Hon'ble Finance Minister, in his Budget Speech for the year 2007-08, has announced that the TUFs will be continued during the Eleventh Five Year Plan and has also made a provision of Rs. 911 crore for TUFs during 2007-08. It will further help domestic textile industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology for enhancing their viability and competitiveness in the domestic and international markets.

Textiles Committee Act, 1963

The Textiles Committee Act, 1963 came into force on August 22, 1964. The said Act calls for constitution of a Textiles Committee by the Central Government. The said Textiles Committee shall ensure a standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard types of textile machinery, assisting and encouraging scientific, technological and economic research in the textile industry and textile machinery. The Textiles Committee shall also promote export of textiles and textile machinery and carry on propaganda for that purpose. The said Act also imposes a duty of excise on textiles and textile machinery manufactured in India at such rate, not exceeding one per cent *ad valorem* as the Central Government may, by notification in the Official Gazette, fix. Provided that, no such cess shall be levied on textiles manufactured out of the handloom or powerloom industry. However, the Central Government may exempt any variety of textiles or textiles machinery if it is required to do so in the public interest.

The Textiles Committee recognizes standard specifications for textiles and packing materials used in the packing of textiles or textile machinery, for the purposes of export and for internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials.

Vide notification dated January 17, 2007, the Central Government has exempted ready made garments, being a variety of textiles from the levy of whole of the cess, so as to rationalize the tax and cess burden on the readymade garments in the changed scenario of global competitiveness and thus improve the competitiveness of the Indian readymade garment sector in global markets.

Further, *vide* press release dated May 24, 2007, the Union Cabinet gave its approval for exemption of all textiles and all textile machinery manufactured in India from Textiles Committee cess under the Textiles Committee Act, 1963.

Textile (Development and Regulation) Order, 2001

The Textile (Development and Regulation) Order, 2001 was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the said Order every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, *etc.* and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner.

The said Order further prescribes filing of an Information Memorandum as per the requisite form with the Textile Commissioner, Mumbai in the event of:

- 1) installation of textile machinery for the manufacture of textiles within thirty days of the installation of such machinery;
- 2) relocation, selling, transferring or otherwise disposing of any textile machinery referred to above, within thirty days from the date of such re-location, sale, transfer or disposal; and
- 3) modernization of a textile unit.

The Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958 (43 of 1958), except under and limited to the extent of specific authorisation by the holder of or applicant for such brand or trade name.

Scheme for Integrated Textiles Parks (SITP)

The Scheme for Integrated Textile Parks (SITP) was launched in August, 2005, by merging the Apparel Parks for Export Scheme (APE) and the Textile Centre Infrastructure Development Scheme (TCIDS). The primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up of textile units in clusters.

The SITP envisages creation of new textile parks of international standards in potential growth centres before 2007-08. Under the SITP, an amount of Rs. 625.00 crores has been provided by the Government of India (GOI) for the development of these Parks. The Government of India's (GOI) support under the SITP by way of Grant or Equity will be limited to 40% of the project cost, subject to a ceiling of Rs. 40.00 crores.

The SITP is being implemented through Special Purpose Vehicles (SPVs). Industry Associations/Groups would be the main promoters of the Integrated Textile Parks (ITPs). The Infrastructure Leasing & Financial Services (ILF&S) has been appointed as the Project Management Consultant for implementing the SITP. The Project Management Consultant will be responsible for the speedy implementation of the Project in a transparent and professional manner, so as to achieve a high degree of quality at a low cost acceptable to the members of the SPV for which a fee will be paid to the Project Management Consultant.

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 provides for the levy and collection of an additional 15% of the total amount of excise duty chargeable on certain textiles and textile articles as specified in the schedule to the said Act.

Union Budget 2007-2008

The Union budget 2007-2008 has specially mentioned that the textile industry is geared up to meet the global challenge. The Budget provision for these parks has been increased from Rs.189 crore in 2006-07 to Rs.425 crore in 2007-08. In consonance with the industry, the Technology Upgradation Fund (TUF) scheme has been continued during the Eleventh Plan. Allocation for TUF has been raised from Rs.535 crore in 2006-07, to Rs.911 crore in 2007-08.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated as Chiripal Twisting and Sizing Private Limited under the Companies Act, 1956 on April 27, 1988 at Ahmedabad with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli vide registration No. 04-10634 of 1988-89, with our registered office at 283, New Cloth, Ahmedabad 380 002. Subsequently, our Registered Office has been shifted once and is currently at Saijpur-Gopalpur Road, Piplej, Ahmedabad - 382 405. For details of the changes in our Registered Office, please refer to the paragraph titled “Changes in Registered Office” below.

Our Company was converted into a public limited company with effect from October 23, 2003 and consequently the word ‘Private’ had been removed from the name of our Company. Subsequently, the name of our Company was changed to Chiripal Petrochemicals Limited vide Fresh Certificate of Incorporation consequent to change of name dated January 4, 2004. Consequent upon amalgamation with Shanti Processors Limited and Priti Processors Private Limited, the name of our Company was further changed to its present name vide Fresh Certificate of Incorporation consequent to change of name dated April 13, 2006.

The family name of our promoters has been changed from “Agarwal” to “Chiripal” and the same has been published in The Gujarat Government Gazette under volume XLVII on August 03, 2006.

Amalgamation

Our Promoter Group Entities, Shanti Processors Limited and Priti Processors Private Limited, have been amalgamated with our Company under the Scheme of Amalgamation sanctioned by the Order of the Honorable High Court of Gujarat, at Ahmedabad, dated March 31, 2006. The Scheme of Amalgamation became effective from April 25, 2006 having retrospective effect from April 01, 2005 (“**Appointed Date**”).

Salient Feature of the Scheme of Amalgamation of Shanti Processors Limited with our Company vide the Order of the Honorable High Court of Gujarat, at Ahmedabad, dated March 31, 2006:

“Upon the scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company, Shanti Processors Limited (“**SPL**”) in the Transferee Company (“**CPL**”), the Transferee Company shall issue and allot at par 3 Equity Shares of Rs. 10/- each, credited as fully paid up in the Capital of the Transferee Company against 2 Equity Shares of Rs. 10/- each to the shareholders of the Transferor Company whose names are recorded in the Register of Members.”

Salient Feature of the Scheme of Amalgamation of Priti Processors Private Limited with our Company vide Order of the Honorable High Court of Gujarat, at Ahmedabad, dated March 31, 2006:

“Upon the scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company, Priti Processors Private Limited (“**PPPL**”) in the Transferee Company (“**CPL**”), the Transferee Company shall issue and allot at par 150 Equity Shares of Rs. 10/- each, credited as fully paid up in the Capital of the Transferee Company against 1 Equity Share of Rs. 1000/- each to the shareholders of the Transferor Company whose names are recorded in the Register of Members.”

Our Company commenced its operations in the year 1988, as a processing house in the name of Chiripal Twisting and Sizing Private Limited. The textile sector has been continuously changing over the years and it was important for us to keep ourselves abreast with the changing fashion and ever changing consumer demand. With this objective our Company had undertaken various expansion cum backward and forward integration projects in the past to establish itself as one of the leading textile companies in the country, having its consolidated turnover to the tune of Rs. 4,904.54 million for the fiscal 2007. Our Company’s phenomenal success in implementing its projects can be attributed to our capabilities to plough back internal accruals and support of various banks and financial institutions.

In order to bring synergy to the operations and to achieve the economy of scale, two of our group companies namely Shanti Processors Limited and Preeti Processors Private Limited were merged with Chiripal Petrochemicals Limited w.e.f April 1, 2005 and subsequently the name of Chiripal Petrochemicals Limited was changed to Chiripal Industries Limited. Further on March 31, 2006, we have acquired majority shareholding in Vishal Fabrics Private Limited, which is mainly into manufacturing of home furnishings. Our Company currently holds 92.26% equity capital of Vishal Fabrics Private Limited. In order to capitalize on our strength of low cost manufacturing and to reap benefit of enhanced margins, our newly incorporated subsidiary, Chiripal Lifestyle Limited is venturing into distribution of apparels by opening exclusive brand outlets in the name of *ConneXions*.

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

- To carry on the business of sizers, texturises, spinners, weavers, manufactuers, twistors, pressers and balers of silk, artificial silk, rayon, strechlon, man-made synthetic fibres, staple fibres, wool and fibrous materials and the business of manufacturing, texturising, weaving, bleaching, printing and selling cloth of all types, linen and fabrics of all types , whether knitted or looped and of importing, exporting, buying, selling and/or dealing in silk, art silk, nylon, cloth, linen, rayon and generally to carry on the business of processors, dyers, dealers in linen, flax, hemp, silk, artificial silk, rayon man-made synthetic fibres, staple fibres, wool and cloth merchants, cleaners, combers, spinners, weavers, bleachers, dyers, printers, sizers, importers, exporters, traders and to transact all and preparing processes and to give any special treatment to any of the above referred materials at any stage of production such as texturising, testing, crimping on own materials or belonging to others and/or to get the same done through others.
- To carry on the business of manufacturing, spinning, weaving, bleaching, dyeing, processing, mercerizing, printing, sizing, importing, exporting, purchasing, selling and/or otherwise dealing in yarns of all types made from silk, art silk, rayon, nylon, man-made synthetic fibres, staple fibres and other suitable materials.
- To carry on the business of processing, converting, manufacturing, formulating, filmmaking, dealing, acquiring, storing, packaging, selling, transporting, importing, exporting, and disposing of all types of petrochemicals and its products and by products related to it like natural gas, synthetic gas, naptha hydrogen methane, eathane, propane, butanes butadiene and their intermediates and derivatives, Methanol and its derivatives, Methyl tertiary, Butyl either formaldehyde, Methacrylates, Melanin, Acetic acid, acetic anhydride, acetanilide, acetaldehyde, chloro methanes, methyl amines, Dimethyl terephotoaltes, polyacetes naphthalene cycle hexane, cyclohexanon, phenol, phenol formaldehyde, urea, formaldehyde, Melanin, Melanin formaldehyde, Ammonia and its derivates, alkyde resins, polyethylenes, polypropylene, PVC, Polystyrenes, ethylenoxide, Ethyleneglycol, Polyurethanes, Isopropanol, Acetone, Ketones, Propylene oxide, propylene glycol, Acrylonitrile,, Acrolein, Acrylic fibres, Allvi chloride, Epicholr hydrin, Glycerine, allopathic and aromatic alcohols schedules, acrylics, therephalic acids and their ester, expoxy resins, penlaery throttle, master batches and all other petrochemicals products and polymers in all their forms.
- To carry on the business of manufacturing, refining, processing, buying, selling, importing, exporting, and in any way dealing in petroleum and its products transformer oils, Agricultural oils, petroleum oils, Varnishes, paints including essential oils all types of petrochemicals including its intermediates and derivatives.
- To carry on the business of making, converting, refining, processing, dealing, buying, storing, packaging, selling, transporting, disturbing, importing, exporting and disposing all types of petrochemicals based yarns in various forms such as partially oriented yarns, moderately oriented yarns, fully oriented yarns, draw twisting, sizing, oiling, and all other related processes.

Major Events

Some of the key events of our Company are as follows:

Year	Event
1988	Our Company was incorporated as Chiripal Twisting and Sizing Private Limited and commenced its business as manufacturing and processing of fabrics
2000	Set up of Knitting Division at our factory
2001	Set up of Polar Fleece Division by installing terry machines with a capacity of 50 Tonnes and Flock Printing Unit with a capacity of 0.5 million meters / month.
2002	Knitting capacity was increased to 14.5 million meters / annum
2003	Our Company was converted to public limited company
2004	Polar Fleece Division capacity was increased to 100 Tonnes / month
	Flock Printing Division capacity was increased to 0.7 million meters / annum
	Manufacture of POY and FDY commenced.
	Manufacture of Texturised Yarn and DTY
2005	Our company received ISO 9001- 2000 Certificate for Factory Units 1 and 2 namely Shanti Processors Ltd. (Chemical Division), Shanti Processors Ltd. (Polar Division), Shanti Processors Ltd. (Division Warp Knitting), Chiripal Petrochemicals Ltd. (Knitting Division), Chiripal Petrochemicals Ltd. (Flock Division), Chiripal Petrochemicals Ltd. (Texturising Division), Chiripal Petrochemicals Ltd. (Paper Tube Division) and Chiripal Petrochemicals Ltd. (POY Division & Wrap Knit Division) for the manufacture and supply of Binders and Auxiliaries, manufacture and supply of Polar Fabrics, manufacture and supply of Warp Knitted Fabric, manufacture and supply of Knitted Fabric, manufacture and supply of Flock Fabric, manufacture and supply of Paper Tubes and manufacture and supply of POY, FDY and Warp Knit Fabric.
2005	Amalgamation of Shanti Processors Limited and Priti Processors Private Limited with Chiripal Petrochemicals Limited vide Order of the Honorable High Court of Gujarat, at Ahmedabad, dated March 31, 2006
2006	Set up of Embroidery Division
2007	Commencement of Continuous Bleaching Range.

Changes in Registered Office

Our registered office has changed from time to time as set forth below:

Date	Registered Office Address
April 22, 1988	283, New Cloth, Ahmedabad 380 002
January 16, 2004	Survey No. 199, 200/1 & 200/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad-382405

Changes in Memorandum of Association

Sr. No.	Date of shareholder's approval	Details of Change
1.	April 27, 1988	Original authorized capital of 300,000 Equity Shares of Rs. 10/-
2.	February 21, 1994	Addition to main objects of our Company
3.	September 30, 2003	Increase in authorised capital from 300,000 Equity Shares of Rs. 10/- each to 5,000,000 Equity Shares of Rs. 10/- each
4.	September 30, 2003	Addition to main objects of our Company
5.	September 30, 2003	Change of name from Chiripal Twisting and Sizing Private Limited to Chiripal Twisting and Sizing Limited upon conversion from private to public
6.	December 8, 2003	Change of name from Chiripal Twisting and Sizing Limited to Chiripal Petrochemicals Limited vide resolution passed at EGM Fresh certificate of incorporation consequent to change of name to Chiripal Petrochemicals Limited issue by RoC dated January 07, 2004
7.	February 17, 2004	Increase in authorised capital from 5,000,000 Equity Shares of Rs. 10/- each to 7,500,000 Equity Shares of Rs. 10/- each
8.	June 24, 2005	Change of name from Chiripal Petrochemicals Limited to Chiripal Industries Limited vide resolution passed at EGM. Fresh certificate of incorporation consequent to change of name to Chiripal Industries Limited issued by RoC dated April 13, 2006
9.	April 10, 2006	Increase in authorised capital from 7,500,000 Equity Shares of Rs. 10/- each to 25,000,000 Equity Shares of Rs. 10/- each
10.	September 28, 2006	Increase in authorised capital from 25,000,000 Equity Shares of Rs. 10/- each to 35,000,000 Equity Shares of Rs. 10/- each
11.	February 15, 2008	Increase in authorised capital from 35,000,000 Equity Shares of Rs. 10/- each to 50,000,000 Equity Shares of Rs. 10/- each

Subsidiaries

Except for Vishal Fabrics Private Limited and Chiripal Lifestyle Limited, we have no other subsidiary company. For details please refer to section titled “Promoter Group Entities” on page [●] of the Draft Red Herring Prospectus.

Shareholders Agreements

There are no Shareholders Agreements amongst the shareholders of our Company.

Other Agreements

Except as stated in this sub-section and except various agreements/contracts, which have been entered in regular course of business with our suppliers, customers and lenders, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of the Draft Red Herring Prospectus. Salient features of those agreements are given below:

Assignment Agreement

Our Company has entered into Assignment Agreements with some Promoter Group entities, like Nandan Exim Limited, Bhushan Petrofils Private Limited, Quality Exim Limited, Chiripal Textile Mills Private Limited, Prakash Calendar Private Limited, Shanti Exports Private Limited, Chiripal Enterprise Limited, Vishal Fabrics Private Limited and Dindayal Processors Private Limited allowing them to use our trademark. The salient features of the agreements are:

Nature of the Agreement	<u>Assignment Agreement:</u> The Company by this agreement grants to the User the assignable and sub-licensable right to use the said trademark in relation to the contract products manufactured by or for the User.
Termination clause	This Agreement shall stand terminated if: <ol style="list-style-type: none"> 1. The User goes into liquidation [otherwise than for the purpose of re-organization of capital], has receiver of its assets appointed, makes composition with creditors, causes to carry on business or mergers or amalgamates with another company or there shall occur, in the opinion of the company, a substantial change in the management or control of the User. 2. The User shall happen to be in breach of any of the terms and [if capable rectification] shall have failed to rectify such breach within 30 days of notice in this respect having been served on the User. 3. Circumstances beyond its control prevent the commercial exploitation of this agreement, including [but without limiting the generality of the foregoing] strikes, lockouts of employees or employment disputes, riots or civil commotion, legislation of or intervention by any government authority. 4. The group of companies to which the Company belongs will loose for whatever reason its majority shareholding in user and is not otherwise in a position to exercise control over the user.
Assignment clause	The Company shall have the exclusive right to assign its rights under this agreement. This agreement shall be binding on successors-in-title and assigns of the company, subject to the user duly performing its obligations under this agreement, and the user shall have the uninterrupted right to use the said trademark to any third party by the company.
Indemnity clause	No compensation or indemnity whatsoever shall be due or may be claimed by one party from other by the reason of the renewal or termination of this agreement.

Non-Compete Agreement

The main objects clause of some of our Promoter Group entities, namely, Nandan Exim Limited, Nova Petrochemicals Limited, Prakash Calender Private Limited, Bhushan Petrofills Private Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited allow them to carry on business similar to that of our Company. The said Promoter Group entities, have each executed a Non-Compete Agreement with our Company undertaking not to engage in similar business for a consideration of Rs. 10,000. The salient features of the agreements are:

Nature of the Agreement	<u>Non-Compete Agreement:</u> The Parties to the Agreement are permitted by their memorandums of association to carry on certain businesses which may cause competition among them and at the request of CIL, Promoter Group entity has, by this agreement, agreed that it is desirable to avoid competition between them, in view of their relationship as being part of a group of the companies.
Non-Compete/Non-solicit clause/Conflict of Interest	Promoter Group entity shall not within the Territory whether directly or indirectly through its Affiliate(s), either on its own behalf or on behalf of any person firm or corporation competing or endeavouring to compete with CIL directly or indirectly, solicit or endeavour to solicit or obtain the customer of any person, firm or corporation that is a customer of CIL.

Without prejudice to the generality of the aforesaid, Promoter Group entity

Others

- a. shall not directly or indirectly through its Affiliate(s), during the subsistence of this Agreement, directly or indirectly operate or cause to be operated any business or undertaking within the Territory which is engaged in or concerned with the Products which are similar to or compete with the Products or the Textile Business without the prior written approval of CIL, which approval CIL will not be obliged to provide or grant.
- b. further undertakes that it shall not in relation to any of its products or business utilise any existing or future trade mark or name, brand or logo etc; (whether registered or not) that is or maybe owned by/used by CIL without the prior consent of CIL in writing.
- c. The obligations of the Promoter Group entity herein, as laid down under this Agreement shall take effect from the date of signing hereof and shall be unlimited in time.
- d. This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof, if any. Only a further writing that is duly executed by both parties may modify this Agreement.
- e. In consideration of CIL paying to Promoter Group entity a sum of Rs. 10,000 and upon receipt of the said sum of Rs. 10,000, the Promoter Group entity shall not whether directly or indirectly including through its Affiliate(s) or any entities in which Promoter Group entity or its Affiliate(s) are directly or indirectly concerned, interested or connected or engaged (except CIL), either as principal, partner or agent, carry on or help or assist the carrying on or in any other manner the Textile Business.
- f. Promoter Group entity further agrees that the consideration mentioned above is sufficient for it to undertake its obligations under this Agreement.

MoU between our Company and Vraj Integrated Textile Park Limited

Our Company has entered into a Memorandum of Understanding (“**MoU**”) dated February 19, 2008 with our Promoter Group Entity, Vraj Integrated Textile Park Limited. The main terms of the said MoU are:

1. VITPL will establish the Textile Park involving an investment of approximately Rs. 1114 Million.
2. CIL will acquire 43% stake in the proposed equity share capital of VITPL of Rs. 50 Million. VITPL agrees to allot 43% of its equity shares to CIL.
3. The Memorandum of Understanding contains upon with the parties may proceed to facilitate each other for the development of the Textile Park.
4. Each party will not disclose directly or indirectly any confidential information related to the project.
5. This MOU will remain in force upto 6 months from the date of signing of MOU. However, in case of necessity, either the period under this MOU will be extended or a fresh MOU will be executed between the parties in accordance with the mutual consent.

Joint Ventures, Strategic Partners, Financial Partners

Our Company does not have any joint ventures, strategic partners or financial partners as on the date of the Draft Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

We currently have 8 directors on our Board. The following table sets forth details regarding our current directors:

Sr. No.	Name, Father's Name, Designation, Address, Occupation and DIN	Date of Appointment and Term	Status	Age (in years)	Details of other Directorships
1.	Mr. Vedprakash Chiripal S/o Mr. Devkinandan Chiripal Chairman & Managing Director 11, Nandi Hill Society Opp ISRO, Satellite Road, Ahmedabad 380 015 Occupation: Industrialist DIN: 290454	Date of Appointment: June 26, 1994 Term of Office: As Chairman & Managing Director for a period of 5 years w.e.f August 1, 2006	Promoter Executive	56	1. Nandan Exim Limited 2. Nova Petrochemicals Limited 3. Chiripal Lifestyles Limited
2.	Mr. Jaiprakash Chiripal S/o Mr. Devkinandan Chiripal Whole-Time Director 10, Nandi Hill Society, Opp ISRO, Satellite Road Ahmedabad 380 015 Occupation: Industrialist DIN: 00155430	Date of Appointment: April 26, 2006 Term of Office: As a Whole-Time Director for a period of 5 years w.e.f August 1, 2006	Promoter Executive	48	1. Chiripal Enterprise Limited 2. Chiripal Lifestyles Limited
3.	Mr. Jyotiprasad Chiripal S/o Mr. Devkinandan Chiripal Director 91, Basant Bahar, Bopal, Ahmedabad 380 058 Occupation: Industrialist DIN: 00155695	Date of Appointment: August 08, 2006 Term of Office: Liable to retire by rotation	Promoter Non-Executive	54	1. Vishal Fabrics Private Limited 2. Nova Petrochemicals Limited

Sr. No.	Name, Father's Name, Designation, Address, Occupation and DIN	Date of Appointment and Term	Status	Age (in years)	Details of other Directorships
4.	Mr. Rajesh Bindal S/o Mr. Premchand Bindal Executive Director 10, Mangalyam Society, Near Ocean Park Satellite Road Ahmedabad 380 015 Occupation: Business DIN: 00155156	Date of Appointment: April 26, 2006 Term of Office: Liable to retire by rotation	Executive	34	NIL
5.	Mr. Ambalal Patel S/o Mr. Chhitabhai Patel Director 14/B, Shreyansnath Society, B/H. Dharnidhar Derasar, Vasana Ahmedabad 380 009 Occupation: Consultant DIN: 0037870	Date of Appointment: December 22, 2006 Term of Office: Liable to retire by rotation	Independent	63	1. Nandan Exim Limited 2. Jindal Hotel Limited. 3. Shree Gajanand Papers Limited 4. Vishal Mellable Ltd. 5. Laffans Petro Chem Ltd. 6. Sumeru Industries Ltd. 7. Circuit Systems Ltd. 8. SAL Steel Ltd. 9. Shree Precoated Steels Ltd. 10. Panchmahal Steels Ltd. 11. Karnavati Hospital Ltd
6.	Mr. Jawaharlal Goel S/o Mr. Nandkishore Goel Additional Director Nandtara House, 22, Oak Drive Sultanpur Mehrauli, New Delhi- 110 030 Occupation: Business DIN: 00076462	Date of Appointment: January 09, 2008 Term of Office: Liable to retire by rotation	Independent	57	1. New Media Broadcast Private Limited 2. Procall Private Limited 3. Aplab Limited 4. ASC Telecommunication Limited 5. East India Trading Co. Limited 6. Essel International Limited 7. Essel Infraprojects Limited 8. Rankay Investment & Trading Co. Limited 9. Rama Associates Limited 10. Indian Broadcasting Foundation

Sr. No.	Name, Father's Name, Designation, Address, Occupation and DIN	Date of Appointment and Term	Status	Age (in years)	Details of other Directorships
					11. United News of India 12. Dish TV India Limited
7.	Mr. Samar Mohapatra S/o Mr. Dhaneshwar Mohapatra Additional Director C-15, DGS Co-op Housing Society, Plot No. 6, Sector-22, Dwarka, Delhi 110 075 Occupation: Retired I.A.S DIN: 00327410	Date of Appointment: January 09, 2008 Term of Office: Liable to retire by rotation	Independent	67	1. Chincholi Textile Park Limited 2. Banyan Tree Knowledge Centre 3. Vinci Weaving Looms Limited. 4. Banyan Tree Processing House Limited. 5. House of Pearl Fashion Limited 6. Deepak Cements and Chemicals Limited 7. Bholnath International Limited
8.	Ms. Nita Chowdhry, D/o Lakshmichand Naraindas Bhatia Nominee Director Flat No.12, Pooja Apartment, Opp: Samarpan Society, Nr. IDBI Bank, Navrangpura, Ahmedabad 380 009 Occupation: Service DIN: 02030786	Date of Appointment: August 18, 2007 Term of Office: Nominated by IDBI Limited	Independent	52	NIL

Mr. Chandan Bhattacharya, former managing director of State Bank of India, is an Advisor to our Board of Directors.

Brief Biography of Our Directors

Mr. Vedprakash Chiripal, aged 56 years, is the Chairman and Managing Director of Chiripal Industries Limited. He is a Commerce graduate and has obtained his Bachelor of Commerce degree from Calcutta University. He has an experience of 33 years in the textile industry. Mr. Vedprakash Chiripal is a Director in Nova Petrochemicals Limited and Chairman of Nandan Exim Limited. He is a trustee of Chiripal Charitable Trust, Udgam Trust (Udgam High School), Agrawal Seva Samiti, Agrawal Seva Sansthan and Agroha Vikas Trust. He is known for his financial acumen and he drives the Chiripal Group with his insights and vision. He oversees our strategic expansion initiative, business development and supervises the finance of our Company.

Mr. Jaiprakash Chiripal, aged 48 years, is the Whole -Time Director of our Company. He is a Commerce graduate and has obtained his Bachelor of Commerce from Gujarat University. He has an experience of 22 years in the textile industry. Mr. Jaiprakash Chiripal is also a Director of Chiripal Enterprise Limited. He is

a trustee of Chiripal Charitable Trust. He looks after yarn, fabric, processing and garment manufacturing activities of our Company. He also looks after fabrics and yarn marketing activities along with project implementation, Human Resource of our Company and is a key person for overall supervision of policies laid down by the Board.

Mr. Jyotiprasad Chiripal, aged 54 years, is a Director of Chiripal Industries Limited. He is a Commerce graduate and has obtained his Bachelor of Commerce from Gujarat University. He has an experience of 25 years in the textile industry. Mr. Jyotiprasad Chiripal is a Managing Director of Vishal Fabrics Private Limited.

Mr. Rajesh Bindal, aged 34 years, is an Executive Director of Chiripal Industries Limited. He is a commerce graduate and has obtained his Bachelor of Commerce degree from Gujarat University. He has an experience of 14 years in the textile industry. His expertise is in marketing and new customer development for our processing division.

Mr. Ambalal Patel, aged 63 years, is an Independent Director of Chiripal Industries Limited. He is an engineering graduate and has obtained his Bachelor of Engineering (Metallurgy) degree from the Indian Institute of Science, Bangalore. He has vast experience in project evaluation and project finance. During the tenure from 1973 to 2004, Mr. Ambalal Patel worked with Gujarat Industrial and Investment Corporation [GIIC]. He joined GIIC as a Technical Advisor and later served as a Deputy General Manager. He has vast experience in advising regarding financial matters and project appraisal.

Mr. Samar Mohapatra, aged 67 years, is an Independent Director in Chiripal Industries Limited. He has obtained his Master of Arts degree from Delhi University and Master of Science from University of Bath, UK. Mr. Samar Mohapatra has wide experience in the formulation and implementation of Government policy measures relating to industry, trade and commerce. During his tenure as a Joint Secretary S.S.I. in 1989, a new department was created and he formulated the new policies for small scale industries. He was instrumental in formulating the Prime Minister Rojgar Yojna in the year 1992. He was a Director in NSIC. During his tenure as a Secretary to Ministry of Textiles, Government of India, he initiated a number of steps for rationalization of duty structure for textile, setting up of integrated textile park to provide infrastructure, support for the textile industry, textile modernization plan i.e. TUFs and cotton technology mission for improving quality and productivity of cotton in India.

Mr. Jawaharlal Goel, aged 57 years, is an Independent Director of Chiripal Industries Limited. He is an undergraduate. He is the key architect in the creation and expansion of Essel Group of companies. He is the president of Indian Broadcasting Foundation. He has played a vital role in establishing Siti Cable Network Limited and Dish TV India Limited and is instrumental in implementing the Conditional Access System and Direct-To-Home services.

Ms. Nita Chowdhry, aged 52 years, is a Nominee Director of Chiripal Industries Limited. She holds a Bachelors Degree in Science from University of Jabalpur. She also holds C.A.I.I.B from Indian Institution of Banking and Finance. She is currently working as Deputy General Manager with IDBI Limited.

Borrowing Powers of Directors

The shareholders of our Company have passed a resolution at the EGM of our Company held on May 26, 2004, authorising the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow, such sum or sums of money as they may deem requisite for the purpose of the business of our Company notwithstanding that the monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the bankers of our Company in the ordinary course of business) shall exceed the aggregate of the paid up capital of our Company and its free reserves, that is to say, reserves not set up for any specific purposes provided that the total amount together with the monies already borrowed by the Board of Directors shall not at any time exceed the sum of Rs. 10,000 millions.

For details regarding powers of our Board in this regard please refer to the section titled 'Main Provisions of the Articles of Association' beginning on page no. [●] of the Draft Red Herring Prospectus.

Terms of Appointment of Our Executive Directors

Mr. Vedprakash Chiripal – Chairman & Managing Director

Mr. Vedprakash Chiripal was one of the original subscribers to the Memorandum of Association and has been on the Board of Directors of our Company since inception. He was appointed as Managing Director of our Company for a term of five years from September 01, 2006 till August 31, 2011 pursuant to resolution passed at AGM held on September 26, 2006. In consideration for his services as Chairman & Managing Director, Mr. Vedprakash Chiripal shall be entitled to the following by way of remuneration:-

A. Period:

Five years w.e.f. September 01, 2006 with liberty to either party to terminate the appointment on three months notice in writing to the other and in the event of the Company for damages or compensation by reason of such termination.

B. Remuneration:

- (a) Basic Salary - Rs.250,000/- (Rupees Two Hundred and Fifty Thousand only) per month with such annual increment(s) as the Board may decide from time to time subject however to a ceiling of Rs. 500,000/- (Rupees Five Hundred Thousand only)

C. Perquisites:

1. Leave and encashment of leave at the end of the tenure in accordance with the Rules of the Company.
2. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
3. Gratuity as per the Rules of the Company.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

So long as Mr. Vedprakash D. Chiripal functions as the Managing Director of the Company he shall not be subject to retirement by rotation.

Mr. Jaiprakash Chiripal – Whole-time Director

Mr. Jaiprakash Chiripal was appointed as Whole-time Director of our Company for a term of five years from September 01, 2006 till August 31, 2011 pursuant to resolution passed at AGM held on September 26, 2006. In consideration for his services as Whole-time Director, Mr. Jaiprakash Chiripal shall be entitled to the following by way of remuneration:-

1. Period:

Five years w.e.f. 1st September, 2006 with liberty to either party to terminate the appointment on three months notice in writing to the other and in the event of the Company for damages or compensation by reason of such termination.

2. Remuneration:

- (a) Basic Salary - Rs.250,000/- (Rupees Two Hundred and Fifty Thousand only) per month with such annual increment(s) as the Board may decide from time to time subject however to a ceiling of Rs. 500,000/- (Rupees Five Hundred Thousand only)

3. Perquisites:

- a. Leave and encashment of leave at the end of the tenure in accordance with the Rules of the Company.
- b. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
- (c) Gratuity as per the Rules of the Company.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

So long as Mr. Jaiprakash D. Chiripal functions as the Whole-time Director of the Company he shall not be subject to retirement by rotation

Mr. Rajesh Bindal – Executive Director

Mr. Rajesh Bindal was appointed as an Executive Director of our Company for a term of five years from January 9, 2008 till January 8, 2013 pursuant to resolution passed at EGM held on February 4, 2008. In consideration for his services as Executive Director, Mr. Rajesh Bindal shall be entitled to the following by way of remuneration:-

1. Period:

Five years w.e.f. January 9, 2008 with liberty to either party to terminate the appointment on three months notice in writing to the other and in the event of the Company for damages or compensation by reason of such termination.

2. Remuneration:

- (a) Basic Salary - Rs.240,000/- (Rupees Two Hundred and Forty Thousand only) per month with such annual increment(s) as the Board may decide from time to time subject however to a ceiling of Rs. 540,000/- (Rupees Five Hundred and Forty Thousand only)

3. Perquisites:

- (a) Leave and encashment of leave at the end of the tenure in accordance with the Rules of the Company.
- (b) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
- c. Gratuity as per the Rules of the Company.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

So long as Mr. Rajesh Bindal functions as the Executive Director of the Company he shall be subject to retirement by rotation

Compensation to Non- Executive Directors:

Our Non - Executive Directors are entitled to sitting fees of Rs. 5,000/- for every meeting of the board and Rs. 3,000/- for meeting of committee attended by them.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to Corporate Governance shall be applicable to us immediately upon listing of our Company's Equity Shares on the Stock Exchanges. We have already complied with SEBI guidelines in respect of Corporate Governance with respect to broad basing of Board, constituting various committees such as Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee. We undertake to adopt the Corporate Governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees.

Composition of Board of Directors

The Board of Directors' have been constituted as per the said clause. For details please refer chapter titled "General Information" beginning on page [●] of the Draft Red Herring Prospectus.

Out of total 8 Board members, 50% of the Board comprises of Independent directors.

Our Company has constituted the following committees pursuant to the provisions of Clause 49 of the Listing Agreement.

Audit committee

Our Company has formed an Audit Committee vide Board Resolution dated January 09, 2008 in compliance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement. The Audit Committee has been constituted with the following Directors:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Ambalal Patel	Chairman	Independent Director
Mr. Vedprakash Chiripal	Member	Chairman and Managing Director
Mr. Samar Mohapatra	Member	Independent Director
Ms. Nita Chowdhry	Member	Independent Director

Terms of reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;

2. Changes, if any, in accounting policies and practices and reasons for the same;
 3. Major accounting entries involving estimates based on the exercise of judgment by management;
 4. Significant adjustments made in the financial statements arising out of audit findings;
 5. Compliance with listing and other legal requirements relating to the financial statements;
 6. Disclosure of any related party transactions;
 7. Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
 - Monitoring the use of the proceeds of the proposed initial public offering of the Company.
 - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussions with internal auditors on any significant findings and follow up thereon.
 - Reviewing internal audit reports and adequacy of the internal control systems.
 - Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
 - To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
 - Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

Remuneration Committee

The Remuneration Committee has been formed by the Board of Directors at the meeting held on January 09, 2008, in compliance with the Companies Act and Clause 49 of the Listing Agreement. The Remuneration Committee has been constituted with the following Directors:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Samar Mohapatra	Chairman	Independent Director
Mr. Jyotiprasad Chiripal	Member	Non – Executive Director
Mr. Ambalal Patel	Member	Independent Director
Ms. Nita Chowdhry	Member	Independent Director

Terms of reference

1. To recommend to the Board, the remuneration packages of the Company's Managing /Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
2. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's

policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;

3. To implement, supervise and administer any share or stock option scheme of the Company

Shareholders'/Investors Grievance Committee

The Shareholders'/ Investors Grievance Committee has been formed by the Board of Directors at the meeting held on January 09, 2008, in compliance with the Companies Act and Clause 49 of the Listing Agreement. The Shareholders'/ Investors Grievance Committee has been constituted with the following Directors:

Name of Director	Designation in the Committee	Nature of Directorship
Ms. Nita Chowdhry	Chairman	Independent Director
Mr. Jaiprakash Chiripal	Member	Executive Director
Mr. Ambalal Patel	Member	Independent Director

Terms of reference

“To allot the equity shares of the Company, and to supervise and ensure:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances”.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 on the listing of our Company's shares on BSE & NSE.

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

Shareholding of Our Directors

As per our Articles, our Directors are not required to hold any Qualification Shares in our Company. Save and except as below, our Directors do not hold any Qualification Shares in our Company as on the date of filing of the Draft Red Herring Prospectus.

Sr. No.	Names of our Directors	No. of Equity Shares	% of Pre-Issue Shareholding
1	Vedprakash Chiripal	2418750	11.63
2	Jaiprakash Chiripal	2312000	11.12
3	Jyotiprasad Chiripal	2618250	12.60
4	Rajesh Bindal	452250	2.18

Interest of Directors (Other than Promoter Directors)

Except as stated in “Auditors’ Report to the Restated Financial Statements – Details of Transactions with Related Parties” on page [●] of the Draft Red Herring Prospectus and to the extent of their compensation/sitting fees and reimbursement of expenses as mentioned in “Our Management” beginning on page [●] of the Draft Red Herring Prospectus no amount of benefit has been paid or given within the two preceding years or intended to be paid or given to any of our Directors except the normal remuneration for services rendered.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

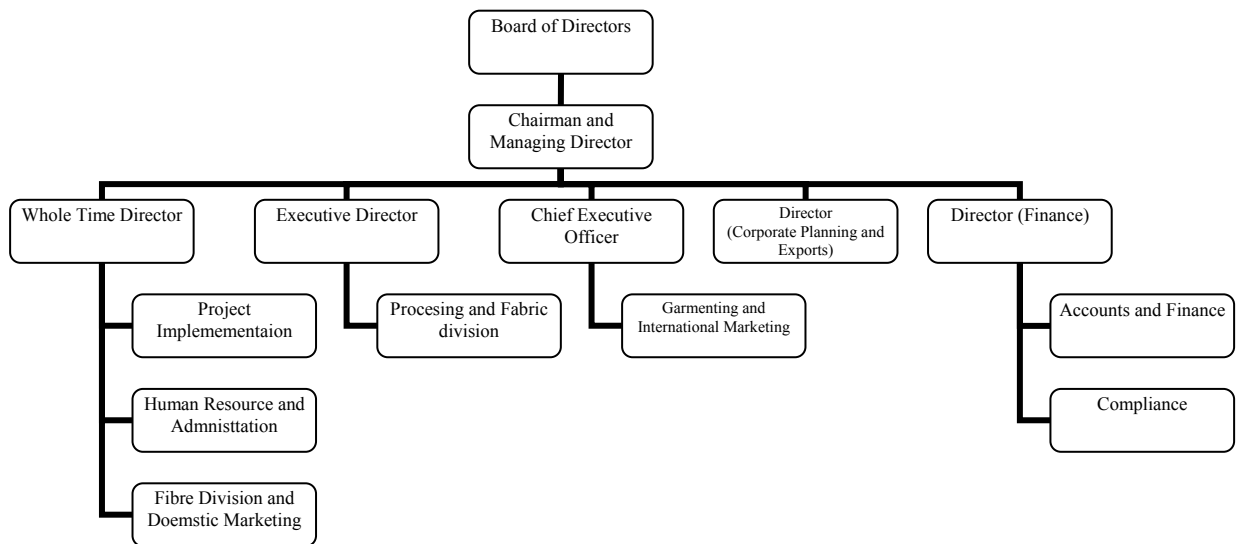
All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before filing the Draft Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing the Draft Red Herring Prospectus with SEBI.

Changes in Board of Directors during the Last Three Years

Name of the Director	Date of Appointment	Date of Cessation	Reasons
Mr. Rajendra Agarwal	November 15, 2001	September 02, 2005	Resignation
Mr. Yogesh Thakkar	July 25, 2005	February 09, 2008	Resignation
Mr. Amit Bindal	September 30, 2003	April 26, 2006	Resignation
Mr. Umakant Srivastva	December 22, 2006	June 30, 2007	Resignation
Mr. Jyotiprasad Chiripal	August 07, 2006	-	Appointment as Director
Mr. Jaiprakash Chiripal	April 26, 2006	-	Appointment as Director
Mr. Ambalal Patel	December 22, 2006	-	Appointment as Director
Mr. Rajesh Bindal	April 26, 2006	-	Appointment as Director
Ms. Nita Chowdhry	August 18, 2007	-	Appointed as Nominee Director
Mr. Jawaharlal Goel	January 09, 2008	-	Appointment as Additional Director
Mr. Samar Mohapatra	January 09, 2008	-	Appointment as Additional Director

ORGANISATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company other than our Whole-time Directors are as follows:

Mr. Suresh Chatterjee – Director (Finance)

Mr. Suresh Chatterjee, aged 47 years, holds a Bachelors Degree in Law, a Master's Degree in Business Administration (Finance) and a Master's Degree in Science. He has an experience of 23 years in his career. He has served as a Judge of the Civil Court, also served as a PO in State Bank of India and rendered his services as an Associate Professor in an Engineering College. Immediately prior to joining our company he has served as a Joint Managing Director in Multimedia Frontiers Limited. Since he joined our Company on April 16, 2007, he did not receive any remuneration in the Fiscal Year 2006-2007

Mr. Rakesh Tewari – Director (Corporate Planning & Exports)

Mr. Rakesh Tewari, aged 1963, holds a Bachelors Degree in Science, a Masters Degree in Economics and a Masters degree in Business Administration. He has an experience of 16 years in trade development and analysis in various issues related to Indian Economics. Immediately prior to joining our Company, he was Joint Director(Trade Development) with The Synthetic & Rayon Textiles Export Promotion Council. Since he joined our Company on March 1, 2008, he did not receive any remuneration in the Fiscal Year 2006-2007

Mr. Vishal Chiripal – Chief Executive Officer

Mr. Vishal Chiripal, 29 Years, holds a Bachelors Degree in Business Administration from K.S School of Business management, Ahmedabad and Adelphi University, New York. He also holds a Masters Degree in Business Management [Marketing] from Clark University, Boston. He has been a key person of our company in developing new areas of business and exploring new markets. He has an experience of 7 Years in textile Industry. His remuneration was Rs. 397,080 in the Fiscal Year 2006-2007

Mr. Ashok Yadav – Vice President (Works-Unit 1)

Mr. Ashok Yadav, 42 years, holds a diploma in Chemicals Engineering from Uttar Pradesh Technical Board, Lucknow. He has over 18 years of Work Experience. He has previously served several companies including Haryana Petrochemicals Ltd. and Parasrampur Syn. Ltd. Immediately prior to his appointment with our company; he was serving as the Manager (Spg) at Welspun Syntex Ltd. His remuneration was Rs. 434,577 in the Fiscal Year 2006-2007.

Mr. T. M. Soni – Vice President (Works- Unit 2)

Mr. T. M Soni, age 58 years, holds a Bachelors Degree in Arts. He also has an experience of 39 years in the area of Sales and Production. He is responsible for handling the Purchase and Costing Department of our Company. Immediately prior to joining our Company, he was serving East India Cotton Mills. His remuneration was Rs. 774,996 in the Fiscal Year 2006-2007.

Mr. Rajeev Suri – Vice President (Production-Unit 2)

Mr. Rajeev Suri, age 43 years, holds a Bachelors Degree in Technology (Textile) from University of Kanpur. He also holds a Masters Degree in Business Administration from University of Gujarat. He has of over 21 years of experience in the area of Marketing and sales. He started his Career as a Sales executive (Fabrics) in Digjam Woollen Mills in June 1986. Thereafter he served as a Marketing Manager (Fabrics) for Prem Industries and as an Export Manager (Fabrics) in Bharat Vijay Mills. Immediately prior to joining our company he was employed with Ashima Ltd. as a Head – Marketing (Garments). His remuneration was Rs. 625,457 in the Fiscal Year 2006-2007.

Mr. Sandip Mistry – Company Secretary

Mr. Sandip Mistry, aged 44 years, holds a Bachelor Degree in Commerce from University of Gujarat. He also holds a Bachelors Degree in Law from University of Gujarat and is a member of Institute of Company Secretaries of India. He has 18 Years of Work Experience. He has previously served several Companies including M/s Advance Petrochemicals Ltd and M/s Swastik Sanitary Wares Ltd. Immediately prior to joining our company, he was serving as the Company Secretary in Shah Alloys Limited. His remuneration was Rs. 343,572 in the Fiscal Year 2006-2007.

Mr. Satyandra Agarwal – General Manager (Production-Unit 1)

Mr. Satyandra Agarwal, age 40 years, holds a Bachelors Degree in Technology from University of Kanpur. He has over 20 years of work experience. He has previously served various companies including J.K. Sythel and Shree Sgnth as Manager and as a Marketing Head in Saheli. Immediately prior to joining our company, he was serving as the Head of Marketing Department in Gokulanand. His remuneration was Rs. 124,524 in the Fiscal Year 2006-2007.

Mr. Kailash Upadhyay – General Manager (Liason)

Mr Kailash Upadhyay, age 50 years, holds a Masters Degree in Arts from University of Gorakpur. He has a work experience of 22 years. He is responsible for liasoning with various bodies like Excise, Customs, DGFT and other statutory bodies. Prior to joining our company he was employed by Kashiram Textiles. His remuneration was Rs. 415,495 in the Fiscal Year 2006-2007.

Mr. Lalit Meratwal – General Manager (Flock Division)

Mr. Lalit Meratwal, age 32 years, holds a Bachelors Degree in Technology from Rajasthan University, Billvada. He also holds a Masters Degree in Business Administration (Marketing) from Nirma Institute of Management, Ahmedabad. He has a work experience of 8 years in the field of Marketing. Immediately prior to our company he was serving as a Senior Executive (Marketing) in Sangam Infotech. His remuneration was Rs. 431,004 in the Fiscal Year 2006-2007.

Mr. Shailendra Sharma – Deputy General Manager (Branding and Business Development-KPF Division)

Mr. Shailendra Sharma, age 32 years, holds a Bachelors Degree in Engineering from University of Manglore. He also holds Masters Degree in Business Administration (Marketing) from University of Bhavnagar. He has an experience of 6 years in the field of Sales and Marketing. He is responsible for marketing of Knitting and holds a position of DGM (Business Development and Brands) in our company. Prior to joining our company he was employed with various companies namely Reliance Industries Limited, Ashima Group and Arvind Mills Limited. His remuneration was Rs. 287,004 in the Fiscal Year 2006-2007.

Mr. Umesh Karkera – Senior Merchandiser

Mr. Umesh Karkera, age 39 years, holds a Diploma in Fashion Designing from J.D. Institute of Fashion Techno, Bombay. He has an experience of 17 years in the area of Merchandising. Immediately prior to joining our company, he was employed with Texport Syndicate. His remuneration was Rs. 273,501 in the Fiscal Year 2006-2007.

Mr. Mitrajit Pandey – Senior Merchandiser

Mr. Mitrajit Pandey, age 30 years, holds Bachelor degree in Arts from Kanpur University. He has an experience of 10 years in the area of Merchandising. Immediately prior to joining our company, he was employed with Douceur Spertsurcar. His remuneration was Rs. 294,870 in the Fiscal Year 2006-2007.

All of the above are permanent employees of our Company.

Shareholding of our Key Managerial Personnel

None of the Key Managerial Employees named above hold any Equity Shares in our Company as on the date of the Draft Red Herring Prospectus.

List of Changes in Key Managerial Personnel in last 3 years:-

Name of the Employee	Designation	Date of Appointment / Resignation	Reason for Change
Mr. Lalit Meratwal	General Manager	May 03, 2005	Appointment
Mr. Awadh Narain Singh	Deputy General manager (P.P)	June 30, 2005	Resignation
Mr. Sandip Mistry	Company Secretary	October 20, 2005	Appointment
Mr. Satyendra Agarwal	General Manager	January 12, 2006	Appointment
Mr. Shailendra Sharma	Deputy General Manager	March 15, 2006	Appointment
Mr. Umesh Karkera	Senior Merchandiser	June 12, 2006	Appointment
Mr. Mitrajit Pandey	Senior Merchandiser	June 25, 2006	Appointment
Mr. Ishwarsingh Yadav	Vice President (Works)	October 10, 2006	Resignation
Mr. Punit Saini	Deputy General Manager (Poly)	December 10, 2006	Resignation
Mr. Yogesh Pancholi	Deputy General Manager- H. R.	December 10, 2006	Resignation
Mr. D.K. Chaturvedi	Manager Sales & Marketing	September 10, 2007	Resignation
Mr. Suresh Chatterjee	Director (Finance)	April 16, 2007	Appointment
Mr. Shankarkumar Jha	Senior Manager - F & A	May 20, 2007	Resignation
Mr. R.P. Mundhra	Vice President	January 31, 2008	Resignation
Mr. Rakesh Tewari	Director (Corporate Planning & Exports)	March 1, 2008	Appointment

Bonus or Profit Sharing Plan and Interest of Key Managerial Personnel

Our Company does not have any bonus or profit-sharing plan for its key managerial personnel. Except as stated otherwise in the Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

Employees

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our company has 1466 full-time employees as on December 31, 2007.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Non-salary related payment or benefit to employees / Key Managerial Personnel of our Company

Except for the payment of salaries and perquisites/sitting fees, lease rent and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the section titled 'Financial Statements' and the chapter titled 'Business Overview' beginning on page [●] and [●] of the Draft Red Herring Prospectus, we have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of filing the Draft Red Herring Prospectus with SEBI.

Common Pursuits:

Our group concerns, Nandan Exim Limited, Nova Petrochemicals Limited, Prakash Calender Private Limited, Bhushan Processors Private Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited, have objects similar to those of our company. Our company has entered into non-compete agreements on account of the common pursuits arising out of similar business operation between our company and the said companies. For further details please refer to section titled “History and Other Corporate Matters” beginning on page [●] of the Draft Red Herring Prospectus

OUR PROMOTERS

Our Promoters are Mr. Vedprakash Chiripal, Mr. Jaiprakash Chiripal ,Mr. Jyotiprasad Chiripal and Mr. Brijmohan Chiripal

	<p>Mr. Vedprakash Chiripal, Chairman-cum-Managing Director</p> <p>Driving License number: N.A Passport number is F1680202 Permanent Account Number is AAHPC2102Q Voter ID number is GJ/11/064/1080613</p> <p>For more details on Mr. Vedprakash Chiripal, please refer to the section titled “Our Management” beginning on page [●] of the Draft Red Herring Prospectus.</p>
	<p>Mr. Jaiprakash Chiripal, Whole-Time Director</p> <p>Driving License number: N.A Passport number is E9618427 Permanent Account Number is AAJPA4564C Voter ID number is GJ/11/064/1080740</p> <p>For more details on Mr. Jaiprakash Chiripal, please refer to the section titled “Our Management ” beginning on page [●] of the Draft Red Herring Prospectus.</p>
	<p>Mr. Jyotiprasad Chiripal, Director</p> <p>Driving License number is GJ01/801351/02 Passport number is F1684234 Permanent Account Number is AAJPA4565D Voter ID number is LPZ1576966</p> <p>For more details on Mr. Jyotiprasad Chiripal, please refer to the Chapter titled “Our Management” beginning on page [●] of the Draft Red Herring Prospectus.</p>
	<p>Mr. Brijmohan Chiripal</p> <p>Driving License number: GJ01/977561/02 Passport number: F1704132 Permanent Account Number: AACPA7904K Voter ID number:[●]</p> <p>Mr. Brijmohan D. Chiripal, aged 45 years is the promoter of our company He is a graduate in Chemical Engineering and has almost 20 years of business experience in textile business. He is also the Managing Director of our Promoter Group Company, Nandan Exim Limited</p>

We confirm that the Permanent Account Number, bank account number and passport number of all the above individual Promoters shall be submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus. Further, our Promoters have not been declared as willful defaulters by RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past nor any such proceedings are pending against our Promoters.

OUR PROMOTER GROUP

In terms of 6.8.3.2 Explanation II of the DIP Guidelines, the following persons form part of our Promoter Group.

1. Natural persons forming part of our Promoter Group (due to relationship with the Promoters)

Relationship	Promoters Who are Individuals			
	Vedprakash Chiripal	Jaiprakash Chiripal	Jyotiprasad Chiripal	Brijmohan Chiripal
Father	Late Devkinandan Chiripal	Late Devkinandan Chiripal	Late Devkinandan Chiripal	Late Devkinandan Chiripal
Mother	Late Shantidevi Chiripal	Late Shantidevi Chiripal	Late. Shantidevi Chiripal	Late. Shantidevi Chiripal
Brother	Shri Jyotiprasad Chiripal Shri Jaiprakash Chiripal Shri Brijmohan Chiripal	Shri Jyotiprasad Chiripal Shri Vedprakash Chiripal Shri Brijmohan Chiripal	Shri Jaiprakash Chiripal Shri Vedprakash Chiripal Shri Brijmohan Chiripal	Shri Jaiprakash Chiripal Shri Vedprakash Chiripal Shri Jyotiprasad Chiripal
Sister	Smt.Pushpa Bindal Smt.Urmila Agarwal	Smt.Pushpa Bindal Smt.Urmila Agarwal	Smt.Pushpa Bindal Smt.Urmila Agarwal	Smt.Pushpa Bindal Smt.Urmila Agarwal
Spouse	Smt. Savitridevi Chiripal	Smt. Manjudevi Chiripal	Smt. Urmiladevi Chiripal	Smt. Pritidevi Chiripal
Children	Shri.Vishal Chiripal Mrs. Kavita Sarogi Mrs. Babita S Goyal Ms. Shivani V Chiripal	Ms. Nishi J Chiripal Ms. Nidhi J Chiripal Kr. Vansh J Chiripal	Shri Deepak J Chiripal Ms. Shaloo J Chiripal	Mr. Ronak B Chiripal Ms. Ruchi B Chiripal Ms. Priyank B Chiripal
Spouse's Father	Late Ramswarupdas Agrawal	Shri. Surendra Goyal	Shri Gopiramji Kokra	Shri. Bhagawatwarup Agarwal
Spouse's Mother	Late. Bhagawatidevi R Agrawal	Smt. Gayatri Goyal	Smt. Gomitidevi Gopiramji Kokra	Smt. Savitridevi B Agarwal
Spouse's Brother	Shri Sunilkumar Raghuvеerji Agrawal Shri Girishkumar Raghuvеerji Agrawal Shri Kamleshkumar Raghuvеerji Agrawal	Shri. Deepak Goyal	Shri Ahilkumarji Gopiramji Kokra Shri Ajaykumarji Gopiramji Kokra Shri Nirajkumar Gopiramji Kokra	Mr. Satish Agarwal Mr. Pramod Agarwal Mr. Dinesh Agarwal Mr. Kamal Agarwal Late Arun Agarwal
Spouse's Sister	Smt. Pushpadevi Shyamkumar Kejriwal Smt. Kusumdevi Vinodkumarji Sharma Smt.Sarajdevi Vinodkumar Agrawal	Smt. Pinki Kanodia Smt. Kiran Singhal Smt. Sanju Chiripal Smt. Anju Agarwal Smt. Jyotsana Agarwal Smt. Rekha Agarwal	Smt. Sheeladevi Gaurishankarji Goyal Smt. Pujadevi Murlikumarji Goyal	Ms. Snehlata V Didwania

1. In case Promoter is a company

Our Company has no Promoter which is a company

2. In case the Promoter is an Individual

Relationship	Vedprakash Chiripal	Jaiprakash Chiripal	Jyotiprasad Chiripal	Brijmohan Chiripal
Any company in which 10% or more of the share capital is held by the promoter or a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	<ol style="list-style-type: none"> 1. Bhushan Petrofils Private Limited 2. Sparow Exports Private Limited 3. Chiripal Enterprises Limited 4. Chiripal Textile Mills Private Limited 5. Chiripal Lifestyle Limited 6. Vishal Fabrics Private Limited 7. Nova Petrochemicals Limited 8. Nandan Exim Limited 9. Vraj Integrated Textile Park Limited 10. Deepak Finance Corporation 11. Vishal Finance Corporation 12. Shree Balaji Exports 13. Vyom Developers 14. Girish Textiles 15. Rotary Screen Printing Works 16. S. S. Lene 17. Vedprakash Jaiprakash HUF 18. Vedprakash Jyotiprasad HUF 19. Vedprakash & Brothers HUF 20. S. Jyotiprasad HUF 21. S. Vedprakash HUF 22. V. Brijmohan HUF 23. V. Jaiprakash HUF 24. V. Jyotiprasad HUF 25. Keshoram Dwarkadas HUF 26. Devkinandan and sons HUF 27. Vedprakash Brijmohan HUF 28. Chiripal Charitable Trust 	<ol style="list-style-type: none"> 1. Bhushan Petrofils Private Limited 2. Sparow Exports Private Limited 3. Shanti Exports Private Limited 4. Chiripal Enterprises Limited 5. Chiripal Textile Mills Private Limited 6. Chiripal Lifestyle Limited 7. Vishal Fabrics Private Limited 8. Nova Petrochemicals Limited 9. Nandan Exim Limited 10. Vraj Integrated Textile Park Limited 11. Deepak Finance Corporation 12. Vishal Finance Corporation 13. Shree Balaji Exports 14. Vedprakash Jaiprakash HUF 15. Vedprakash Jyotiprasad HUF 16. Vedprakash & Brothers HUF 17. S. Jyotiprasad HUF 18. S. Vedprakash HUF 19. V. Brijmohan HUF 20. V. Jaiprakash HUF 21. V. Jyotiprasad HUF 22. Keshoram Dwarkadas HUF 23. Devkinandan and sons HUF 24. Vedprakash Brijmohan HUF 25. Chiripal Charitable Trust 	<ol style="list-style-type: none"> 1. Bhushan Petrofils Private Limited 2. Shanti Exports Private Limited 3. Prakash Calendars Private Limited 4. Chiripal Enterprises Limited 5. Chiripal Textile Mills Private Limited 6. Chiripal Lifestyle Limited 7. Vishal Fabrics Private Limited 8. Nova Petrochemicals Limited 9. Nandan Exim Limited 10. Vraj Integrated Textile Park Limited 11. Deepak Finance Corporation 12. Vishal Finance Corporation 13. Shree Balaji Exports 14. Vishal Developers 15. S.S. Lene 16. Vedprakash Jaiprakash HUF 17. Vedprakash Jyotiprasad HUF 18. Vedprakash & Brothers HUF 19. S. Jyotiprasad HUF 20. S. Vedprakash HUF 21. V. Brijmohan HUF 22. V. Jaiprakash HUF 23. V. Jyotiprasad HUF 24. Keshoram Dwarkadas HUF 25. Devkinandan and sons HUF 26. Vedprakash Brijmohan HUF 27. Chiripal Charitable Trust 	<ol style="list-style-type: none"> 1. Bhushan Petrofils Private Limited 2. Shanti Exports Private Limited 3. Prakash Calendars Private Limited 4. Chiripal Enterprises Limited 5. Chiripal Textile Mills Private Limited 6. Chiripal Lifestyle Limited 7. Vishal Fabrics Private Limited 8. Nova Petrochemicals Limited 9. Nandan Exim Limited 10. Vraj Integrated Textile Park Limited 11. Deepak Finance Corporation 12. Vishal Finance Corporation 13. Shree Balaji Exports 14. Vishal Developers 15. S.S. Lene 16. Vedprakash Jaiprakash HUF 17. Vedprakash Jyotiprasad HUF 18. Vedprakash & Brothers HUF 19. S. Jyotiprasad HUF 20. S. Vedprakash HUF 21. V. Brijmohan HUF 22. V. Jaiprakash HUF 23. V. Jyotiprasad HUF 24. Keshoram Dwarkadas HUF 25. Devkinandan and sons HUF 26. Vedprakash Brijmohan HUF 27. Chiripal Charitable Trust

Relationship	Vedprakash Chiripal	Jaiprakash Chiripal	Jyotiprasad Chiripal	Brijmohan Chiripal
			Brijmohan HUF 27. Chiripal Charitable Trust	
Any company in which a company (mentioned above) holds 10% or more of the equity share capital	NIL	NIL	NIL	NIL
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total holding	<ol style="list-style-type: none"> 1. Vedprakash Jaiprakash HUF 2. Vedprakash Jyotiprasad HUF 3. Vedprakash & Brothers HUF 4. S. Jyotiprasad HUF 5. S. Vedprakash HUF 6. V. Brijmohan HUF 7. V. Jaiprakash HUF 8. V. Jyotiprasad HUF 9. Keshoram Dwarkadas HUF 10. Devkinandan and sons HUF 11. Vedprakash Brijmohan HUF 	<ol style="list-style-type: none"> 1. Vedprakash Jaiprakash HUF 2. Vedprakash Jyotiprasad HUF 3. Vedprakash & Brothers HUF 4. S. Jyotiprasad HUF 5. S. Vedprakash HUF 6. V. Brijmohan HUF 7. V. Jaiprakash HUF 8. V. Jyotiprasad HUF 9. Keshoram Dwarkadas HUF 10. Devkinandan and sons HUF 11. Vedprakash Brijmohan HUF 	<ol style="list-style-type: none"> 1. Vedprakash Jaiprakash HUF 2. Vedprakash Jyotiprasad HUF 3. Vedprakash & Brothers HUF 4. S. Jyotiprasad HUF 5. S. Vedprakash HUF 6. V. Brijmohan HUF 7. V. Jaiprakash HUF 8. V. Jyotiprasad HUF 9. Keshoram Dwarkadas HUF 10. Devkinandan and sons HUF 11. Vedprakash Brijmohan HUF 	<ol style="list-style-type: none"> 1. Vedprakash Jaiprakash HUF 2. Vedprakash Jyotiprasad HUF 3. Vedprakash & Brothers HUF 4. S. Jyotiprasad HUF 5. S. Vedprakash HUF 6. V. Brijmohan HUF 7. V. Jaiprakash HUF 8. V. Jyotiprasad HUF 9. Keshoram Dwarkadas HUF 10. Devkinandan and sons HUF 11. Vedprakash Brijmohan HUF
All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group"	-	-	-	-

Interest of the Promoters

Except to the extent of reimbursement of expenses incurred at actuals, remuneration or benefits in their capacity as Directors and their shareholding in our Company our Promoters have no other interest in our Company.

Except as stated in "Related Party Transactions" beginning on page [●] of the Draft Red Herring Prospectus (including remuneration as whole-time Directors and reimbursement of expenses), and to the extent of shareholding in our Company either by themselves or shareholding of companies in which they are interested, our Promoters do not have any other interest in our Company.

Our Promoters do not have any interest in any property acquired by our Company in a period of two years before filing the Draft Red Herring Prospectus with SEBI except as stated below

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Existing Usage
1.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Mr. Jaiprakash Devkinandan; and Mr. Brijmohan Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 165:</u> Survey No. 165 admeasuring 12242 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon .	Rs. 5,85,640	Unit 2
2.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 166/2:</u> Survey No. 166/2 admeasuring 5463 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs.2,62,000	Unit 2
3.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Ms Pushpaben Devkinandan and Ms. Urmilaben Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 167/2:</u> ▪ Survey No. 167/2 admeasuring 2023 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 96,800/-	Unit 2
4.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan as the karta of M/s Devkinandan & Sons [HUF] (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 174/1:</u> ▪ Survey No. 174/1 admeasuring 3743 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 2,08,000	Unit 2
5.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan (“the Vendor”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 174/2:</u> ▪ Survey No. 174/2 admeasuring 4553 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other	Rs. 2,17 ,000/-	Unit 2

		superstructure standing thereon		
6.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Mr. Jyotiprasad Devkinandan; Mr. Jaiprakash Devkinandan and Mr. Brijmohan Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey Nos. 174/3, 4, 5, 6; 176 and 178 plus Pot Kharaba [Waste] land:</u> Survey No. 174/3, 4, 5, 6; 176 and 178 plus Pot Kharaba [Waste] land totally admeasuring 13152 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 5,56,000/-	Unit 2
7.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan (“the Vendor”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 175:</u> ▪ Survey No. 175 admeasuring 3136 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 1,50,040/-	Unit 2
8.	Sale Deed dated October 13, 2006 between Mr. Vedprakash Devkinandan; Ms. Puspaben Devkinandan and Ms. Urmilaben Devkinandan (“the Vendors”) and Chiripal Industries Limited (“the Purchaser”)	<u>Survey No. 180/1 and 180/2:</u> ▪ Survey No. 180/1 and 180/2 totally admeasuring 3744 sq. meters situated at Mouje Saijpur-Gopalpur in the registration district of Ahmedabad and sub-district Ahmedabad-5 [Narol] together with factory building and all other superstructure standing thereon	Rs. 180,000/-	Unit 2

The premises given on lease by our Promoter Group Companies:

Sr. No.	Details of Agreement	Property Details	Consideration [Rs.]	Tenure	Existing Usage
1.	Lease Agreement dated April 01, 2007 between Shanti Exports Pvt. Ltd. (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	Part of Second Floor of Chiripal House, Shivranjini Cross Road, Satellite Road, Ahmedabad.	Annual Rent of Rs. 4,80,000/-	April 01, 2007 to March 31, 2008	Corporate Office
2.	Agreement of Lease between Chiripal Enterprise Limited (“the Lessor”) and Chiripal Industries Limited (“the Lessee”)	Century Business Centre, 02/3, Paiki, First floor, House No. D, 21 st Century Business Centre, Lal Darwaja, Ring road, Surat, Gujarat	Rs. 1,20,000/-	February 01, 2008 to March 31, 2012	Marketing Office

Our Promoter does not have any interest in any property proposed to be acquired by us as on date of filing the Draft Red Herring Prospectus with SEBI.

Dividend Policy

The declaration and payment of dividends on our Equity Shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. Our Company has not declared any dividend till date.

Related Party Transactions

Please refer to the section titled “Auditors’ Report to the Restated Financial Statements – Details of Transactions with Related Parties” beginning on page [●] of the Draft Red Herring Prospectus.

OUR PROMOTER GROUP ENTITIES

The following entities form a part of the promoter group:

Subsidiary

1. Vishal Fabrics Private Limited

Vishal Fabrics Private Limited (“VFPL”) was incorporated under the Companies Act on October 22, 1985, having Registration No. 8206 of 1985-86. The Registered Office of VFPL is situated at Ranipur, Narol Road, Ahmedabad – 382 405. The business of VFPL is weaving, bleaching, dyeing, processing, printing and sizing of Grey Fabric made from all types of yarn.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of spinners, weavers, manufacturers, ginners, processors, packers and balers of cotton, jute, hemp, silk, rayon, nylon, stretchlon, man-made synthetic fibres, staple fibres, wool and any other fibrous materials and the business of manufacturing, weaving, bleaching, printing, and selling yarn, cloth, linen, rayon, and other goods and/or merchandise made therefrom.

Shareholding Pattern as on December 31, 2007:

Name of the Shareholder	No. of Shares	% Holding
Chiripal Industires Limited	106,100	92.26
Pritidevi B. Chiripal	3700	3.36
Nishi J Agarwal	900	0.82
Shivani V Chiripal	900	0.82
Shaloo Agarwal	600	0.55
Priyanka B. Chiripal	500	0.45
Savitridevi V. Chiripal	400	0.36
Vishal Chiripal	400	0.36
Ronak Chiripal	300	0.27
Urmiladevi J. Agarwal	300	0.27
Manjudevi J. Agarwal	300	0.27
Deepak J Chiripal	300	0.27
Vedprakash Brijmohan (HUF)	300	0.27
TOTAL	115,000	100

Board of Directors as on December 31, 2007

1. Mr. Jyotiprasad Chiripal
2. Mr. Mahavir Singh Yadav
3. Mr. Vinodkumar Shah

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

	For Financial Year Ended March 31		
Particulars	2007	2006	2005
Share Capital	11.00	6.5	6.5
Reserves (Excluding Revaluation Reserve)	199.55	163.83	121.17
Net Worth	200.55	168.98	125.84
Total Income	1167.46	801.20	622.18
PAT	36.05	37.31	20.07
EPS (Rs.)	403.93	574.02	308.69

NAV Per Share (Rs.)	1823.16	2,599.66	1,935.94
Face Value Per Share (Rs.)	100.00	100.00	100.00

The Equity Shares of VFPL are not listed and it has not made any Public or Rights Issue in the preceding three years. VFPL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against VFPL.

There are no litigations pending by or against VFPL except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

2. Chiripal Lifestyle Limited

Chiripal Lifestyle Limited (“CLL”) was incorporated under the Companies Act on January 24, 2008, having Corporate Identification No. U18109GJ2008PLC052724. The Registered Office of CLL is situated at Chiripal House, Shivaranjani Cross Road, Satellite Road, Ahmedabad – 380015. The business of CLL is to have outlets for garments manufactured by Chiripal Industries Limited

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business as manufacturers, producers, designers, manufacturers’ representatives, retailers, traders, dealers, importers, exporters, factors, advisors, consultants, suppliers, stockiest, distributors, advertisers, marketing agents, consignors, consignees, agents, packers, re-packers, processors, job workers, franchisee, sole selling agents, service dealers, service representative and otherwise deal in all shapes, sizes, varieties, specifications and types of clothes, men’s wear, women’s wear, dresses, readymade garments, fashion apparels, wearing apparels, trousers, T-Shirts, knit wears, sport wears, leather garments, under garments, traditional and casual wears, synthetic fiber, furnishing fabrics, furniture, electronics, appliances, cosmetic, jewelry, paint and hardware, telecom and IT, leisure and entertainment, food, grocery, wellness and beauty, books and music, gift articles, watches, sporting goods, general merchandise and to carry on the business of buying, selling and trading of all types of commodities, products and derivatives and to set up, establish, own, run, maintain, manage and operate the business in India or outside India of markets and malls, shopping centers, departmental stores, theatres, super markets, hypermarkets, food courts, restaurants, banqueting, business centers, retailing and other commercial facilities and services required in relation thereto.

Shareholding Pattern as on incorporation:

Name of the Shareholder	No. of Shares	% Holding
Chiripal Industries Limited	49,996	99.992
Vishal Chiripal	1	0.002
Deepak Chiripal	1	0.002
Rajesh Bindal	1	0.002
Kaushik Patel	1	0.002
Rakesh Tiwari	1	0.002
Gopal Maheshwari	1	0.002
Total	50,000	100.00

Board of Directors as on incorporation

1. Mr. Vedprakash Chiripal
2. Mr. Jaiprakash Chiripal
3. Mr. Brijmohan Chiripal

Financial Highlights

Since CLL has been incorporated on January 24, 2008, the financial highlights of the Company are not available.

There are no litigations pending by or against CLL except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

Listed Companies

Our Company has two group Companies, listed on the BSE and NSE and, namely, Nova Petrochemicals Limited and Nandan Exim Limited.

1. Nova Petrochemicals Limited

Nova Petrochemicals Limited (“NPL”) was incorporated on December 23, 1993, having Registered No. 04-20927. The Registered Office of NPL is situated at Survey No. 396/ 403, Moraiya Village, Sarkhej – Bavla Highway, Taluka Sanand, District Ahmedabad – 382210. NPL approached capital markets with an Initial Public Offering of Equity Shares in the year 1995. The business of NPL is the manufacturer of polyester chips and man made fibres viz., Partially Oriented Polyester Filament Yarn (POY), Fully Drawn Yarn (FDY), Polyester Texturised Yarn (PTY), Draw Twisted Yarn (DTY) and trading of cloth.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of processing, storing, packaging, selling, distributing all types of petrochemicals and its products and by products and the business of manufacturing, refining, processing, buying, selling, importing, exporting and in any way dealing in petroleum and its products and to carry on the business of making, converting, refining all types of petrochemicals based yarns in various forms.

Since the main objects of NPL allow it to carry business similar to that of our Company, NPL has executed a Non-Compete Agreement dated February 19, 2008, with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007:

Category of shareholder	No. of shareholders	Total no. of shares	Total no. of shares held in dematerialized form	Total shareholding as a % of total no. of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Individuals / Hindu Undivided Family	55	1434526	1351616	5.31	5.31
Bodies Corporate	8	16806900	14256900	62.25	62.25
Sub Total	63	18241426	15608516	67.57	67.56
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	63	18241426	15608516	67.57	67.56
(B) Public Shareholding					
(1) Institutions					
Financial Institutions / Banks	1	600	600	-	-
Sub Total	1	600	600	-	-
(2) Non-Institutions					
Bodies Corporate	299	4865190	3161226	18.02	18.02
Individuals					
Individual shareholders holding nominal share capital up to Rs. 1 lac	7681	2723921	2119263	10.09	10.09

Individual shareholders holding nominal share capital in excess of Rs. 1 lac	21	568959	568959	2.11	2.11
Any Others (Specify)	-	-	-	-	-
Non Resident Indians	301	598104	165404	2.22	2.22
Sub Total	8302	8756174	6014852	32.43	32.43
Total Public shareholding (B)	8303	8756774	6015452	32.43	32.43
Total (A)+(B)	8366	26998200	21623968	100	99.99
(C) Shares held by Custodians and against which Depository Receipts have been issued	1	1800	1800	-	0.01
Total (A)+(B)+(C)	8367	27000000	21625768	-	100

NPL had 8367 shareholders as on December 31, 2007.

Board of Directors as on December 31, 2007

1. Jyotiprasad Chiripal, Chairman
2. Sunilkumar Gupta, Managing Director
3. Vedprakash Chiripal
4. Shyam Gupta
5. R. C. Jain
6. V. D. Gupta
7. Sandeep Goyal
8. Shyamlal Taneja

Financial Highlights:

The Audited financial highlights of NPL for the last 3 years are as follows:

(Rs. In Millions)

Particulars	For Fiscal Year		
	2007	2006	2005
Share Capital	270.00	135.00	135.00
Reserves (Excluding Revaluation Reserve)	133.57	447.86	502.74
Net Worth	403.57	582.86	637.74
Total Income	2,758.68	4,836.91	3,944.95
PAT	(165.31)	(52.29)	(174.58)
EPS (Rs.)	(6.64)	(3.87)	(12.93)
NAV Per Share (Rs.)	14.94	43.17	47.24
Face Value Per Share (Rs.)	10.00	10.00	10.00

Share Price Information

The Equity shares of NPL are listed on Bombay Stock Exchange and National Stock Exchange.

The monthly high and low of the market price of the equity shares of NPL having a face value of Rs.10/- each on BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
February, 2008	21.40	14.85
January, 2008	35.05	17.65
December, 2007	26.95	17.55
November, 2007	19.80	15.00
October, 2007	20.40	15.40
September, 2007	27.35	14.10
August, 2007	15.60	13.30

Source: <http://www.bseindia.com>

The high and low of the market price of the equity shares of NPL having a face value of Rs.10/- each on BSE year wise for the last three years are as follows:

Year	High (Rs.)	Low (Rs.)
2007	27.35	13.30
2006	159.90	12.90
2005	121.70	34.05

Source: <http://www.bseindia.com>

Market capitalisation on BSE as on January 31, 2008 was Rs. 525.20 millions

The closing share price of NPL on BSE as on January 31, 2008, was Rs. 19.45.

The monthly high and low of the market price of the equity shares of NPL having a face value of Rs.10/- each on NSE for the last six months are as follows:-

Month	High (Rs.)	Low (Rs.)
February, 2008	20.90	15.50
January, 2008	35.65	18.00
December, 2007	27.45	16.35
November, 2007	19.85	14.95
October, 2007	20.30	15.05
September, 2007	27.20	14.00

Source: <http://www.nseindia.com>

The high and low of the market price of the equity shares of NPL having a face value of Rs.10/- each on NSE yearwise for the last three years are as follows:

Year	High (Rs.)	Low (Rs.)
2005	122.00	34.15
2006	159.85	12.80
2007	27.20	12.95

Source: <http://www.nseindia.com>

Market capitalisation on NSE as on January 31, 2008 was Rs. 511.70 millions.

The closing share price of NPL on NSE as on January 31, 2008 was Rs. 18.95.

NPL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. NPL has not made any public/rights issue in the last 3 years. NPL is a loss making company and has incurred Net Loss for the Financial Year 2006 to the tune of Rs. 52.28 million and in the Financial Year 2005 to the tune of Rs. 174.57 million and is in process of Corporate Debt Restructuring. No proceedings have been initiated for economic offences against NPL. NPL has constituted investor grievance committee and has complied with listing agreement entered into with the Stock Exchanges.

There are no litigations pending by or against NPL except as disclosed under section 'Outstanding Litigation, Defaults and Material Development' on Page [●].

The Board of Directors in a meeting dated April 21, 2007 have resolved to demerge NPL, and the same has been informed to the Bombay Stock Exchange on April 23, 2007. The Board approved of the Draft Scheme for demerger. The said scheme of demerger is filed in the High Court of Gujarat to be formalized under Section 391 & 394 of the Companies, 1956.

Promise vis-à-vis performance

The following are the details of the last public issue / rights issue made by NPL:

Issue details	Issue size (Rs. in millions)	Time of issue
Issue of 45,64,000 Equity Shares of Rs. 10/- each at a price of Rs.30/- per share	Rs.1,36.92 million	Issue open date : February 13, 1995 Issue close date : February 22, 1995

NPL made the issue with the object to part finance the setting up of a plant to manufacture Partially Oriented Polyester Filament Yarn (POY) for the manufacture of 11977 MT of installed capacity. The above objects were not achieved. The projections of sales and profitability were made as follows:

Sr. No.	Particulars	1995-96 (Projected)	1995-96 (Actuals)	1996-97 (Projected)	1996-97 (Actuals)
1	Capacity Utilisation	60%	79%	85%	84%
2	Sales	6,222	2,093	8,895	7419
3	PBDIT	1,480	318	2,145	1496
4	Interest	536	117	619	594
5	Depreciation	265	52	265	671
6	Tax	0	0	157	30
7	PAT	679	149	1,104	201
8	Net Cash Accruals	944	201	1,369	872
9	Equity Share Capital	933	920	933	950
10	Reserves & Surplus	2,453	1,940	3,370	2140
12	Book Value of Shares (Rs.)	36.29	30.11	46.12	32.53
13	Earning Per Shares	7.27	3.33	11.83	2.11

Mechanism for redressal of investor grievances

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by Mr. Shanker Baheria. Investors correspond with NPL, on all share related matters. NPL has an established mechanism for investor service and grievance handling, with Mr. Shanker Baheria.

The board of directors of NPL has constituted a Shareholders / Investor Grievance Committee which, *inter alia*, approves transfer and transmission of shares, issue of duplicate certificates, rematerialisation of shares and oversees and reviews all matters connected with securities transfers and other processes. The said committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The said committee oversees performance of Mr. Shanker Baheria and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the board of directors of NPL.

FY 2005-2006

During the year, NPL received total 246 references from the shareholders. All the references were resolved by the concerned board committee. There were no references pending as on March 31, 2006.

FY 2006-2007

During the year NPL received total 134 references from the shareholders. All the references were resolved by the concerned board committee. There were no references pending as on March 31, 2007.

FY 2007-2008

From April 1, 2007 to December 31, 2007 NPL had received 118 references. All references were resolved by the concerned board committee. There were no references pending as on December 31, 2007.

Other relevant details about the group companies

There are no sales or purchase between companies in the Promoter group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company. The material items of income or expenditure arising out of transactions in the Promoter group are disclosed under “Related Party Disclosures” on Page [●].

2. Nandan Exim Limited

Nandan Exim Limited was incorporated (“NEL”) under the Companies Act, 1956, on August 9, 1994, having Registration No. 04-22719 of 1994-95. The Registered Office of NEL is situated at Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad 382 405. NEL approached capital markets with an Initial Public Offering of Equity Shares in the year 2005. The business of NEL is the manufacture of denim and weaving grey fabric.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of spinners, weavers, manufacturers, ginners, processors, packers and balers of cotton, jute, hemp, silk, rayon, nylon, stretchlon, man-made synthetic fibres, staple fibres, wool and any other fibrous materials and the business of manufacturing, weaving, bleaching, printing, and selling yarn, cloth, linen, rayon, and other goods and/or merchandise made therefrom.

Since the main objects of NEL allow it to carry business similar to that of our Company, NEL, has executed a Non-Compete Agreement dated January 22, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding pattern as on December 31, 2007

Category of shareholder	No. of shareholders	Total no. of shares	Total no. of shares held in dematerialized form	Total shareholding as a % of total no. of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Individuals / Hindu Undivided Family	20	137645000	137645000	45.33	45.33
Bodies Corporate	1	13097358	13097358	4.31	4.31
Sub Total	21	150742358	150742358	49.64	49.64
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	21	150742358	150742358	49.64	49.64
(B) Public Shareholding					
(1) Institutions					
(2) Non-Institutions					
Bodies Corporate	1434	66093591	66093591	21.77	21.77
Individuals					
Individual shareholders holding nominal share capital up to Rs. 1 lakh	39524	81158140	81150017	26.73	26.73
Individual shareholders holding nominal share capital in excess of	18	4264462	4264462	1.4	1.4

Rs. 1 lakh					
Any Others (Specify)	-	-	-	-	-
Non Resident Indians	228	1401825	1401825	0.46	0.46
Sub Total	41204	152918018	152909895	50.36	50.36
Total Public shareholding (B)	41204	152918018	152909895	50.36	50.36
Total (A)+(B)	41225	303660376	303652253	100	100
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
Total (A)+(B)+(C)	41225	303660376	303652253	-	100

NEL had 41225 shareholders as on December 31, 2007.

Board of Directors as on December 31, 2007

1. Mr. Vedprakash Chiripal
2. Mr. Brijmohan Chiripal
3. Mr. Gautam Gandhi
4. Mr. Ambalal C. Patel

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Millions)

Particulars	For the Fiscal Year		
	2007	2006	2005
Share Capital	303.66	139.00	79.00
Reserves (excluding Revaluation reserve)	358.62	234.89	81.99
Sales	2,219.51	1,287.31	590.69
Profit After Tax	129.21	123.90	21.74
Earnings Per Share	0.45	0.96	0.43
Net Asset Value at the face value of Re. 1 per share	2.18	2.69	2.04

Share Price Information

The Equity shares of NEL are listed on BSE and NSE.

The monthly high and low of the market price of the equity shares of NEL having a face value of Re. 1/- each on BSE for the last 6 months are as follows:

Month	High (Rs.)	Low (Rs.)
February, 2008	4.81	3.49
January, 2008	9.85	4.04
December, 2007	8.04	3.80
November, 2007	4.65	2.90
October, 2007	4.10	3.00
September, 2007	5.05	2.82

Source: <http://www.bseindia.com>

The high and low of the market price of the equity shares of NEL having a face value of Re. 1/- each on BSE year-wise for the last three years are as follows:

Year	High (Rs.)	Low (Rs.)
2005	127.75	9.45
2006	19.25	6.12
2007	9.30	2.55

Source: <http://www.bseindia.com>

Market capitalisation on BSE as on January 31, 2008 was Rs. 1840.20 millions.

The closing share price on BSE as on January 31, 2008 was Rs. 4.04.

The monthly high and low of the market price of the equity shares of NEL having a face value of Rs. 1/- each on NSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
February, 2008	4.85	3.55
January, 2008	10.20	4.20
December, 2007	8.05	3.90
November, 2007	4.15	2.95
October, 2007	4.15	3.00
September, 2007	5.10	2.80

Source: <http://www.nseindia.com>

The high and low of the market price of the equity shares of NEL having a face value of Rs. 1/-each on NSE year-wise for the last three years are as follows:

Year	High (Rs.)	Low (Rs.)
2005	11.20	10.60
2006	19.20	6.20
2007	9.45	2.65

Source: <http://www.nseindia.com>

Market capitalisation on NSE as on January 31, 2008 was Rs. 1913.10 millions.

The closing share price on NSE as on January 31, 2008 was Rs. 4.20.

NEL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against NEL. There are no litigations pending by or against NEL except as disclosed under section 'Outstanding Litigation, Defaults and Material Development' on Page [●].

NEL has constituted investor grievance committee and has complied with listing agreement entered into with the Stock Exchanges.

Promise vis-à-vis performance

The following are the details of the last rights issue made by NEL:-

Issue details	Issue size (Rs. in millions)	Time of issue
Issue of 15,18,30,188 equity shares of re. 1/- each for cash at a premium of Rs. 2/- per equity shares i.e. at a price of Rs. 3/- per share) on rights basis to the existing equity shareholders of the company in the ratio of 1 equity share for every 2 equity share	Rs. 455.49 million	Issue open date: December 29, 2007 Issue close date: January 28, 2008

NEL made the issue with the object to part finance the expansion of the denim capacity by 200 lac meters per annum, setting up of spinning unit with installed capacity of 32,000 spindles to produce, setting up of 15 MW captive power plant and for general corporate purposes and to meet the expenses of the issue. The objects of the issue have not been achieved as the issue has been made recently.

Other relevant details about the group companies

There are no sales or purchase between companies in the Promoter group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company. The material items of income or expenditure arising out of transactions in the Promoter group are disclosed under “Related Party Disclosures” on Page [●].

Our Promoter Group has floated one Special Purpose Vehicle, namely Vraj Integrated Textile Park Limited

1. Vraj Integrated Textile Park Limited

Vraj Integrated Textile Park Limited (“VITPL”) was incorporated under the Companies Act, 1956 on December 30, 2005, having Registration No. U45300GJ2005PLC47423. The Registered Office of VITPL is situated at Chiripal House, 132 FT Ring Road, Shivaranjani Cross Road, Satellite Road, Ahmedabad – 380015. The Company is incorporated recently and there is no commercial production undertaken. The company has been setup as a Special Purpose Vehicle (SPV) by a group of entrepreneurs, with an objective to facilitate various Textile Manufacturers to develop, operate, maintain and upgrade their infrastructure facilities.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of undertake, design, develop infrastructure projects in the textile sector and other sectors by way of special economic zones or otherwise in India or abroad and ancillary facilities and services, to act as a Special Purpose Vehicle for implementing different schemes of the Central/State Governments, to assist the members to set up manufacturing units.

Shareholding Pattern as on December 31, 2007:

Name of the Shareholder	No. of Shares	% Holding
Vedprakash Chiripal	10,000	14.286
Rajesh Bindal	10,000	14.286
Navin Sarogi	10,000	14.286
Jaiprakash Chiripal	10,000	14.286
Yogesh C. Bhavsar	10,000	14.286
Prakash Shekhani	10,000	14.286
Naresh R. Mittal	10,000	14.286
Total	70,000	100.000

Board of Directors as on December 31, 2007

1. Mr. Jaiprakash Chiripal
2. Mr. Rajesh Bindal
3. Mr. Navin Saraogi
4. Mr. Yogesh Bhavsar
5. Mr. Prakash Shekhani
6. Mr. A.N. Saran
7. Mr. Ravishankar Raman

Financial Highlights

The Audited financial highlights for the last two years, year ended March 31, 2006 (first year of operation) and March 31, 2007 are as follows:

(Rs. In Million)		
Particulars	2007	2006
Share Capital	7.00	7.00
Reserves (Excluding Revaluation Reserve)	50.42	-
Net Worth	57.42	7.00
Total Income	-	-
PAT	-	-
EPS (Per Share) (Rs.)	-	-
NAV Per Share (Rs.)	82.02	10.00
Face Value Per Share (Rs.)	10.00	10.00

Unlisted Companies

1. Sparow Exports Private Limited

Sparow Exports Private Limited (“SEPL”) was incorporated under the Companies Act, 1956 on November 17, 1994, having Registration No. 55 – 62794. The Registered Office of SEPL is situated at C – 142, Lajpat Nagar I, New Delhi – 110024. SEPL is engaged in trading of grey cloth, processed fabrics and hosiery fabric.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of spinners, weavers, manufacturers of yarns and fabrics of cotton, jute, hemp, silk rayon, linen, nylon, and the business as manufacturers, formulators, processors, producers, growers, furmentators, distillers, refiners, makers, importers, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of and dealers in synthetic and manmade fibres.

Since the main objects of SEPL allow it to carry business similar to that of our Company, SEPL, has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007

Name of Shareholder	No. of Shares	%holding
Pritidevi B. Chiripal	3700	41.57
Nishi J Agarwal	900	10.11
Shivani V Chiripal	900	10.11
Shaloo Agarwal	600	6.74
Priyanka B. Chiripal	500	5.62
Savitridevi V. Chiripal	400	4.49
Vishal Chiripal	400	4.49
Urmiladevi J. Agarwal	300	3.37
Manjudevi J. Agarwal	300	3.37
Deepak J Chiripal	300	3.37
Vedprakash Brijmohan (HUF)	300	3.37
Ronak Chiripal	300	3.37
TOTAL	8900	100.00

Board of Directors as on December 31, 2007

1. Mr. Sanjay Bindal
2. Mrs. Pritidevi Chiripal

Financial Highlights

The Audited financial highlights of SEPL for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Share Capital	2.35	2.35	2.35
Reserves (Excluding Revaluation Reserve)	24.08	27.13	12.95
Net Worth	26.43	29.48	15.30
Total Income	68.43	86.04	51.94
PAT	(3.05)	14.07	0.18
EPS (Per Share) (Rs.)	-	59.89	0.74
NAV Per Share (Rs.)	112.45	125.43	65.08
Face Value Per Share (Rs.)	10.00	10.00	10.00

The Equity Shares of SEPL are not listed and it has not made any Public or Rights Issue in the preceding three years. SEPL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. There are no defaults in meeting any statutory/bank/institutional dues by SEPL. No proceedings have been initiated for economic offences against SEPL.

There are no litigations pending by or against SEPL except as disclosed under section 'Outstanding Litigation, Defaults and Material Development on Page [●].

2. Chiripal Enterprises Limited

Chiripal Enterprises Limited ("CEL") was incorporated under the Companies Act, 1956 on May 12, 1988, having Registration No. 04 – 10691 of 1988-89. The Registered Office of CEL is situated at 283, New Cloth Market, Ahmedabad – 380002. The business of CEL is trading of processed fabrics and investments.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business as exporters, importers, agents, retailers, merchants, buyers, sellers, brokers, factors, agents, consignors, consignees, distributors, stockists, suppliers, packers, repackers, traders, dealers, and manufacturers' representative of all classes, kinds and types of cotton, jute, silk, rayon, nylon, and to carry on the business as recognised export-import house.

Since the main objects of CEL allow it to carry business similar to that of our Company, CEL has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to "History and Other Corporate Matters-Other Agreements" on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007

Name of the Shareholder	No. of Shares	%Holding
Vansh J. Agarwal	132,690	32.49
Ronak Chiripal	124,700	30.53
Vishal Chiripal	47,990	11.75
Deepak J Chiripal	45,000	11.02
Chiripal Textile Mills Pvt. Ltd.	44,500	10.90
Sushma Jain	2,500	0.61
Devendra Jain	2,500	0.61
Gunjan Jain	2,500	0.61
Jyoti Prasad D. Agarwal	1,000	0.24
Brij Mohan D Chiripal	1,000	0.24
Urmiladevi J. Agarwal	1,000	0.24
Manjudevi J. Agarwal	1,000	0.24
Savitridevi V. Chiripal	1,000	0.24
Pritidevi B. Chiripal	1,000	0.24
Ved Prakash D Chiripal	10	0.00
Jay Prakash D. Agarwal	10	0.00
Total	408,400	100.00

Board of Directors as on December 31, 2007

1. Mr. Jaiprakash Chiripal
2. Mr. Anand Agarwal
3. Mr. Deepak Chiripal

Financial Highlights

The Audited financial highlights of CEL for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Share Capital	4.08	4.08	4.08
Reserves (Excluding Revaluation Reserve)	39.12	37.57	36.84
Net Worth	43.20	41.65	40.93
Total Income	5.49	13.01	32.61
PAT	1.55	0.72	23.49
EPS (Per Share) (Rs.)	3.80	1.77	57.52
NAV Per Share (Rs.)	105.78	101.98	100.21
Face Value Per Share (Rs.)	10.00	10.00	10.00

The Equity Shares of CEL are not listed and it has not made any Public or Rights Issue in the preceding three years. CEL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. There are no defaults in meeting any statutory/bank/institutional dues by CEL.

No proceedings have been initiated for economic offences against the Company. There are no litigations pending by or against the company except as disclosed under section 'Outstanding Litigation, Defaults and Material Development on Page [●].

3. Red Events India Private Limited

Red Events India Private Limited (“REIPL”) was incorporated under the Companies Act, 1956 on July 31, 2006, having Registration No. U92490GJ2006PTC048803. The Registered Office of REIPL is situated at Chiripal House, 132 FT Ring Road, Shivananjani Cross Road, Satellite Road, Ahmedabad – 380015. The Company is incorporated recently and there is no commercial activity undertaken. The company has been setup with an objective to carry on the business to organize, arrange, co-ordinate, sponsor, advertise all types of entertainment programme, events, parties, shows, exhibition, wedding and other ceremony, to act as franchisee, contractors, vendors to run and manage party plots, banquet halls, cinema theatres, multiplex, shopping malls, hotels, restaurants and to act as printing agency, graphic designer and advertising agency.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on in India or elsewhere in the world with or without collaboration the business to organise, arrange, co-ordinate, sponsor, advertise all types of entertainment programme, events, parties, shows, exhibition, wedding and other ceremony, to promote, business or sales of products of the client or customers of the company and to act as franchisee, contractors, vendors to run and manage party plot, banquet halls, cinema theatres, multiplex, shopping malls, hotels, restaurants and to act as printing agency, graphic designer and advertising agency.

Shareholding Pattern, as on December 31, 2007

Name of the Shareholder	No. of Shares	% Holding
Brijmohan Chiripal	5,000	50.00
Saurabh Agarwal	5,000	50.00
Total	10,000	100.00

Board of Directors as on December 31, 2007

1. Mr. Saurabh Agrawal
2. Mr. Brijmohan Chiripal

Financial Highlights

The financial performance of REIPL for the last year is as below:

Particulars	(Rs. In Million)
	Fiscal Year, 2007
Share Capital	0.10
Reserves (Excluding Revaluation Reserve)	0.33
Net Worth	0.43
Total Income	10.42
PAT	0.33
EPS (Per Share) (Rs.)	32.93
NAV Per Share (Rs.)	42.93
Face Value Per Share (Rs.)	10.00

This is the first year of full-fledged operations after incorporation of REIPL. Hence audited financial results have been furnished for 1 year only. The face value of the share is Rs. 10/- per share. The Equity Shares of REIPL are not listed and it has not made any Public or Rights Issue in the preceding three years. REIPL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

There are no defaults in meeting any statutory/bank/institutional dues by REIPL. No proceedings have been initiated for economic offences against REIPL. There are no litigations pending by or against REIPL except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

4. Prakash Calender Private Limited

Prakash Calender Private Limited (“PCPL”) was incorporated under the Companies Act, 1956, on June 18, 1990, having Registration No. 04-13894. The Registered Office of PCPL is situated at 283, New Cloth Market, Ahmedabad – 380 002. The business of PCPL is trading in textiles.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of buying, selling, manufacturing and processing, including calendaring, bleaching, printing, dyeing, mercering, sizing, weaving, importing and exporting in cloth of all types and other fabrics made from cotton, silk, rayon, nylon, man-made, synthetic fibres, staple fibre and other man made fibre.

Since the main objects of PCPL allow it to carry business similar to that of our Company, PCPL has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern, as on December 31, 2007

Name of Shareholder	No. of Shares	%Holding
Shaloo Agarwal	124,000	10.83
Ashok J. Chiripal	100,000	8.73
Vineetas Exports Pvt Ltd	77,000	6.72
Pradeep Kumar Agarwal	77,000	6.72
Kavita N. Saraogi	72,000	6.29
Anandswaroop N Chiripal	70,000	6.11
Sushila Devi Agarwal	67,000	5.85
Durgesh Chiripal	67,000	5.85
Rishi P Agarwal	67,000	5.85
Mahavir Singh Balvantsingh Yadav	67,000	5.85
Haribhagwan A Agarwal	50,000	4.37
Viconic Merchants Pvt Ltd	45,000	3.93
Rang Vardhan Febtrade Pvt Ltd	45,000	3.93
Vishal Fabrics Private Limited	35,000	3.06
Nidhi J. Agarwal	34,000	2.97
Ramesh M Shah	34,000	2.97
Chiripal Textile Mills Pvt. Ltd.	30,000	2.62
Deepak J Chiripal	25,000	2.18
Vishal Chiripal	25,000	2.18
Chiripal Enterprises Ltd.	19,000	1.66
Jagjyoti Commodities Pvt Ltd	15,000	1.31
Satyabhama A Chiripal	40	0.00
Urmiladevi J. Agarwal	10	0.00
Manjudevi J. Agarwal	10	0.00
Total	1,145,140	100.00

Board of Directors as on December 31, 2007

1. Mr. Amit Bindal

2. Mr. Pawan Agarwal

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Share Capital	11.45	11.45	11.45
Reserves (excluding Revaluation reserve)	26.49	27.36	24.63
Sales	47.23	31.50	37.31
Profit After Tax	(0.87)	2.72	0.14
Earnings Per Share	-	2.38	0.12
Net Asset Value at the face value of Rs.10 per share	33.14	33.89	31.52

The Equity Shares of PCPL are not listed and it has not made any Public or Rights Issue in the preceding three years. PCPL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. There are no defaults in meeting any statutory/bank/institutional dues by PCPL.

No proceedings have been initiated for economic offences against the Company. There are no litigations pending by or against the company except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

5. Shanti Exports Private Limited

Shanti Exports Private Limited (“SPL”) was incorporated under the Companies Act, 1956, on September 22, 1998, having Registration No. 04-34696 of 1998-99. The Registered Office of SPL is situated at Chiripal House, opposite Asopalav party plot, Satellite Road, Ahmedabad. The business of SPL is trading of grey cloth and processed fabrics and other textile related materials. SPL also generates income through lease rentals.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of importers, exporters of polyester, polypropylene, cotton, denim textiles, cloth, synthetic cloth, readymade garments, terry towel, hosiery woollen, silk, artificial silk, rayon, nylon, terin, strechlone, POY, man-made, synthetic fibres, staple fibre, wool and fibrous cotton materials and other man made fibre and to carry on the business of importing and exporting in silk, artificial silk, rayon, nylon, terin, strechlone, POY, man-made, synthetic fibres, staple fibre, wool and fibrous cotton materials and other man made fibre and to carry on business of manufacturers’ representatives, consignors, consignees, distributors, stockists and suppliers.

Since the main objects of SPL allow it to carry business similar to that of our Company, SPL, has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007

Name of the Shareholder	No. of Shares	%Holding
Pushpadevi P Bindal	38,500	68.69
Vansh J. Agarwal	5,595	9.98
Shaloo Agarwal	5,500	9.81
Kavita N. Saraogi	3,500	6.24
Vineetas Exports Pvt Ltd	2,000	3.57

Urmiladevi J. Agarwal	209	0.37
Manjudevi J. Agarwal	209	0.37
Jyoti Prasad D. Agarwal	105	0.19
Brij Mohan D Chiripal	105	0.19
Deepak J Chiripal	105	0.19
Pritidevi B. Chiripal	105	0.19
Vishal Chiripal	95	0.17
Total	56,048	100.00

Board of Directors as on December 31, 2007

1. Mr. Brijmohan Chiripal
2. Mr. Pawan Agarwal

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For Fiscal Year		
	2007	2006	2005
Share Capital	56.05	56.05	56.05
Reserves (Excluding Revaluation Reserve)	44.28	42.24	39.51
Net Worth	100.33	98.29	95.56
Total Income	369.09	335.71	241.41
PAT	2.04	2.73	2.65
EPS (Rs.)	36.41	48.74	47.35
NAV Per Share (Rs.)	1790.00	1,753.59	1,704.85
Face Value Per Share (Rs.)	1,000	1,000	1,000

The Equity Shares of Shanti Exports Private Limited are not listed and it has not made any Public or Rights Issue in the preceding three years. The Company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. There are no defaults in meeting any statutory/bank/institutional dues.

No proceedings have been initiated for economic offences against the Company. There are no litigations pending by or against the company except as disclosed under section 'Outstanding Litigation, Defaults and Material Developments' on Page [●].

6. Chiripal Textile Mills Private Limited

Chiripal Textile Mills Private Limited ("CTMPL") was incorporated under the Companies Act, 1956, on June 19, 1981, having Registration No. 4442 of 1981-82. The registered office of CTMPL is situated at 283, New Cloth Market, Ahmedabad – 380 002. The business of CTMPL is trading of grey cloth and processed fabrics and other textile related materials. CTMPL also generates income through lease rentals and investments.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of spinners, weavers, manufacturers, ginners, processors, packers and balers of cotton, jute, hemp, silk, rayon, nylon, stretchlon, man-made synthetic fibres, staple fibres, wool and any other fibrous materials and the business of manufacturing, weaving, bleaching, printing, and selling yarn, cloth, linen, rayon, and other goods and/or merchandise made therefrom.

Since the main objects of CTMPL allow it to carry business similar to that of our Company, CTMPL, has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007

Name of Shareholder	No. of Shares	%Holding
Kavita N. Saraogi	613	24.04
Satyabhama A Chiripal	395	15.49
Pushpadevi P Bindal	375	14.71
Shaloo Agarwal	355	13.92
Nishi J Agarwal	250	9.80
Priyanka Chiripal	200	7.84
S. Devkinandan HUF	50	1.96
Tinu P Bindal	50	1.96
Ruchi Chiripal	50	1.96
Vansh J. Agarwal	40	1.57
Keshoram Family Trust	27	1.06
Anand Chiripal	25	0.98
Pawan Agarwal	25	0.98
Ashok Chiripal	25	0.98
Deepak J Chiripal	20	0.78
Total	2,550	100.00

Board of Directors as on December 31, 2007

1. Mr. Rishi Pawankumar Agarwal
2. Mr. Vishal Vedprakash Chiripal

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Share Capital	2.55	2.45	2.45
Reserves (excluding Revaluation reserve)	9.99	9.62	7.03
Net Worth	12.54	12.07	9.48
Total Income	0.60	3.25	13.16
PAT	0.41	2.75	0.58
EPS (Rs.)	161.43	1123.90	236.70
NAV Per Share (Rs.)	4918.43	4925.27	3869.19
Face Value Per Share (Rs.)	1000.00	1000.00	1000.00

The Equity Shares of CTMPL are not listed and it has not made any Public or Rights Issue in the preceding three years. The Company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company. There are no litigations pending by or against the company

except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

7. Bhushan Petrofils Private Limited

Bhushan Petrofils Private Limited (“BPPL”) was incorporated as Bhushan Petrofils Private Limited under the Companies Act, 1956, on November 10, 1994, having Registration No.55-62653 of 1994-95. The registered office of BPPL is situated at C-142, Lajpatnagar I, New Delhi – 110 024. The business of BPPL is trading of grey cloth and processed fabrics and other textile related materials.

As stated in the main objects contained in its memorandum of association, this company is permitted to carry on the business of acquire, own, work, erect, install and otherwise to handle or deal in spinning mills or any other factories for manufacturing, producing, making, ginning, bailing, knitting, and carry on business as spinners, weavers, manufacturers, ginners, processors, packers and balers of cotton, jute, hemp, silk, rayon, nylon, stretchlon, man-made synthetic fibres, staple fibres, wool and any other fibrous materials and the business of manufacturing, weaving, bleaching, printing, and selling yarn, cloth, linen, rayon, and other goods and/or merchandise made therefrom.

Since the main objects of BPPL allow it to carry business similar to that of our Company, BPPL has executed a Non-Compete Agreement dated February 19, 2008 with our Company, undertaking not to engage in businesses similar to that of our Company. For further details, please refer to “History and Other Corporate Matters-Other Agreements” on page [●] of the Draft Red Herring Prospectus.

Shareholding Pattern as on December 31, 2007

Name of the Shareholder	No. of Shares	%Holding
Marubhumi Consultant P Ltd	64,000	25.70
Sushila Devi Agarwal	40,000	16.06
Durgesh Chiripal	40,000	16.06
Rupkumari P Agarwal	30,300	12.17
Satyabhama A Chiripal	18,310	7.35
Jaiprakash D HUF	16,000	6.42
Vansh J. Agarwal	15,990	6.42
Deepak J Chiripal	15,300	6.14
Urmiladevi J. Agarwal	1,000	0.40
Manjudevi J. Agarwal	1,000	0.40
Savitridevi V. Chiripal	1,000	0.40
Brijmohan D H U F	1,000	0.40
Ved Prakash Devkinandan HUF	1,000	0.40
Jyotiprasad D. HUF	1,000	0.40
Pritidevi B. Chiripal	1,000	0.40
Nishi J Agarwal	300	0.12
Nidhi J. Agarwal	300	0.12
Shivani V Chiripal	300	0.12
Shaloo Agarwal	300	0.12
Ruchi Chiripal	300	0.12
Priyanka B. Chiripal	300	0.12
Bharat Bhushan Omprakash Agarwal	110	0.04
Jayantibhai K Modasiya	110	0.04
Beena Kartik Patel	110	0.04
Total	249,030	100.00

Board of Directors as on December 31, 2007

1. Mr. Ashok Agrawal
2. Mr. Rajendra Agrawal

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

Particulars	(Rs. In Million)		
	For the Fiscal Year		
	2007	2006	2005
Share Capital	2.49	2.49	2.49
Reserves (excluding Revaluation reserve)	9.66	9.66	9.66
Sales	68.86	-	11.65
Profit After Tax	(10.65)	0.00	(0.32)
Earnings Per Share	(42.77)	0.00	(1.29)
Net Asset Value at the face value of Rs.10 per share	48.62	48.80	48.80

The Equity Shares of BPPL are not listed and it has not made any Public or Rights Issue in the preceding three years. The Company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company. There are no litigations pending by or against the company except as disclosed under section 'Outstanding Litigation, Defaults and Material Developments' on Page [●].

Partnership Concerns***1. Deepak Finance Corporation***

Deepak Finance Corporation ("DFC"), a partnership firm was established January 27, 1997, and reconstituted on April 1, 2004. The business of DFC is carried on at Chiripal House, 132 FT Ring Road, Shivaranjani Cross Road, Satellite Road, Ahmedabad – 380015. The business of DFC is to accept deposits and financing.

The current partners of DFC with their profit and loss sharing ratios as on December 31, 2007 are as follows:

Sr. No.	Partners	Profit & Loss Share (%)
1.	Mr. Deepak J. Chiripal	25
2.	Mr. Jyotiprasad D. Chiripal	20
5.	Mr. Brijmohan D. Chiripal	20
3.	Mrs. Urmiladevi J. Chiripal	5
4.	Mr. Jyotiprasad D. Chiripal acting in his capacity of the Karta of Jyotiprasad D. Chiripal HUF	5
6.	Mrs. Pritimohan D. Chiripal	5
7.	Ms. Shalu J. Chiripal	5
8.	Ms. Priyanka B. Chiripal	5
9.	Minor Ronak B. Chiripal	5
10.	Minor Ruchi B. Chiripal	5
	Total	100

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	25.36	24.18	(65.51)
Total Income	7.12	4.31	44.49
Net Profit	0.27	0.10	3.39

There are no litigations pending by or against DFC except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

2. Vishal Finance Corporation

Vishal Finance Corporation (“VFC”), a partnership firm was established on January 27, 1997. The business of VFC is carried on at Chiripal House, 132 FT Ring Road, Shivanranjani Cross Road, Satellite Road, Ahmedabad – 380015. The business of VFC is to accept deposits and financing.

The partners and their profit and loss sharing ratios as on December 31, 2007 are as follows:

Sr. No.	Partner	Profit & Loss Share (%)
1.	Mr. Vishal V. Chiripal	30
2.	Mr. Vedprakash D. Chiripal	20
5.	Mr. Jaiprakash D. Chiripal	15
3.	Mrs. Savitri V. Chiripal	5
4.	Mr. Jaiprakash D. Chiripal acting in his capacity of the Karta of Jaiprakash D. Chiripal HUF	5
6.	Mrs. Manjudevi J. Chiripal	5
7.	Ms. Shivani V. Chiripal	5
8.	Ms. Nishi J. Chiripal	5
9.	Ms. Nidhi J. Chiripal	5
10.	Minor Vansh J. Chiripal	5
	TOTAL	100

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Financial year		
	2007	2006	2005
Capital Account	25.62	21.79	(13.76)
Total Income	11.69	8.16	12.29
Net Profit	0.53	0.13	0.26

There are no litigations pending by or against VFC except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

3. Vishal Developers

Vishal Developers (“VD”), a partnership firm was established on September 4, 2004. The business of VD is carried on at Basement, Urmi Duplex, Ellisbridge, Ahmedabad - 380006. The business of VD is to build and develop housing projects.

The current partners and their profit and loss sharing ratios are as follows as on December 31, 2007:

Sr. No.	Partner	Profit & Loss Share (%)
7.	Mr. Deepak Jyotiprasad Agrawal	26.50
2.	Mr. Vipul Chandrakant Bhavsar	17
3.	Mr. Balvant Ramkumar Agrawal	15
4.	Mr. Vinay Balvant Agrawal	15
1.	Mr. Yogesh Chandrakant Bhavsar	10
6.	Mr. Navin Sushil Saraogi	10.00
5.	Mr. Kumar Rajendraprasad Agrawal	6.50
	TOTAL	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Financial year		
	2007	2006	2005
Capital Account	46.25	0.05	0.038
Total Income	139.12	--	-
Net Profit	46.20	--	-

VD had started building and developing the housing projects in Financial Year 2004-05 and the expenditure incurred towards the housing project known as “Vraj Homes” has been treated as construction work-in-progress in the accounts. The income from the housing project will be recognized on completion of the project.

There are no litigations pending by or against VD except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

4. Vyom Developers

Vyom Developers, a partnership firm was established on October 4, 2004. The business of the partnership is carried on at Basement, Urmi Duplex, Ellisbridge, Ahmedabad-380006. The business of the partnership is to build and develop housing projects.

The current partners and their profit and loss sharing ratios as on December 31, 2007 are as follows:

Sr. No.	Partner	Profit & Loss Share (%)
1.	Mr. Yogesh Chandrakant Bhavsar	15
3.	Mr. Balvant Ramkumar Agrawal	15
4.	Mr. Vishal Balvant Agrawal	15
7.	Mr. Vishal Vedprakash Chiripal	14
2.	Mr. Vipul Chandrakant Bhavsar	12
6.	Mr. Navin Sushil Saraogi	7.50
8.	Mr. Vedprakash Devkinandan Chiripal	7.50
9.	Mr. Brijmohan Devkinandan Agrawal	7.50
5.	Mr. Kumar Rajendraprasad Agrawal	6.50
	TOTAL	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	2.05	0.05	0.50
Total Income	-	-	-
Net Profit	-	-	-

Vyom Developers had started building and developing the housing projects in Financial Year 2004-05 and the expenditure incurred towards the housing project known as “Vraj Garden” has been treated as construction work-in-progress in the accounts. The income from the housing project will be recognized on completion of the project.

There are no litigations pending by or against Vyom Developers except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

5. S.S. Lene

S.S. Lene, a partnership firm was established on July 15, 1988. The business of the partnership is carried on at 462, Chandra Chowk, M.J. Market, Mumbai – 400 002. The business of the partnership is of cloth merchants and commission agents.

The current partners and their profit and loss sharing ratios as on December 31, 2007 are as follows:

Sr. No.	Partner	Profit & Loss Share (%)
1.	Mr. Sureshkumar Jalan	50
2.	Mrs. Pooja M. Goyal	35
3.	Mr. Sanjay R. Goyal	15
	TOTAL	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	6.22	4.66	3.54
Total Income	124.79	96.60	70.46
Net Profit	1.12	0.77	0.37

There are no litigations pending by or against S. S. Lene except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

Proprietary Concerns

1. Ruchi Enterprises

Ruchi Enterprises is a proprietary concern of Mr. Brijmohan D. Chiripal, which was started during the financial year 2002-03. The business of the concern is carried out from 283, New Cloth Market, Ahmedabad – 380002. The concern is engaged in the business of trading in Textile Goods.

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	0.57	0.54	0.49
Total Income	1.68	3.92	13.30
Net Profit	0.03	0.05	0.04

There are no litigations pending by or against Ruchi Enterprises except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

2. Ronak Textile Mills

Ronak Textiles Mills is a proprietary concern of Vedprakash D. HUF which was started in the financial year 1996-97. The business of the concern is carried out from 283, New Cloth Market, Ahmedabad – 380002. The concern is engaged in the business of trading in Textile Goods.

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	-3.68	-3.96	-4.29
Total Income	28.22	9.52	23.35
Net Profit	0.27	0.33	0.27

There are no litigations pending by or against Ronak Textiles Mills except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

HUF

1. Vedprakash Jaiprakash HUF

Mr. Vedprakash Chiripal is the Karta of Vedprakash Jaiprakash HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	6.48	6.02	4.03
Total Income	0.50	5.06	1.89
Net Profit	0.46	1.99	0.29

2. Vedprakash Jyotiprasad HUF

Mr. Vedprakash Chiripal is the Karta of Vedprakash Jyotiprasad HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	5.13	4.80	3.17
Total Income	0.4	4.45	1.61
Net Profit	0.34	1.35	0.27

3. Vedprakash & Brothers HUF

Mr. Vedprakash Chiripal is the Karta of Vedprakash & Brothers HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	7.08	6.54	4.20
Total Income	0.57	5.38	3.16
Net Profit	0.54	2.34	0.34

4. Vedprakash Devkinandan HUF

Mr. Vedprakash Chiripal is the Karta of Vedprakash Devkinandan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in fabrics. The concern also derives its income from interest.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	26.29	6.04	4.77
Total Income	20.82	1.37	0.56
Net Profit	20.76	1.27	0.38

5. Jyotiprasad Devkinandan HUF

Mr. Jyotiprasad Chiripal is the Karta of Jyotiprasad Devkinandan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in fabrics. The concern also derives its income from interest.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	43.32	9.88	9.40
Total Income	33.94	.57	0.10
Net Profit	33.89	.48	(0.02)

6. Jaiprakash Devkinandan HUF

Mr. Jaiprakash Chiripal is the Karta of Jaiprakash Devkinandan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in fabrics. The concern also derives its income from interest.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	51.55	15.24	14.33
Total Income	36.41	0.91	0.24
Net Profit	36.31	0.90	0.16

7. Brijmohan Devkinandan HUF

Mr. Brijmohan Chiripal is the Karta of Brijmohan Devkinandan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in fabrics. The concern also derives its income from interest.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	45.08	25.02	21.01
Total Income	21.17	4.15	0.65
Net Profit	21.05	4.01	0.58

8. *S. Jaiprakash HUF*

Mr. Jaiprakash Chiripal is the Karta of S. Jaiprakash HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business trading in fabrics. The concern also derives its income from interest.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	7.64	5.09	3.51
Total Income	2.60	1.36	0.31
Net Profit	2.55	1.28	0.26

9. *S. Jyotiprasad HUF*

Mr. Jyotiprasad Chiripal is the Karta of S. Jyotiprasad HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	4.88	4.60	3.38
Total Income	0.34	4.28	2.23
Net Profit	0.28	1.21	0.29

10. *S. Vedprakash HUF*

Mr. Vedprakash Chiripal is the Karta of S. Vedprakash HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	8.41	5.40	3.80
Total Income	3.05	4.28	1.70
Net Profit	3.01	1.14	0.22

11. V. Brijmohan HUF

Mr. Brijmohan Chiripal is the Karta of V. Brijmohan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	5.15	4.90	3.13
Total Income	0.31	4.29	1.77
Net Profit	0.25	1.18	0.28

12. V. Jaipakash HUF

Mr. Vedprakash Chiripal is the Karta of V. Jaipakash HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	8.82	5.37	3.60
Total Income	3.49	4.33	1.36
Net Profit	3.45	1.17	0.26

13. V. Jyotiprasad HUF

Mr. Vedprakash Chiripal is the Karta of V. Jyotiprasad HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005

Capital Account	5.24	4.94	3.3
Total Income	0.37	4.13	2.20
Net Profit	0.30	1.05	0.26

14. Keshoram Dwarkadas HUF

Mr. Vedprakash Chiripal is the Karta of Keshoram Dwarkadas HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	5.05	4.90	3.53
Total Income	0.23	2.34	2.64
Net Profit	0.15	0.92	0.44

15. Devkinandan and sons HUF

Mr. Vedprakash Chiripal is the Karta of Devkinandan and sons HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	4.09	4.03	3.33
Total Income	0.19	2.12	2.27
Net Profit	0.06	0.7	0.39

16. Vedprakash Brijmohan HUF

Mr. Vedprakash Chiripal is the Karta of Vedprakash Brijmohan HUF. The business of the concern is carried out from 283, New Cloth Market, Outside Raipur Gate, Ahmedabad. The concern is engaged in the business of trading in hosiery fabrics. The concern also derives its income from Rent and Investments.

Financial Highlights

The Un-audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Capital Account	3.99	3.64	3.17
Total Income	0.58	3.58	1.85
Net Profit	0.36	0.47	0.25

Trusts

1. Chiripal Charitable Trust

The charitable trust was formed on January 25, 1985 with the following Trustees:

- a. Mr. Vedprakash D. Chiripal
- b. Mr. Jyotiprasad D. Chiripal
- c. Mr. Jaiprakash D. Chiripal

The office of the Trust is located at 283, New Cloth Market, Ahmedabad.

Registration No.: E - 5956

The objects of the trust are:

1. Spread of all and/ or every kind of Education including Mental, Physical, Technical, Spiritual or Moral in any manner and/ or granting scholarships, contributions, etc. to Individuals, Institutions, Colleges, Schools and Running Hostels, Libraries and Reading Rooms.
2. Donations to Institutions who are doing the work of Moral, Spiritual and Educational uplift of Humanity.
3. Establishment and/ or maintenance, running or support of hospitals, dispensaries, maternity homes, clinics and/ or contributing for the support of such public charitable institutions.
4. Grant of medical aid to the poor and needy.
5. Relief to Poverty in any manner.
6. Setting up or helping by endowing orphanages or poor.
7. Setting up houses for the benefit of orphans and/ or other deserving person.
8. Distribution of free food and clothing to the poor and needy.
9. Sinking of wells and/ or setting up tube wells etc. whenever there may be scarcity of water in any area.
10. To establish, maintain or help such institutions engaged in the welfare of animals, destitutes and other disabled person.
11. Relief in all forms to persons affected by calamities like floods, earthquakes, famine, epidemic, fire and other causes.
12. The creation, maintenance, supply or support of physical centres for advancement of health and hygiene.
13. To establish, contribute to, construct or maintain Dharmashalas (Inns) and Rest Houses.
14. Subscribe and donate or accept to the institutions having their objects or object similar thereof.
15. Accept or make any donation, contribution either in cash or in kind or in any form to any person or such institution which have object or objects in conformity with the objects of the trust.
16. To use the Trust Fund or its income for any other charitable objects.

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(Rs. In Million)

Particulars	For the Fiscal Year		
	2007	2006	2005
Total Income	2.73	5.02	0.59
Surplus	0.50	2.83	(1.45)
Corpus	31.33	18.20	15.20

Common Pursuits of Promoter/ Promoter Group

The main objects clause of some of our Promoter Group entities, namely, Nandan Exim Limited, Prakash Calender Private Limited, Bhushan Processors Private Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited allow them to carry on business similar to that of our Company.

At present the activities of Nandan Exim Limited is to manufacture of denim and weaving grey fabric; Nova Petrochemicals Limited is to manufacture and sale of man made fibres viz., Partially Oriented Polyester Filament Yarn (POY), Polyester Texturised Yarn (PTY), Draw Twisted Yarn (DTY), Fully Drawn Yarn (FDY) and polyester chips and trading of cloth; Prakash Calender Private Limited trades in textiles; Bhushan Processors Private Limited trades in grey cloth and processed fabrics and other textile related materials; Chiripal Enterprises Limited trades in processed fabrics and investments; Chiripal Textile Mills Private Limited trades in grey cloth and processed fabrics and other textile related materials. It also generates income through lease rentals and investments; Shanti Exports Private Limited trades in grey cloth and processed fabrics and other textile related materials. It also generates income through lease rentals and Sparow Exports Private Limited is engaged in trading of grey cloth, processed fabrics and hosiery fabric.

However, the said Promoter Group entities, have each executed a Non-Compete Agreement with our Company undertaking not to engage in similar business for a consideration of Rs. 10,000.

Related Party transactions with the Promoter Group

Other than as disclosed in the “Auditors’ Report to the Restated Financial Statements – Details of Transactions with Related Parties” on page [●] of the Draft Red Herring Prospectus, there have been no related party transactions with the Promoter Group.

Sale or Purchase between our Company and Group Companies

Other than as disclosed under “Auditors’ Report to the Restated Financial Statements – Details of Transactions with Related Parties” on page [●] of the Draft Red Herring Prospectus, there have been no sales or purchases between our Company and Group Companies with the Promoter Group.

Public Issue by Group Companies and Listed Group Companies

None of our group companies except Nandan Exim Limited have made a public issue or rights issue in the last three years.

Except Nandan Exim Limited and Nova Petrochemicals Limited, there are no other listed companies within our Promoter Group.

Disassociations in the last three years

In the last three years, our Promoters, have disassociated themselves from [●]

Inoperative Proprietary Concerns

1. Girish Textiles

Girish Textiles is a proprietary concern which was established in 1985. However, the said proprietary concern is inoperative since the time of establishment.

2. Rotary Screen Printing Works

Rotary Screen Printing Works is a proprietary concern which was established in 1975. However, the said proprietary concern is inoperative since the time of establishment.

Companies / Firms struck-off / dissolved in the last three years

1. Shree Balaji Exports

Shree Balaji Exports (“SBE”), a partnership firm was established on January 27, 1997. The business of SBE was carried on at Chiripal House, 132 FT Ring Road, Shivaranjani Cross Road, Satellite Road, Ahmedabad – 380015. The business of SBE was to accept deposits and financing.

There are no litigations pending by or against SBE except as disclosed under section “Outstanding Litigation, Defaults and Material Developments” on Page [●].

SBE has closed down its business from April 1, 2005.

SECTION VI – FINANCIAL STATEMENTS

AUDITORS' REPORT

Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956

**The Board of Directors,
Chiripal Industries Limited,
Ahmedabad, Gujarat**

Subject: Your Proposed Public Issue

Dear Sirs,

We have examined the financial information of the Chiripal Industries Limited annexed to this report which has been prepared in accordance with the requirements of:

- i. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (the Act), and the amendments thereof;
- ii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the Guidelines) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii. The instruction received from the company requesting to examine the financial information referred to above and proposed to be included in the letter of Offer of the company in connection with its proposed Initial Public Offer (IPO).

Financial Information of the Company

1. We have examined the attached statement of restated Assets & Liabilities of the Company as at 31st March 2003, 2004, 2005, 2006, 2007, September 30, 2006 and September 30, 2007 (Annexure-I) and accompanying statement of restated Profit & Loss of the company for the financial year(s) ended 31st March 2003, 2004, 2005, 2006, 2007, September 30, 2006 and September 30, 2007 (Annexure – II) as prepared by the company and approved by the Board of Directors. These statements reflect the assets and liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years audited by us. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and are described fully in the Notes appearing in Annexure III to this report.
2. We have examined the attached restated consolidated statements of Assets and Liabilities of the Company and its Subsidiaries as at 31st March 2006, 2007, September 30, 2006 and September 30, 2007 (Annexure XVIII) and accompanying Consolidated statements of restated Profit and loss of 'the Company' and 'its Subsidiaries' for the year ended 31st March 2006, 2007, September 30, 2006 and September 30, 2007 (Annexure XIX) as prepared by Company. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and are fully described in the Notes appearing in Annexure XX to this report.
3. Based on our examination of these summary statements we confirm that:
 - The Financials of the company have been restated with the retrospective effect to reflect the significant accounting policies being adopted by the company as at September 30, 2007, stated in Annexure IV to this report;
 - The Restated Financial Statements have been prepared taking in-to consideration scheme of amalgamation sanctioned by the order dated 31-03-2006 of Hon'ble High Court of Gujarat. Shanti Processors Ltd and Priti Processors Pvt. Ltd. amalgamated with the company with effect from 1st April 2005. The effect of the scheme has been given into the Restated Financial Statements of all years/ periods.
 - The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year/period to which they are related as described in para 3 of the Notes Forming part of the Restated Summary Statements appearing in Annexure III.

- There were no qualifications in the audit reports issued by the statutory auditors for the period ended September 30, 2007, September 30, 2006 and for the year ended March 31, 2007, 2006, 2005, 2004 and 2003, which would require adjustment in these Restated Financial Statements; and
 - The impact arising on account of changes in accounting policies (as disclosed in Annexure III to this report) adopted by the company has been adjusted with retrospective effect in the attached Restated Financial Statements.
4. We have examined the Statement of Dividend paid by the Company on equity shares in respect of the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 as disclosed in Annexure V. We confirm that the Company has no other class of issued and paid-up shares during those years.
 5. We have examined the following financial information relating to the company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer document:
 - i. Details of Other Income as appearing in Annexure VI to this report.
 - ii. Accounting Ratios as appearing in Annexure VII to this report.
 - iii. Capitalisation Statement as appearing in Annexure VIII to this report.
 - iv. Statement of Tax Shelters as appearing in Annexure IX to this report.
 - v. Statement of Secured Loans as appearing in Annexure X to this report.
 - vi. Statement of Unsecured Loans as appearing in Annexure XI to this report.
 - vii. Details of Investments as appearing in Annexure XII to this report.
 - viii. Details of Debtors as appearing in Annexure XIII to this report.
 - ix. Details of Loans & Advances as appearing in Annexure XIV to this report.
 - x. Details of Contingent Liabilities and Capital Commitments as appearing in Annexure XV to this report.
 - xi. Details of Related Party, Relationship & Transactions and Significant Transaction with related parties as appearing in Annexure XVI to this report.
 - xii. Cash Flow Statement as restated as appearing in Annexure XVII to this report.

In our opinion the above financial information of the company read with Significant Accounting Policies and Notes on accounts attached in Annexure IV & Annexure XX to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI Guidelines.

This report should not be in any way constructed as a reissuance or redating of any of the previous audit reports issued by us or other statutory auditors, nor should this report be construed as a new opinion on any of the financial statements referred therein.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of Equity shares of the Company and is not be used, referred to or distributed for any other purpose without our written consent.

Thanking you,

For NAHTA JAIN & ASSOCIATES
Chartered Accountants

Partner
 Membership No. 116735

PLACE: Ahmedabad
DATE: March 1, 2008

ANNEXURE – I
Restated Summary of Assets and Liabilities standalone basis

Details	As at the year ending 31st					(Rupees in Million) As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Fixed Assets							
Gross Block	375.50	601.18	1034.64	1800.57	2443.35	1932.58	2531.21
Less: Depreciation	140.54	167.72	215.97	93.00	223.47	153.95	308.50
Net Block	234.96	433.46	818.67	1707.57	2219.88	1778.63	2222.71
Capital Work in progress	18.32	27.82	172.44	36.78	10.59	150.86	39.76
Sub Total (A)	253.28	461.28	991.11	1744.35	2230.47	1929.49	2262.47
Investments (B)	93.19	91.79	91.79	117.34	136.64	136.89	148.14
Current Assets, Loans and Advances							
Inventories	56.63	70.12	232.39	319.71	523.31	417.72	742.19
Sundry Debtors	46.38	130.28	226.00	527.76	618.02	497.83	721.43
Cash and Bank balances	3.42	42.49	70.72	89.11	78.58	73.02	87.22
Loans and Advances	48.08	162.83	130.88	202.89	276.14	244.62	233.12
Sub Total (C)	154.51	405.72	659.99	1139.47	1496.05	1233.19	1783.96
Sub Total (A+B+C)	500.98	958.79	1742.89	3001.16	3863.16	3299.57	4194.57
Less: Loans and Liabilities							
Secured Loans	127.86	203.16	528.57	1022.72	1348.77	1123.49	1385.39
Unsecured Loans	95.26	196.78	323.60	580.33	553.30	455.21	727.92
Deffered Tax Liabilities	12.62	29.92	69.44	94.93	142.49	119.97	162.81
Current Liabilities and Provisions	68.08	225.86	410.79	406.88	717.09	591.93	671.99
Sub Total (D)	303.84	655.72	1332.40	2104.86	2761.65	2290.60	2948.11
Net Worth (A+B+C-D)	197.14	303.07	410.49	896.30	1101.51	1008.97	1246.46
Represented by							
Equity Share Capital	16.77	68.25	96.16	138.22	207.33	207.33	207.33
Share Application Money	-	-	-	-	4.00	-	4.00
Reserves & Surplus	182.57	237.92	323.81	763.67	898.01	807.41	1042.41
Less: Miscellaneous Expenditure not written off	2.20	3.10	9.48	5.59	7.83	5.77	7.28
Net Worth	197.14	303.07	410.49	896.30	1101.51	1008.97	1246.46
Details for Reserves and Surplus							
Capital Reserve	10.67	10.67	10.67	1.98	1.98	1.98	1.98
Share Premium	23.75	47.10	71.10	401.10	331.99	331.99	331.99
General Reserve	3.01	3.01	3.01	1.40	1.40	1.40	1.40
Surplus in Profit and Loss Account	145.14	177.14	239.03	359.19	562.64	472.04	707.04
Total	182.57	237.92	323.81	763.67	898.01	807.41	1042.41

ANNEXURE – II

Restated Statement of Profit & Loss on standalone basis

Details	As at the year ending 31 st					(Rupees in Million) As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Net sales of products manufactured by the company	559.76	761.97	1604.17	3431.88	3818.71	1912.89	2240.38
Other Income	24.60	29.03	34.64	20.28	19.42	5.70	4.69
Increase / (Decrease) in Stock	11.37	3.59	56.92	114.72	160.14	52.17	253.97
Total	595.73	794.59	1695.73	3566.88	3998.27	1970.76	2499.04
Expenditure							
Raw Material consumed	322.08	437.79	949.29	2364.78	2510.95	1270.70	1598.57
Employee Expenses	24.09	37.38	68.05	87.97	137.35	56.45	81.61
Other Manufacturing Expenses	140.59	194.68	422.50	520.91	636.94	302.73	360.26
Administration Expenses	21.17	26.13	42.59	53.66	65.34	28.73	27.89
Selling and Distribution Expenses	1.78	4.31	17.78	64.35	85.97	32.97	48.31
Interest	19.53	13.90	35.49	96.11	165.06	78.90	130.48
Depreciation	27.71	31.80	51.17	97.88	130.76	60.95	85.03
Preliminary Expenses W/off	0.00	0.29	2.01	1.92	2.81	1.07	1.40
Total	556.95	746.28	1588.88	3287.58	3735.18	1832.50	2333.55
Net Profit before Extra Ordinary Items & Tax	38.78	48.31	106.85	279.30	263.09	138.26	165.49
Provision for Taxation -Current Tax	9.51	20.87	48.69	66.84	49.21	25.41	21.09
Provision / (Reversal) of Excess Provision of earlier years	7.40	-	(0.81)	(0.41)	10.72	-	-
Net Profit before Extra Ordinary Items	21.87	27.44	58.97	212.87	203.16	112.85	144.40
Less: Extra Ordinary Items -Income Tax of earlier years	0.17	-	-	-	-	-	-
Less: Provision for Doubt full receivables	-	0.06	-	-	-	-	-
Add: Depreciation of earlier years reversed	2.94	4.62	2.92	-	0.29	-	-
Net Profit After Extra Ordinary Items	24.64	32.00	61.89	212.87	203.45	112.85	144.40
Surplus from Previous Year	125.84	145.14	177.14	161.34	359.19	359.19	562.64
Amount Available for Appropriation	150.48	177.14	239.03	374.21	562.64	472.04	707.04
Appropriations:-							
Transfer to General Reserve	1.40	-	-	15.02	-	-	-
Transfer to Investment Fluctuation Reserve	-	-	-	-	-	-	-
Final Dividend including Tax thereon	3.94	-	-	-	-	-	-
Balance carried to Balance Sheet	145.14	177.14	239.03	359.19	562.64	472.04	707.04

Note: The carry forwarded profit of financial year 2004-05 is affected due to amalgamation of erstwhile M/s Shanti Processors Ltd. & Priti Processors Pvt. Ltd with the company, therefore the carry forwarded surplus of the financial year 2004-05 is not matching with the brought forward surplus in financial year 2005-06.

Annexure-III

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

Changes in Accounting Policies, adjustments relating to previous years and/ or dissimilar Accounting Policies, effect of which has been quantified and for which adjustments have been carried out in the Restated Financial Statements:

1. Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2003 to 31.03.2007 and for September 30, 2006 and September 30, 2007. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves and corresponding effect have been given to the respective heads in related year balance sheet.
2. The necessary adjustments have been made in the Restated Financial Statements for the depreciation in respect of all fixed assets except Plant and Machinery of erstwhile M/s Shanti Processors Ltd, and all fixed assets of erstwhile M/s Priti processors Pvt. Ltd. of merged companies, as the individual company have claimed the depreciation at the rates applicable as per Written Down Value method as prescribed in Schedule XIV of the Companies Act, 1956, have been recalculated at the rates provided on Strait Line Method as prescribed Schedule XIV of companies Act, 1956 as per accounting policy of the company and to that extent the Restated Balance Sheet and Profit and Loss Account of the company has been effected,
3. The necessary adjustments have also been carried out in the sales/purchases/ Incomes/expenses/ creditors/debtors/loans/unsecured loans/Investment/equity share capital/other current liabilities etc. in respect of transactions related to erstwhile M/s Shanti Processors Ltd., and erstwhile M/s Priti Processors Pvt. Ltd. the merged companies to eliminate the effect of intra group balances/transactions i.e. inter-company debtors/creditors, inter-company purchases/sales and resulting unrealized profit has been eliminated in full.

Following adjustments have been given effect in restated financial statements:

(Rs. in Million)

Particulars	Mar-03	Mar-04	Mar-05
Impact of Change in Method of Depreciation	4.32	5.75	7.46
Adjustment of Investment/Equity Capital / Share Premium	28.02	-	0.01
Impact of adjustment of inter company's Sales/Purchase	4.08	11.98	194.25
Impact of adjustment of inter-company's Rent income /Exp	-	-	5.19
Adjustment of Unsecured Loan/loans & advances	-	-	30.00
Loan advance/sundry debtors/sundry creditors	-	-	85.11
Current Liabilities	-	-	55.11

4. Depreciation for Fiscal 2006 debited in P&L Account is Rs. 97.88 Million whereas the accumulated depreciation deducted from gross block is Rs. 93.00 million. The difference is due to reason that depreciation in gross block has been calculated on the basis of restated assets. At the time of restating the accounts, the depreciation was calculated at S.L.M method whereas originally it was calculated at WDV method on some assets due to which the total cumulative depreciation was lower than that of original depreciation by Rs. 17.53 million resulting in difference in depreciation amount.
5. Prior years figure have been regrouped / rearranged, however necessary to confirm with the current period's classification.

Annexure-IV

Significant Accounting Policies

1. BASIS OF ACCOUNTING:

- a) Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- (b) The Company follows the accrual system of accounting on a going concern basis.

2. FIXED ASSETS AND CAPITAL WORK IN PROGRESS:

- (a) Fixed assets are stated at cost of acquisition or construction (net of Cenvat credit and vat). All cost relating to the acquisition and installation of fixed assets are capitalised and include borrowing cost directly attributable to construction or acquisition of fixed assets up to the date of asset put to use and adjustment arising out of exchange rate variation relating to liabilities attributable to those fixed assets and other incidental charges incurred as to the date of installation/put to use.
- (b) The Pre-operative expenditure on project & cost of trial run expenditure are capitalized on direct cost basis.
- (c) They are stated at cost of acquisition less depreciation.

3. DEPRECIATION:

The company is providing depreciation on depreciable fixed assets at the rates provided on Straight Line Method basis at the rates provided by the schedule XIV of The Companies Act, 1956 from the date of actual put to use i.e. on pro-rata basis.

4. REVENUE RECOGNITION:

- (a) Sales are accounted for on dispatch of goods to the customers and are exclusive of the Excise, sales return, and vat.
- (b) Dividend on Investment is recognized when the right to receive the payment is established.
- (c) Exports entitlement under the Duty Entitlement Pass Book(DEPB)Scheme are recognized in the Profit & Loss Account when the right to receive the credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (d) Subsidy under Textile Up gradation Fund Scheme (TUFS) is recognized when there is reasonable certainty regarding the realization of the same.

5. INVENTORIES:

- (a) Inventories of Raw materials and stores/spares & consumables etc. are valued at cost determined on FIFO basis. Cost of Raw Materials Stocks is determined so as to exclude from cost, taxes and duties, which are subsequently recoverable from taxing authorities. Finished goods and process stock include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- (b) Stock in Work-in-progress is valued at estimated cost.

- (c) Inventory of finished good is valued at cost or realizable value whichever is lower, & includes excise duty payable on finished goods.
- (d) Stock of scrap and wastes are valued at net realizable price.

6. **INVESTMENTS:**

Long Term Investments are stated at cost. In case of long-term investments, provision/write down is made for permanent diminution in value.

7. **RETIREMENT BENEFITS:**

Liabilities in respect of Gratuity is assessed actuarially and provided accordingly. Company's contribution to Provident Fund is charged to Profit and Loss Account on accrual basis.

8. **FOREIGN CURRENCY TRANSACTION:**

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction and outstanding in respect thereof are stated at the exchange rates prevailing at the date of Balance Sheet. Exchange differences relating to Fixed Assets are adjusted to the cost of Fixed Assets. Any other exchange difference is dealt in the Profit and Loss Account.

9. **BORROWING COST:**

Borrowing costs directly attributable to the acquisition and construction of qualifying fixed assets are capitalised as part of the cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

10. **PRELIMINARY EXPENDITURE:**

Preliminary Expenditure is apportioned in five equal installments, commencing from the year in which the expenditure has been incurred.

11. **TAXES ON INCOME & FBT:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year and provided at the end of the year as per the prevailing provisions of the Income-tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Fringe Benefit Tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act, 1961.

12. **USE OF ESTIMATES:**

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period difference between actual results and estimates are recognized in the period in which the results are known / materialized. Actual results could differ from those estimates.

13. **PRIOR PERIOD ITEMS:**

Prior period Income & Expenditure are treated as current year's income & expenditure.

14. PROVISION:

A Provision is recognized when an enterprise has a present obligation as a result of past event; It is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provision is not discounted to present value and is determined based on best estimate required to settle the obligation at the balance sheet date. These are review at each balance sheet date and adjusted to reflect the best estimates.

15. CONTINGENT LIABILITIES:

Contingent Liabilities are determined on the basis of available information and explanations are disclosed by way of note to the accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

16. CASH FLOW STATEMENT:

The company has prepared cash flow statement by following an indirect method as per Accounting standard – 3 issued by ICAI.

17. EARNING PER SHARE:

The earning considered in ascertaining the company's EPS comprises the Net Profit or Loss for the period after taxes and extraordinary items. The basic EPS is computed on the basis of weighted average number of equity shares outstanding during the year.

ANNEXURE-V

STATEMENT OF DIVIDEND PAID

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Equity Shares Face Value Rs./Share	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Equity Share Capital	16.77	68.25	96.16	138.22	207.33	207.33	207.33
Final Dividend	23.49 %	-	-	-	-	-	-
Per share Rs.	2.35	-	-	-	-	-	-
Final Dividend (Rs. In Millions)	3.94	-	-	-	-	-	-

ANNEXURE-VI

STATEMENT OF OTHER INCOME

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Income From Dividend	3.64	3.95	5.38	-	0.02	0.02	-
DEPB Income	10.59	6.87	14.23	6.61	2.89	1.68	1.46
Interest Receipts	0.10	0.26	0.75	5.23	10.04	3.50	1.88
Insurance Claim Receipt	1.36	2.80	0.44	2.48	0.72	0.02	0.89
Profit on Sales of Assets	0.44	4.29	0.47	3.17	0.36	0.26	0.19
Exchange Fluctuation	-	-	1.14	0.50	1.45	-	-
Miscellaneous Income (Incl. Exchange Fluctuation)	8.47	10.86	12.23	2.28	3.94	0.23	0.28
Total	24.60	29.03	34.64	20.28	19.42	5.70	4.69

ANNEXURE-VII

ACCOUNTING RATIOS RESTATED

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
(i) Basic EPS (Before restated) Rs.	10.46	9.18	7.29	16.66	11.76	6.53	6.96
Basic EPS (After restated) Rs.	13.04	11.61	8.34	16.66	11.76	6.53	6.96
(On Net Profit after taxes and before Extraordinary Items and prior year adjustments)							
(ii) Basic EPS (Before restated) Rs.	12.11	11.14	7.70	16.66	11.78	6.53	6.96
Basic EPS (After restated) Rs.	14.69	13.54	8.75	16.66	11.78	6.53	6.96
(On Net Profit after taxes and Extraordinary Items and before prior year adjustments)							
(iii) Net Asset Value per share Rs.	117.53	52.94	50.84	144.23	53.13	48.66	60.12
(iii) Return on Net worth (%)	11.09%	9.05%	14.37%	23.75%	18.44%	11.18%	11.58%
1. Net Profit after taxes and before Extraordinary Items and prior year adjustments Rs.	2186611 0	2745523 7	5895690 3	212865170	203163946	112848171	144399274
2. Net Profit after taxes and Extraordinary Items and before prior year adjustments Rs.	2464403 4	3201309 9	6187364 3	212865170	203457513	112848171	144399274
3. Total No. of Shares outstanding at the end of the year/period	1677290	5724800	8074800	6214500	20733300	20733300	20733300
4. Weighted average No. of Shares outstanding at the end of the year/period	1677290	2364503	7067264	12776504	17277750	17277750	20733300

Formulae

- i) Net Asset Value per share, computed as per net equity method, is arrived at as Equity Net Worth at the end of the fiscal year minus miscellaneous expenditure not written off, divided by the number equity shares at the end of the fiscal year.
- ii) Return on Net Worth is arrived at by dividing PAT (before Extraordinary Items and Prior year adjustments) by total shareholders' fund (Net Worth) at the end of the fiscal year/period.
- iii) The Company reports basic and diluted earnings per Equity Share in accordance with Accounting Standard-20, Earnings per Share issued by the Institute of Chartered Accountants of India. Basic earnings per Equity Share have been computed by dividing net profit after tax attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. Diluted earning during the year adjusted for effects of all dilutive potential equity shares per Equity share is computed using the weighted average number of Equity Shares and dilutive potential Equity Shares outstanding during the year.

Annexure – VIII

CAPITALISATION STATEMENT

(Rupees in Million)		
Details	Pre-issue as at 30.09.2007	Post-issue as at 30.09.2007 *
Borrowings:		
SHORT-TERM DEBT	514.08	514.08
(Refer Note 1 below)		
Unsecured Debt	727.92	727.92
Long-Term Debt (A)	871.31	871.31
TOTAL DEBT	2113.31	2113.31
Shareholders' Funds:		
Share Capital	207.33	[●]
Reserves	1042.41	[●]
Less: Miscellaneous Expenses not written off	7.28	[●]
TOTAL SHAREHOLDERS' FUNDS (B)	1242.46	[●]
Total Capitalisation	3355.77	[●]
Long Term Debt / Equity Ratio (A) / (B)	0.70	[●]

*Post-Issue Shareholder's Funds can be calculated only after conclusion of book building process.

Notes

1. Short Term Debts are debts repayable within one year from the date of the above statement.

ANNEXURE-IX

STATEMENT OF TAX SHELTER

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Net Profit / (Loss) Before Tax and Exceptional Items	34.46	42.57	99.40	279.30	263.09	138.25	165.49
Income Tax Rates Applicable (%)	36.75%	35.88%	36.59%	33.66%	33.66%	33.66%	33.66%
Tax at Normal Income Tax Rates	12.66	15.27	36.37	94.01	88.56	46.54	56.25
Adjustments:							
Permanent Differences							
Donation net of deduction u/s 80G	0.02	0.10	0.09	4.27	4.69	1.39	1.27
Expenses Disallowed / Exemptions	-0.57	-6.77	1.04	-0.65	1.85	-0.01	-0.01
Interest /Penalty on Income Tax/ TDS	-	-	-	0.01	-	-	-
Exempted Income	-	-	-5.38	-	-	-0.02	-
Export benefit u/s 80HHC	-4.57	-0.43	-	-	-	-	-
Benefit u/s 80 M	-3.49	-	-	-	-	-	-
Benefit u/s 80IA	-	-	-	-	-	-	-
Total –(A)	-8.62	-7.10	-4.24	3.63	6.54	1.36	1.26
Timing Differences							
Difference between Book and Tax Depreciation	-13.82	-49.03	-125.06	-224.85	-145.17	-74.39	-59.77
Expenses disallowed in one Assessment year and allowed in subsequent Assessment year.	-	-0.08	3.54	2.30	-3.83	-	-
Brought forward losses adjusted	-6.14	-0.34	-	-57.91	-	-	-
Adjustments u/s 145 A	-	-	-	-	-	-	-
Total Timing Differences (B)	-19.96	-49.44	-121.52	-280.45	-149.00	-74.39	-59.77
Net Adjustments (A+B)	-28.58	-56.55	-125.76	-276.82	-142.46	-73.03	-58.51
Tax Saving thereon	-10.50	-20.29	-46.02	-93.18	-47.95	-24.58	-19.89
Total tax provision at normal income tax rates for the year	2.16	-5.01	-9.65	0.83	40.61	21.96	36.36
Taxable Income for MAT (Refer Note 1)	17.45	35.95	93.54	275.02	213.88	137.89	164.72
Tax as per Income Tax Return	3.94	2.93	9.26	25.17	25.36	12.79	16.36
AS PER RETURN -NET TOTAL INCOME/LOSS	5.88	-13.98	-26.36	2.47	120.64	65.23	106.97

ANNEXURE-X

STATEMENT OF SECURED LOANS

(Rupees in Million)

Term Loans from Banks/Institutions	As on 30.09.07	Securities Offered	Interest Rate %	Terms of Repayment
State Bank of India	198.02	Refer Note 1	11.00%	24 Quarterly Installments
State Bank of Indore-I	90.06	Refer Note 1	12.50%	20 Quarterly Installments
State Bank of Indore -II	124.51	Refer Note 1	12.50%	24 Quarterly Installments
State Bank of Travancore	27.96	Refer Note 1	12.50%	18 Quarterly Installments
State Bank of Hyderabad	75.33	Refer Note 1	11.00%	24 Quarterly Installments
Punjab National Bank	47.49	Refer Note 1	11.25%	24 Quarterly Installments
Karnataka Bank	50.49	Refer Note 1	11.00%	24 Quarterly Installments
IDBI Bank Ltd.-I	2.40	Refer Note 1	11.00%	20 Quarterly Installments
IDBI Bank Ltd.-II	128.30	Refer Note 1	11.22%	36 Quarterly Installments
UCO Bank	118.93	Refer Note 1	13.50%	36 Quarterly Installments
Total	863.49			

(Rupees in Million)

Working Capital facilities	As on 30.09.07	Securities Offered	Interest Rate %
Cash Credit			
State Bank of India	124.14	Refer Note 2	13.00%
State Bank of Indore	95.25	Refer Note 2	12.00%
State Bank of Travancore	36.23	Refer Note 2	13.00%
State Bank of Hyderabad	71.70	Refer Note 2	12.25%
Punjab National Bank	45.96	Refer Note 2	12.50%
Karnataka Bank	42.76	Refer Note 2	12.50%
IDBI Ltd.	53.61	Refer Note 2	12.50%
Total	469.66		
Export Packing Credit			
State Bank of India	19.94	Refer Note 2	8.75%
State Bank of Indore	8.96	Refer Note 2	10.00%
State Bank of Travancore	15.53	Refer Note 2	6.30%
Total	44.43		
Grand Total	514.08		

(Rupees in Million)

Vehicle Loans Under Hire-purchase Agreements	As on 30.09.07	Securities Offered
ICICI Bank Ltd.	2.93	Refer Note 3
HDFC Bank Ltd.	4.02	Refer Note 3
Citi Bank	0.19	Refer Note 3
Kotak Mahindra Bank Ltd.	0.61	Refer Note 3
Maruti Countrywide Auto Finance Ltd.	0.09	Refer Note 3
Total	7.82	

Note 1 - Term Loans from Banks are secured by first charge ranking pari-passu among themselves on all movable & immovable properties, both present & future; subject to prior charge in favour of bankers on specified movable assets for working capital loans and further secured by personal guarantee of the promoters/Directors of the company. Further, term loans are collaterally secured by second charge on all current assets of the company.

Note 2 - Working Capital is secured by first pari-passu charge among themselves on entire current assets of company and collaterally secured by second charge on all fixed assets and further secured by personal guarantees of the promoters/directors.

Note 3 - Vehicle Loans are secured by hypothecation of vehicles as per agreements.

ANNEXURE-XI

STATEMENT OF UNSECURED LOANS

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
From Directors	-	-	-	-	6.52	-	-
From Subsidiary	-	-	-	43.33	34.48	34.14	82.94
Corporate loan from banks/financial institutions	-	-	-	152.86	81.28	98.74	336.98
Dealer Deposits	-	-	8.49	8.82	20.55	29.91	14.12
External Commercial Borrowings	-	-	33.52	93.15	33.58	83.77	-
From Corporate Bodies	83.38	196.78	281.59	282.17	376.89	208.65	293.88
From Share Holders	11.88	-	-	-	-	-	-
Total	95.26	196.78	323.60	580.33	553.30	455.21	727.92

ANNEXURE-XII

STATEMENT OF INVESTMENTS

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Quoted shares							
a) 5322000 Equity Shares of Nova Petrochemicals Ltd of Rs 10 each	87.51	87.91	87.91	87.91	87.91	87.91	87.91
b) 100 Equity Shares of Himachal Futronics Communications Ltd. Of Rs 10/- each	0.06	0.06	0.06	0.06	0.06	0.06	0.06
c) 1000 Equity Shares of Silverline Industries Ltd. Of Rs 10/- each	0.19	0.19	0.19	0.19	0.19	0.19	0.19
d) 1500 Equity Shares of Satyam Computers ltd. Of Rs 10/- each	0.47	-	-	-	-	-	-
e) 2000 Equity Zee Telefilm. Of Rs 10/- each	0.43	-	-	-	-	-	-
f) 100000 Units of SBI Infrastructure Fund-I- Growth - (SBI Mutual Fund)	-	-	-	-	-	-	1.00
Total	88.66	88.16	88.16	88.16	88.16	88.16	89.16
Unquoted Shares							
a)106100 Equity Shares of Vishal Fabrics Pvt. Ltd.	-	-	-	25.44	44.99	44.99	55.49
b)1500 Equity Shares of Deepak Impex Pvt. Ltd. of Rs. 10/- each	0.02	0.02	0.02	0.02	0.02	0.02	0.02
c)67500 Equity Shares of Sun Finlease (GUJ.) Ltd of RS 10/- each	0.07	0.07	0.07	0.07	0.07	0.07	0.07
d)150000 Equity Shares of Merit Credit Corp. Ltd. of Rs 10/-each	0.17	0.17	0.17	0.17	0.17	0.17	0.17
e)5100 Equity Shares of Kalupur Com Co. Ltd. .of Rs 10/-each	0.13	0.13	0.13	-	-	-	-
f)9014 Equity Shares of Nutan Nagrik Co-Op Bank. Ltd. of Rs 10/-each	0.23	0.23	0.23	-	-	-	-
g)90000 Equity Shares of Prakash Calander Pvt Ltd of Rs 10/-each	0.90	-	-	-	-	-	-
Total	1.52	0.62	0.62	25.70	45.25	45.25	55.75
Investment in Immovable Property(Flats)	3.01	3.01	3.01	3.48	3.23	3.48	3.23
Total	3.01	3.01	3.01	3.48	3.23	3.48	3.23
Less: Provision for Diminution in value of investments	-	-	-	-	-	-	-
Grand Total	93.19	91.79	91.79	117.34	136.64	136.89	148.14

ANNEXURE-XIII**STATEMENT OF SUNDRY DEBTORS****(Unsecured and Considered good)****(Rupees in Million)**

Details	As at the year ending 31st					As at the half year ended 30th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Debts outstanding for more than 6 months	1.52	3.46	8.62	24.56	22.89	12.35	25.40
Others including Bills discounted with Banks	44.86	126.82	217.38	503.20	595.13	485.48	696.03
Total	46.38	130.28	226.00	527.76	618.02	497.83	721.43

ANNEXURE-XIV

STATEMENT OF LOANS AND ADVANCES

(Unsecured and considered good – Recoverable in cash or in kind or value to be received)

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Deposit with Central Excise & Custom Authorities	4.83	28.54	62.67	70.56	62.06	104.97	47.87
Prepaid Expenses	-	0.31	0.80	1.73	3.84	1.36	2.05
Deposits & Advances	5.21	1.09	2.89	26.30	6.95	6.91	7.41
Advance to Staff & Operatives	-	-	-	-	-	4.26	2.62
Other Advances	33.82	112.27	31.72	83.92	167.93	65.97	121.84
Income-Tax Advance	3.11	5.01	7.01	6.59	16.11	12.71	31.95
Advance for Capital Goods	1.11	15.61	25.79	-	4.75	42.55	1.69
Tuff Interest Subsidy Receivable	-	-	-	13.79	14.50	5.89	17.69
Total	48.08	162.83	130.88	202.89	276.14	244.62	233.12

ANNEXURE-XV
CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(Rupees in Million)

Details	As at the year ending 31 st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
CAPITAL COMMITMENTS							
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	2.61	59.56	39.30	67.17	97.14	72.87	105.25
CONTINGENT LIABILITIES							
Letter of Credit (Net Of Margin)	-	10.50	190.43	243.25	420.83	285.00	464.01
Bank Guarantees	-	-	-	0.78	0.78	0.78	0.78
Disputed Income Tax Demands	-	-	-	2.62	-	2.62	-
Other liabilities	-	188.00	-	255.00	255.00	255.00	255.00
EPCG	-	-	-	47.16	70.22	110.17	73.57
Custom Duty - Advance license goods scheme	-	-	-	28.94	6.87	27.26	4.94
Customs / Excise	-	1.00	1.00	1.00	2.26	1.00	2.26

Annexure-XVI

NAME OF THE RELATED PARTIES WITH WHOM THE TRANSACTIONS HAVE BEEN ENTERED INTO:

A. Related Parties where control exists:

(I) Subsidiary.

1. Vishal Fabrics P. Ltd.

B. Associates / Enterprise which has significant influence:

1. Nandan Exim Ltd
2. Nova Petrochemicals Ltd.
3. Chiripal Enterprises Ltd.
4. Sparrow Exports Pvt. Ltd.
5. Shanti Exports Pvt Ltd.

C. Key Management Personnel:

1. Mr. Vedprakash Chiripal
2. Mr. Jai Prakash Chiripal
3. Mr Jyotiprasad D Chiripal
4. Mr Rajesh P. Bindal
5. Prayog associate (Prop Mr. Yogesh Thaker)
6. Deepak Enterprises (Prop. Jyotiprasad D Chiripal)

(Rupees in Million)

Details	Details	Subsidiary	Key Management Personal & Relatives	Other Related Parties	Total
Transactions for the half year ended 30th September 2007	Purchase of Goods	5.34	-	188.99	194.33
	Sale of Goods	25.41	-	329.10	354.51
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Dividends paid	-	-	-	-
	Fixed Deposit taken over	-	-	-	-
	Other transactions	-	-	-	-
	Managerial Remuneration	-	-	-	-
Outstanding Balance as on 30.09.2007		82.94	-	238.98	321.92
Transactions for the half year ended 30th September 2006	Purchase of Goods	14.95	1.17	162.58	178.70
	Sale of Goods	37.20	-	70.97	108.17
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Dividends paid	-	-	-	-
	Fixed Deposits taken over	-	-	-	-
	Other transactions	-	0.10	-	0.10
	Managerial Remuneration	-	-	-	-

Details	Details	Subsidiary	Key Management Personal & Relatives	Other Related Parties	Total
Outstanding Balance as on 30.09.2006		34.14	-	15.78	49.92
Transactions for the year ended March, 2007	Purchase of Goods	21.60	7.72	338.27	367.59
	Sale of Goods	51.08		209.35	260.43
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Dividends paid	-	-	-	-
	Fixed Deposit taken over	-	6.52	26.00	32.52
	Other transactions	-	0.10	1.45	1.55
	Managerial Remuneration	-	4.01	-	4.01
Outstanding Balance as on 31.03.2007		34.48	6.52	21.54	62.54
Corporate guarantee given		-	-	255.00	255.00
Transactions for the year ended March, 2006	Purchase of Goods	25.25	-	156.60	181.84
	Sale of Goods	34.48	-	160.80	195.29
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Dividends paid	-	-	-	-
	Fixed Deposits taken over	50.29	-	4.00	54.29
	Other transactions	0.01	0.87	1.40	2.27
	Managerial Remuneration	-	-	-	-
Outstanding Balance as on 31.03.2006		43.33	0.06	6.21	49.60
Corporate guarantee given		-	-	255.00	255.00
Transactions for the year ended March, 2005	Purchase of Goods	-	-	157.53	157.53
	Sale of Goods	-	-	191.38	191.38
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Dividends paid/Rec	-	-	5.20	5.20
	Fixed Deposits taken over	-	-	134.25	134.25
	Managerial Remuneration	-	0.43	-	0.43
	Other transactions	-	0.01	33.07	33.08
Outstanding Balance as on 31.03.2005		-	-	120.91	120.91
Transactions for the year ended March, 2004	Purchase of Goods	-	-	103.14	103.14
	Sale of Goods	-	-	180.72	180.72
	Receiving of Services	-	-	-	-
	Fixed Deposit Interest	-	-	-	-
	Loan Received	-	-	-	-
	Dividends paid	-	-	-	-
	Managerial Remuneration	-	0.06	-	0.06
	Other transactions	-	0.09	5.24	5.33
Outstanding Balance as on 31.03.2004			0.01	42.52	42.53

ANNEXURE-XVII

Cash Flow Statement prepared from the Restated Financial Statements

Details	As at the year ending 31st					(Rupees in Million) As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
A. CASH FLOW FROM OPERATING ACTIVITIES:-							
Net Profit before Tax and Extraordinary items	38.78	48.32	106.85	279.30	263.09	138.25	165.49
Adjustments for:-							
Depreciation / Preliminary Exp. Written off	27.71	32.09	53.18	99.80	133.57	62.03	86.44
(Profit)/Loss on sale of Fixed Assets	(1.36)	(2.80)	(0.44)	(2.48)	(0.72)	(0.02)	(0.90)
Dividend Income	(3.64)	(3.95)	(5.38)	0.00	(0.02)	(0.02)	-
(Profit)/Loss on sale of Investments /Other Assets							
Interest Income	(10.59)	(6.87)	(14.23)	(6.61)	(2.89)	(1.68)	(1.46)
Interest Expense	19.53	13.90	35.49	96.11	165.06	78.90	130.48
Exceptional Items- Income Tax /Depreciation of Previous year	-	-	-	-	-	-	-
Operating profit before working capital changes	70.43	80.69	175.47	466.12	558.09	277.47	380.05
Adjustments for changes in Working Capital:-							
Decrease / (Increase) in Trade and Other Receivables	39.91	(198.65)	(63.77)	(373.78)	(163.51)	(11.80)	(60.39)
Decrease / (Increase) in Inventories	(1.38)	(13.48)	(162.27)	(87.32)	(203.60)	(98.01)	(218.87)
Increase / (Decrease) in Trade & Other Payables	(21.20)	154.18	176.57	(44.86)	297.85	184.69	(45.88)
	17.33	(57.95)	(49.47)	(505.96)	(69.26)	74.88	(325.14)
CASH GENERATED FROM OPERATIONS	87.76	22.74	126.00	(39.84)	488.83	352.35	54.91
Interest paid	-	-	-	-	-	-	-
Direct Taxes paid / Provisions adjusted	0.17	-	-	-	-	-	-
CASH FLOW BEFORE EXTRAORDINARY ITEMS	87.59	22.74	126.00	(39.84)	488.83	352.35	54.91
Extraordinary items	(0.17)	(0.06)	-	(315.16)	-	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	87.42	22.67	126.00	(355.00)	488.83	352.35	54.91
B.CASH FLOW FROM INVESTING ACTIVITIES:-							
(Purchase) of Fixed assets	(60.42)	(235.18)	(578.08)	(630.27)	(616.59)	(246.09)	(117.04)
(Purchase) of Investments	-	-	-	(25.55)	(19.30)	(19.55)	(11.50)
(Provision) for diminution in Value Misc. Expenditure to be written off	(2.17)	(1.20)	(8.39)	1.97	(5.06)	(1.26)	(0.85)
Proceeds from Sale of Investments	17.02	1.40	-	-	-	-	-
Proceeds from Sale of Fixed Assets	1.36	2.80	0.44	2.48	0.71	0.02	0.90
Interest received	10.59	6.87	14.23	6.61	2.89	1.68	1.46
Dividend received	3.64	3.95	5.38	-	0.02	0.02	-
NET CASH (USED IN) /FROM INVESTING ACTIVITIES (B)	(29.98)	(221.35)	(566.42)	(644.76)	(637.33)	(265.18)	(127.03)
C. CASH FLOW FROM FINANCING ACTIVITIES:-							
Proceeds from issue of Share Capital	(4.67)	51.48	27.91	42.07	73.11	69.11	-
Share Premium Received (Net)	(23.35)	23.35	24.00	321.31	(69.11)	(69.11)	-
Proceeds from Loans from Banks/ Institutions	0.57	75.31	325.41	494.15	326.06	100.77	36.62

Details	As at the year ending 31st					As at the half year ended 30 th	
	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Sept.2006	Sept.2007
Proceeds from Unsecured Loans	(6.42)	101.52	126.82	256.73	(27.03)	(125.11)	174.62
Dividend Paid (Including Tax thereon)	(3.94)	-	-	-	-	-	-
Interest & Finance Charges Paid	(19.53)	(13.90)	(35.49)	(96.11)	(165.06)	(78.90)	(130.48)
NET CASH (USED IN) /FROM FINANCING ACTIVITIES (C)	(57.34)	237.75	468.65	1018.15	137.97	(103.26)	80.76
D.Net increase/(decrease) in cash & cash equivalents (A+B+C)	0.10	39.07	28.23	18.39	(10.53)	(16.09)	8.64
Cash and cash equivalents at the beginning of the year	3.32	3.42	42.49	70.72	89.11	89.11	78.58
Cash and cash equivalents at the end of the year	3.42	42.49	70.72	89.11	78.58	73.02	87.22
Net increase/(decrease) in cash & cash equivalents(D)	0.10	39.07	28.23	18.39	(10.53)	(16.09)	8.64

ANNEXURE-XVIII

Restated Summary of Consolidated Assets and Liabilities on Consolidated basis

Details	As at the year ending 31 st		As at the half year ended 30 th	
	Mar-06	Mar-07	Sept.2006	Sept.2007
Fixed Assets				
Gross Block	2289.03	3112.22	2504.33	3230.64
Less: Depreciation	199.21	379.06	282.92	493.56
Net Block	2089.82	2733.16	2221.41	2737.08
Capital Work in progress	61.14	29.14	166.00	39.76
Sub Total (A)	2150.96	2762.30	2387.41	2776.84
Investments (B)	93.82	93.57	93.82	94.57
Current Assets, Loans and Advances				
Inventories	415.15	657.88	527.72	969.79
Sundry Debtors	649.27	894.19	639.04	939.87
Cash and Bank balances	93.35	84.80	86.45	96.49
Loan and Advances	299.78	341.06	332.96	392.96
Sub Total (C)	1457.55	1977.93	1586.17	2399.11
Less: Loans and Liabilities				
Secured Loans	1257.81	1718.48	1466.00	1834.79
Unsecured Loans	662.85	717.18	566.97	821.34
Deffered Tax Liabilities	119.91	173.50	148.11	191.65
Current Liabilities and Provisions	608.67	939.28	722.23	970.84
Sub Total (D)	2649.24	3548.44	2903.31	3818.62
Net Worth (A+B+C-D)	1053.09	1285.36	1164.09	1451.90
Represented by				
Share Capital	138.22	207.33	207.33	207.33
Share Application Money	-	4.00	-	4.00
Minority Interest	79.66	17.04	15.26	18.53
Reserves & Surplus	842.15	1067.51	949.01	1233.36
Less: Miscellaneous Expenditure not written off	6.94	10.52	7.51	11.32
Net Worth	1053.09	1285.36	1164.09	1451.90
Details for Reserves and Surplus				
Capital Reserve	1.98	1.98	1.98	1.98
Capital Reserve (Cost of Control)	65.17	139.17	122.14	163.42
Share Premium	401.10	331.99	331.99	331.99
General Reserve	1.40	1.40	1.40	1.40
Surplus in Profit and Loss Account	372.50	592.97	491.50	734.57
Total	842.15	1067.51	949.01	1233.36

ANNEXURE-XIX
Restated Summary of Profit & Loss on Consolidated basis

Details	As at the year ending 31 st		As at the half year ended 30 th	
	Mar-06	Mar-07	Sept.2006	Sept.2007
Income				
Net Sales	4167.59	4904.54	2379.39	2732.71
Other Income	23.52	28.38	9.02	10.56
Increase / (Decrease) in Stock	114.72	160.14	52.17	253.97
Total	4305.83	5093.06	2440.58	2997.24
Expenditure				
Raw Material consumed	2902.53	3311.60	1622.18	1936.89
Employee Expenses	121.04	189.88	75.47	112.57
Manufacturing & Other Direct Expenses	555.89	715.16	335.97	407.00
Administration Expenses	76.16	83.97	35.11	38.97
Selling and Distribution Expenses	66.26	96.37	35.07	50.19
Interest & Financial Charges	110.72	191.56	93.91	148.94
Depreciation	135.17	180.14	83.71	114.50
Miscellaneous Exp W/off	2.40	3.75	1.90	1.87
Total	3970.17	4772.43	2283.32	2810.93
Net Profit before Extra Ordinary Items & Tax	335.66	320.63	157.26	186.31
Less - Current tax, Including FBT & Deffered Tax	79.55	62.97	30.63	22.39
Add / (Less) - Adjustment for Provision of Tax of earlier years	5.76	(11.05)	-	3.43
Net Profit before Extra Ordinary Items	261.87	246.61	126.63	167.35
Less: Extra Ordinary Items -Unrealisable receivables w.off	-	-	-	-
Less: Provision for Doubt full receivables	-	-	-	-
Add: Depreciation of earlier years reversed	-	0.29	-	-
Net Profit After Extra Ordinary Items	261.87	246.90	126.63	167.35
Add / (Less) Minority Interest /Cost of Control	(42.59)	(26.43)	(7.63)	(25.75)
Net Profit after Monitory Interest	219.28	220.47	119.00	141.60
Surplus from Previous Year	168.24	372.50	372.50	592.97
Amount Available for Appropriation	387.52	592.97	491.50	734.57
Appropriations				
Transfer to General Reserve	(15.02)	-	-	-
Transfer to Investment Flectuation Reserve				
Final Dividend	-	-	-	-
Tax on Dividend				
Balance carried to Balance Sheet	372.50	592.97	491.50	734.57

Annexure-XX

NOTES TO ADJUSTMENTS CARRIED OUT IN CONSOLIDATED RESTATED FINANCIAL STATEMENTS

Significant Accounting Policies:

BASIS OF ACCOUNTING:

The financial statements have been prepared on an accrual basis under the historical convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated. The Company follows the accrual system of accounting on a going concern basis

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the percentage completion for projects in progress, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for employee benefits.

BASIS OF CONSOLIDATION

The Consolidation of financial statements of Chiripal Industries Limited and its subsidiary are prepared under historical cost convention and in accordance with the generally accepted accounting principles in India and Accounting Standard 21 on Consolidated Financial Statement issued by the Institute of Chartered Accountants of India.

The consolidated financial statements of the Company incorporate the financial statements of the Company itself as well as its subsidiary company M/s Vishal Fabrics Pvt. Ltd. The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-company balances/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entity.

Minority interest represents the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of subsidiary over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus.

Consolidated financial statements are prepared using uniform accounting policies across both the companies.

Adjustments resulting from changes in accounting policies

1. Consolidated Restated financial statements have been prepared in respect of two financial years 2005-06, 2006-07 and for the period of six months ended September 30, 2006 and September 30, 2007.
2. The necessary adjustments, in addition to adjustments made in Restated Financial Statement made for the company, have been made in the Consolidated Restated Financial Statements for the depreciation in respect of all fixed assets of the Subsidiary company i.e. M/s Vishal Fabrics Pvt.Ltd, as the

subsidiary company has claimed the depreciation at the rates applicable as per Written Down Value method as prescribed in Schedule XIV of the Companies Act, 1956, have been recalculated at the rates provided on Straight Line Method as prescribed Schedule XIV of companies Act, 1956 as per accounting policy of the company and to that extent the Consolidated Restated Financial Statements have been effected,

Following adjustments have been given effect in consolidated restated financial statements:

Particulars	(Rupees in Million)			
	For the year ended		For the half year ended	
	Mar-06	Mar-07	Sept. 06	Sept. 07
Impact of Change in Method of Depreciation-Increase in Profit	6.33	8.62	3.95	4.53
Impact of adjustment of inter company's Sales/Purchase	59.73	72.68	52.15	30.75
Adjustment of Unsecured Loan/Loans & Advances	43.33	34.48	34.14	82.94

3. Prior years/ periods figure have been regrouped / rearranged, however necessary to confirm with the current period's classification.

The subsidiary company considered in the consolidated financial statements and its reporting dates are as under:

Half Year ended as at 30th September 2007:

(Rupees in Million)				
Name of the Company	Country of Incorporation	% of Holding	Reporting Date As at	Outstanding balance due from Parent Company
Vishal Fabrics Pvt. Ltd.	India	92.26%	30.09.2007	82.94

Half Year ended as at 30th September 2006:

(Rupees in Million)				
Name of the Company	Country of Incorporation	% of Holding	Reporting Date As at	Outstanding balance due from Parent Company
Vishal Fabrics Pvt. Ltd.	India	91.91%	30.09.2006	34.14

Year ended as at 31st March 2007:

(Rupees in Million)				
Name of the Company	Country of Incorporation	% of Holding	Reporting Date As at	Outstanding balance due from Parent Company
Vishal Fabrics Pvt. Ltd.	India	91.91%	31.03.2007	34.48

Year ended as at 31st March 2006:

(Rupees in Million)				
Name of the Company	Country of Incorporation	% of Holding	Reporting Date As at	Outstanding balance due from Parent Company
Vishal Fabrics Pvt. Ltd.	India	53.23%	31.03.2006	43.33

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

Please read the following discussion of our financial condition and results of operations together with the financial statements of the company as restated for the half years ended September 30, 2007 & September 30, 2006 and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003, including the notes thereto and reports thereon, prepared in accordance with Indian GAAP and the Companies Act, 1956.

We merged two of our group companies Shanti Processors Limited and Preeti Processors Private Limited with Chiripal Petrochemicals Limited w.e.f April 1, 2005. Later on April 13, 2006 the name of Chiripal Petrochemicals Limited was changed to Chiripal Industries Limited. The restated financials have been prepared giving the effect of merger right from financial year 2003 onwards for better comparison purpose.

We have Vishal Fabrics Private Limited as our subsidiary company in which Chiripal Industries Limited holds 92.26%. It became our subsidiary w.e.f March 31, 2006 with CIL holding 53.23%. Currently CIL is holding 92.26% in the VFPL. Its financials have been consolidated with the financial of Chiripal Industries Limited for the year ended March 31, 2006 and 2007 and half year ended September 30, 2006 and 2007 and the analysis has been separately carried on the consolidated financials for these two years.

The following discussion is based on internally prepared statistical information and publicly available information. You are advised to read the section titled "Risk Factors" beginning on page [●], which discusses a number of factors, and contingencies that could affect our financial condition, results of operations and cash flows.

Overview

Our company is a vertically integrated textile company having its operations in India. Our company is among few fully integrated textile companies in the country having its presence in the entire value chain right from manufacturing of yarn to manufacturing of readymade garments. Our company operates primarily in the man-made fiber segment especially in polyester based products.

Our company commenced its operations in the year 1988. The textile sector has been continuously changing over the years and it was important for us to keep ourselves abreast with the changing fashion and ever changing consumer demand. With this objective our company had undertaken various expansion cum backward and forward integration projects in the past to establish itself as one of the leading textile companies in the country, having its consolidated turnover to the tune of Rs. 4,904.54 million for the fiscal 2007. Our company's phenomenal success in implementing its projects can be attributed to our capabilities to plough back internal accruals and support of various banks and financial institutions.

Our Company's manufacturing activities are undertaken at two different units:

- **Unit 1** consisting of **yarns and knits division** is located at 199,200/1 & 200/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad; and
- **Unit 2** (erstwhile Shanti Processors Limited) consisting of **fabrics and garments division** is located at 165-166/2, 174/1 & 174/2, Saijpur – Gopalpur Pirana Road, Piplej in Ahmedabad.

Our company primarily caters to the domestic market. Out of the total consolidated sales of Rs.4904.54 million of our company in the Fiscal 2007, the share of the domestic market was 91% and the share of exports was 9%. The standalone sales of our company for the Fiscal 2007 were approximately Rs.3819 millions, out of which sales of product manufactured in Unit 1 were approximately Rs.1990 millions and sales of products manufactured (including job works) at Unit 2 were approximately Rs.1829 millions. Inter unit sales for the Fiscal 2007 were Rs.283 million.

Our Unit 1 is catering to more than 350 domestic customers through a network of whole sellers and traders. Our company is exporting yarn to Brazil, Turkey, Argentina, Mexico, Egypt, Algeria, Bangladesh, Kenya, Srilanka, USA, Thailand, Nepal, etc. Our Unit 2 is catering to more than 2000 domestic and international customers through a network of whole sellers and traders. Our major clients in the domestic market includes Pantaloons Retail (India) Limited, Arvind Mills, Page Industries, Gokaldas Images, Vigneshwara Exports etc. Major clients in the international market for garments include Blair Corporation, (USA), Next Plc. (UK), Mariner S.A (France), Titanus S.A (Italy), Otto's (Switzerland), Adessa (Germany), Springway (France) etc. Our company has been enjoying very good relations with our clients and consistently adding new clients in both domestic and international market.

Factors Affecting our Results of Operations and Financial Condition

Our financial condition and results of operations are affected by numerous factors and following are of particular importance:

Growth in textile industry

Our business is significantly dependent on the general economic conditions and textile sector activity in India, and on the Indian regulatory environment for the textile manufacturers. Our ability to capitalize on the expected growth in the Indian textile industry namely in fabric processing, knitting, ready made garments, embroidered fabrics, weaving, Yarn dyeing, Texturising, etc. will be important if we have to increase our revenues and profitability in the coming years. The government of India has in recent years introduced a number of policies and incentives to encourage the textile sector, some of which have really benefited our company.

Raw Material availability and cost

Most of the raw material required for production is easily available locally and in international markets. Raw material constitutes a major portion of our total expenses. Raw material constituted around 70%, 74%, 62%, 61% and 61% of the total expenses in fiscal 2007, 2006, 2005, 2004 and 2003 respectively. For the half year ended September 30, 2007, it constituted around 71% as compared to 72% for the half year ended September 30, 2006. Bunks of our raw material are polyester chips, gray cloth, PTA & MEG and colour chemicals. Polyester chips are used for manufacturing POY, FDY and DT yarn while gray cloth are processed at our processing house and used for garmenting. With effective raw material procurement policy, we should be able to control our raw material cost to a great extent.

Competition and pricing pressures

Selling price of our products may be affected if competition intensifies. We benefit from our low input costs, which aid us in responding to pricing pressures. Aggressive pricing strategies by our competitors or new competitors entering the market and our ability to continue and respond to the pricing pressures created by increased competition will be critical to our results of operations in the coming years.

Increase / Expansion in Production capacity

We are in the process of significantly enhancing our production capacities. We believe that the scale of our production, and lower per unit operating costs due to economies of scale, will give us an edge over our competitors.

We propose to increase our processing capacity by another 7.00 million meters per annum from existing 85.80 million meters per annum to 92.80 million meters per annum. Our circular knitting & warp knitting facilities is proposed to be increased by another 1838 TPA from existing 3016 TPA. We propose to double our ready-made garments capacity from existing 2.35 million pieces per annum to 4.70 million pieces per annum. We also propose to expand our embroidery facilities threefold from current level of 0.525 million meters per annum to 1.575 million meters per annum. We expect to increase our texturising capacity from current level of 9125 TPA to 21321 TPA i.e an addition of 12196 TPA. Additionally we are also proposing

to install flat bed embroidery machines with a capacity of 3.15 million pieces per annum. Weaving facilities with 5.10 million meters per annum are also proposed to be set up. A new 7.50 MW capacity power plant is also planned to supplement our existing 1.70 MW power plant. Apart from above mentioned expansion in capacities we also plan to set up yarn dyeing facilities and fabric dyeing facilities with a capacity of 991 TPA and 22.80 million meters per annum respectively.

For more information on our proposed plans to increase our production capacity see “ Objects of the issue “ beginning on page [●] of this Red Herring Prospectus.

Regulatory Incentives

We benefit from government-sponsored incentives that are available to us as a textile company.

The following are the primary incentive, which have a material impact on our results:

Technology Up gradation Fund Scheme (“TUFS”)

The Ministry of Textiles, Government of India, launched TUFS for the textile and jute industry which provides for a reimbursement of 5% on the interest charged by the lending agency for financing of a project of technology upgrading in conformity with this scheme. Initially it was launched for a period of five-year beginning from April 1, 1999 to March 31, 2004. It was extended until March 31, 2007. Later in the Union Budget announced on February 28, 2007 it has been extended until March 31, 2012. As on September 30, 2007 we had an aggregate outstanding term loans amounting to Rs.863.49 million. Out of the above, outstanding term loan amounting to Rs.388.98 million pertained to loans sanctioned under TUFS. The term loans for the expansion project are proposed to be raised under TUFS scheme.

Capital Subsidy

The ministry of Textile, Government of India, launched a Technology Upgradation Fund Scheme for the textile and jute industry for a five year period from April 1, 1999 to March 31, 2004. It was extended further until March 31, 2007. The Ministry of Textiles extended the continuation of the Technology Upgradation Fund Scheme (TUFS) for the entire period of the Eleventh Five Year plan (2007-12). The TUFS provides for a reimbursement of 5% on the interest charged by a lending agency on a project of technology upgradation in conformity with this scheme. The scheme also provided 10% capital subsidy for specified processing machinery.

Duty Drawback

Exporters are allowed a refund of the excise and customs duty payable on raw material under the duty drawback scheme in order to make the products more competitive in the international market. The department of Revenue, Government of India, announced a revision in the All Industry Drawback rates on May 2, 2005 and the new rates became effective from May 5, 2005. Pursuant to the revision, the drawback rates on most export products have been expressed in ad valorem terms instead of earlier system, which was based on the weight of export product. The associated drawback caps have, however, been fixed on the basis of the weight or pieces of export products. The revised drawback schedule covers 2620 product categories. With respect to apparel items, the drawback rates have also been given on the basis of composition of textiles.

Export Promotion Capital Goods (“EPCG”) Scheme

The EPCG scheme in India facilitates import of capital goods at a 5% concessional rate of duty with an obligation to export an amount equal to eight times the duty saved and maintain export obligations based on based on average turnover of the last three years. Importing second hand capital goods without any restriction on age is also allowed under the new Foreign Trade Policy announced on August 31, 2004.

Fluctuations in foreign exchange rates

In the fiscal 2007, export constituted only Rs. 287 million i.e approximately 7% of our standalone gross sales. Therefore only a minor portion of our revenues are in currencies other than Indian Rupees. Exchange rate fluctuation can have an adverse effect on our revenue generated out of export sales. Our proposed capital expenditure includes purchasing equipment and machineries denominated in currencies other than Indian rupees. Any decline in the value of rupee against other currencies could increase the rupee cost of purchasing such equipment. To manage our foreign exchange risk we selectively enter into forward contracts and also enter into hedging transactions to reduce the risks of currency fluctuations, although we do not have a formal hedging policy.

Critical Accounting Policies

The financial statements of the company are prepared under the historical cost convention on an accrual basis and in accordance with the applicable mandatory accounting standards and other provisions of the Companies Act. Our significant accounting policies include:

Basis of Accounting

- a) Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- (b) The Company follows the accrual system of accounting on a going concern basis.

Fixed Assets and Capital Work in Progress

- (a) Fixed assets are stated at cost of acquisition or construction (net of Cenvat credit and VAT). All cost relating to the acquisition and installation of fixed assets are capitalised and include borrowing cost directly attributable to construction or acquisition of fixed assets up to the date of asset put to use and adjustment arising out of exchange rate variation relating to liabilities attributable to those fixed assets and other incidental charges incurred as to the date of installation/put to use.
- (b) The Pre-operative expenditure on project & cost of trial run expenditure are capitalized on direct cost basis.
- (c) Fixed Assets are stated at cost of acquisition less depreciation.

Depreciation

The company is providing depreciation on depreciable fixed assets at the rates provided on Straight Line Method basis at the rates provided by the schedule XIV of The Companies Act, 1956 from the date of actual put to use i.e. on pro-rata basis.

Revenue Recognition

- (b) Sales are accounted for on dispatch of goods to the customers and are exclusive of the Excise, sales return, and vat.
- (b) Dividend on Investment is recognized when the right to receive the payment is established.
- (c) Exports entitlement under the Duty Entitlement Pass Book (DEPB) Scheme are recognized in the Profit & Loss Account when the right to receive the credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

- (d) Subsidy under Textile Up gradation Fund Scheme (TUFS) is recognized when there is reasonable certainty regarding the realization of the same.

Inventories

- (b) Inventories of Raw materials and stores/spares & consumables etc. are valued at cost determined on FIFO basis. Cost of Raw Materials Stocks is determined so as to exclude from cost, taxes and duties, which are subsequently recoverable from taxing authorities. Finished goods and process stock include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- (c) Stock in Work-in-progress is valued at estimated cost.
- (c) Inventory of finished good is valued at cost or realizable value whichever is lower, & includes excise duty payable on finished goods.
- (d) Stock of scrap and wastes are valued at net realizable price.

Investments

Long Term Investments are stated at cost. In case of long-term investments, provision/write down is made for permanent diminution in value.

Retirement Benefits

Liabilities in respect of Gratuity is assessed actuarially and provided accordingly. Company's contribution to Provident Fund is charged to Profit and Loss Account on accrual basis.

Foreign Currency Transaction

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction and outstanding in respect thereof are stated at the exchange rates prevailing at the date of Balance Sheet. Exchange differences relating to fixed assets are adjusted to the cost of fixed assets. Any other exchange difference is dealt in the Profit & Loss account.

Borrowing Cost

Borrowing costs directly attributable to the acquisition and construction of qualifying fixed assets are capitalised as part of the cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

Preliminary Expenditure

Preliminary Expenditure is apportioned in five equal installments, commencing from the year in which the expenditure has been incurred

Taxes on Income & FBT

Current tax is determined as the amount of tax payable in respect of taxable income for the year and provided at the end of the year as per the prevailing provisions of the Income-tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Fringe Benefit Tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act, 1961.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period difference between actual results and estimates are recognized in the period in which the results are known / materialized. Actual results could differ from those estimates.

Prior Period Items

Prior period Income & Expenditure are treated as current year's income & expenditure.

Provision

A provision is recognized when an enterprise has a present obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provision is not discounted to present value and is determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best estimates.

Contingent Liabilities

Contingent Liabilities are determined on the basis of available information and explanation and are disclosed by way of note to the accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the finalization of accounts and have material effect on the position stated in the balance sheet.

Cash Flow Statement

The cash flow statement has been prepared by following indirect method as per Accounting Standard - 3 issued by ICAI.

Financial Operations Overview

The following description set forth information with respect to key components of our standalone statement of operations:

Income

Sales – Our sales primarily consists of yarns, gray fabrics, processed fabrics, hosiery fabrics, job work charges for processing of fabrics, garments and chemicals.

For the fiscal 2007, bulk of our sales i.e approximately 93% was in domestic market. Sale of yarn consists of approximately 49% of gross sales while sales of own gray & processed fabrics constituted approximately 29%. Job work for processing of fabrics constitutes approximately 16% of gross sales. Remaining 6% consisted of garments, colors & chemicals, stores & spares, consumables, wastes, etc.

Our Gross sales for the half yearly-ended September 30, 2007 and for the year ended March 31, 2007 are as follows:

Particulars	(Rs. in Millions)	
	For the year ended March 2007	For the half year ended September 2007
Yarn	2031.53	1186.78
Gray & Fabrics		
- Own – Grey & Processed	1202.71	541.11

- Processing (Job Work)	655.49	507.44
Garments	42.45	23.32
Others		
- Stores, Spares & Consumables	35.73	20.18
- Color & Chemicals	147.35	117.79
- Waste Sales	8.91	6.77
Total	4124.17	2403.22

Other Income - Other income primarily consists of exports incentives, interest income, exchange gain, etc. The proportion of other income to total income was 0.49% in fiscal 2007 as against 0.57% in fiscal 2006. For the half year ended September 30, 2007 the proportion was 0.19% as against 0.29% for the half year ended September 30, 2006.

Expenditure

Raw Material Expenses – Polyester chips, gray cloths, PTA, MEG, color chemicals (both indigenous and imported) constitute bulk of our raw material cost. For the fiscal 2007, our raw material cost constitutes 65.75% of net sales as compared to 68.91% for the fiscal 2006. For the half year ended September 30, 2007 our raw material expenses as a percentage of net sales was 71.35% as compared to 66.43% for the half year ended September 30, 2006.

Manufacturing Expenses – Our manufacturing expenses primarily consists of coal, power and fuel charges, job work charges, stores & spares, repairs to plant & machinery, carriage inward & octroi, clearing & forwarding charges, packing & folding expenses, design expenses etc. As a percentage of net sales manufacturing expenses constituted 16.68 % for the fiscal 2007 as compared to 15.18% for the fiscal 2006. For the half-year ended September 30, 2007 the manufacturing expenses constituted 16.08% of net sales as compared to 15.83% for the half year ended September 30, 2006.

Administrative Expenses - Our administrative expenses primarily consists of traveling & conveyance, insurance, postage & telephone, stationery, donation, legal & professional fees, rent rate & taxes, house keeping, etc. As a percentage of net sales administrative expenses constituted 1.71 % for the fiscal 2007 as compared to 1.56% for the fiscal 2006. For the half-year ended September 30, 2007 the administrative expenses constituted 1.24% of total expenses as compared to 1.50% for the half year ended September 30, 2006.

Selling & Distribution Expenses – Selling and distribution expenses consists of commission & cash discount, carriage outward, sales promotion, advertisement & publicity, export clearing & forwarding, sales tax, etc. As a percentage of net sales our selling & distribution expenses constituted 2.25% for the fiscal 2007 as against 1.88% for the fiscal 2006. For the half-year ended September 30, 2007 the selling and distribution expenses constituted 2.16% of net sales as compared to 1.72% for the half year ended September 30, 2006.

Employee Expenses – Employee expenses consists of salaries, wages, allowances, contribution to provident fund and other staff welfare expenses. Employee expenses as a percentage of net sales, constituted 3.60% for the fiscal 2007 as against 2.56% for the fiscal 2006. For the half year ended September 30, 2007, employee expenses constituted 3.64% as against 2.95% for the half year ended September 30, 2006.

Interest – Interest consists of interest on term loans, working capital, dealer deposits and other finance charges. Interest expenses as a percentage of net sales constituted 4.32% for the fiscal 2007 as against 2.80% for the fiscal 2006. For the half year ended September 30, 2007 interest expenses constituted 5.82% as against 4.12% for the half year ended September 30, 2006.

Depreciation – Depreciation primarily pertains to machinery, factory building, electric fittings, vehicles, etc which we used at our factories. The depreciation for the fiscal 2007 was 130.76 million as against Rs. 97.98 million for the fiscal 2006 i.e up by 33.59%. The rise was primarily on account of additional plant & machinery and building added to the tune of Rs.616.59 million. For the half-year ended September 30, 2007 the depreciation was Rs.85.03 million as against Rs.60.95 million i.e up by 39.51%.

Provision for Taxation – Current tax is determined as the amount of tax payable in respect of taxable income for the year and provided at the end of the year as per the prevailing provisions of the Income Tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Fringe Benefit Tax (FBT) is accounted for on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act, 1961. We had paid tax under MAT for the year ended 31st March, 2007.

Adjustment on account of restatement under SEBI Guidelines

Couple of our group companies namely Shanti Processors Limited and Preeti Processors Private Limited were merged with Chiripal Industries Limited w.e.f 1st April, 2005. In case of Shanti Processors Limited and Preeti Processors Private Limited the depreciation on fixed assets was provided on WDV basis while depreciation in case of Chiripal Industries Limited is being provided on Straight Line method. As per SEBI guidelines an amount of Rs. 17.53 million has been credited in the profit and loss account on account of excess in depreciation provided in the financials while consolidating the restated financials to adopt a uniform depreciation policy of CIL of providing depreciation on SLM basis.

The following table shows the adjustments that have been given effect in the restated unconsolidated financial statements:

(Rs. in millions)

Particulars	Mar-03	Mar-04	Mar-05
Impact of Change in Method of Depreciation	4.32	5.75	7.46
Adjustment of Investment/Equity Capital / Share Premium	28.02	-	0.01
Impact of adjustment of inter company's Sales/Purchase	4.08	11.98	194.25
Impact of adjustment of inter-company's Rent income /Exp	-	-	5.19
Adjustment of Unsecured Loan/loans & advances	-	-	30.00
Loan advance/sundry debtors/sundry creditors	-	-	85.11
Current Liabilities	-	-	55.11

In case of consolidated restated financial statements adjustment has been made in respect of depreciation. Depreciation in respect of all fixed assets of the subsidiary company i.e Vishal Fabrics Private Limited has been claimed at the rates applicable as per written down value method as prescribed in Schedule XIV of the Companies Act, 1956. The depreciation has been recalculated at the rates provided on straight line method as prescribed Schedule XIV of Companies Act, 1956 as per accounting policy of CIL, and to that extent the consolidated restated financial statements have been effected.

Following adjustments have been given effect in consolidated restated financial statements:

(Rs. in Million)

Particulars	As at the year ending 31 st		Half year ended	
	Mar-06	Mar-07	Sept. 06	Sept. 07
Impact of Change in Method of Depreciation	6.33	8.62	3.95	4.53
Impact of adjustment of inter company's Sales/Purchase	59.73	72.68	52.15	30.75
Adjustment of Unsecured Loan/loans & advances	43.33	34.48	34.14	82.94

Our Results of Operations on Standalone basis

The following table sets forth certain information with respect to the results of operations of the company as derived from our restated financial statements for the period indicated:

(Rs. In Million)

	For The Year Ended					For The Half Year Ended	
	March 2003	March 2004	March 2005	March 2006	March 2007	September 2006	September 2007
Income							
Net Sales	559.76	761.97	1,604.17	3,431.88	3,818.71	1,912.89	2,240.38
Other Incomes	24.60	29.03	34.64	20.28	19.42	5.7	4.69
Increase / Decrease in Stock	11.37	3.59	56.92	114.72	160.14	52.17	253.97
Total	595.73	794.59	1695.73	3566.88	3998.27	1970.76	2,499.04
Expenditure							
Raw Material	322.08	437.79	949.29	2364.78	2510.95	1270.7	1598.57
Manufacturing Expenses	140.59	194.68	422.50	520.91	636.94	302.73	360.26
Administration Expenses	21.17	26.13	42.59	53.66	65.34	28.73	27.89
Employees Expenses	24.09	37.38	68.05	87.97	137.35	56.45	81.61
Selling & Distribution Expenses	1.78	4.31	17.78	64.35	85.97	32.97	48.31
Total	509.71	700.29	1500.21	3091.67	3436.55	1691.58	2116.64
Earnings Before Interest Depreciation, Tax & Amortization (EBIDTA)	86.02	94.30	195.52	475.21	561.72	279.18	382.40
Interest	19.53	13.90	35.49	96.11	165.06	78.9	130.48
Earnings Before Depreciation & Tax & Amortization (EBDTA)	66.49	80.40	160.03	379.10	396.66	200.28	251.92
Depreciation	27.71	31.80	51.17	97.88	130.76	60.95	85.03
Preliminary Exp. W/off	-	0.29	2.01	1.92	2.81	1.07	1.40
Earnings Before Tax (EBT)	38.78	48.31	106.85	279.30	263.09	138.26	165.49
Less - Provision for Current Tax (Including FBT & Deferred tax)	9.51	20.87	48.69	66.84	49.21	25.41	21.09
Less - Provision / (Reversal) of Excess provision of earlier years	7.40	-	(0.81)	(0.41)	10.72	-	-
Profit before extraordinary Items	21.87	27.44	58.97	212.87	203.16	112.85	144.40
Less - Income Tax of earlier year	0.17	-	-	-	-	-	-
Less - Provision of doubtful receivables	-	0.06	-	-	-	-	-
Add - Depreciation of Earlier years reversed	2.94	4.62	2.92	-	0.29	-	-
Net Profit after extraordinary Items	24.64	32.00	61.89	212.87	203.45	112.85	144.40

Comparison of half year ended September 30, 2007 with half year ended September 30, 2006

Income

Sales – Our net sales were Rs. 2,240.38 million till September 30, 2007 as compared to Rs. 1,912.89 million till September 30, 2006. There was a growth of 17.12% in sales in the half year ended September 30, 2006 as compared to half year ended September 30, 2006. Our sale of fabric (including job work), yarn and garments sales grew at 12.44 %, 13.93 %, and 90.98 %, respectively in the half year of fiscal 2007.

Other Income – Our other income decreased from Rs.5.70 million in the first half year of fiscal 2006 to Rs.4.69 million in the first half of year in fiscal 2007 representing a decline of 17.72% majorly due to decline in interest receipts.

Expenditure

Raw Material Expenses – In the first half of fiscal 2007, we have consumed raw material worth Rs.1598.57 million representing 71.35% of net sales as against our raw material cost of Rs.1270.70 million in first half of fiscal 2006, which represented 66.43% of net sales.

Manufacturing Expenses – Our manufacturing cost was Rs.360.26 million in first half of fiscal 2007 as compared to Rs. 302.73 million in first half of fiscal 2006. As a percentage of net sales, it constituted 16.08% in first half of fiscal 2007 as against 15.83% in first half of fiscal 2006. The major component of our manufacturing cost is coal, power & fuel, packing & folding expenses, clearing & forwarding expenses, labor charges etc.

Administrative Expenses - The administrative expenses fell marginally by 2.92% from being Rs. 27.89 million in first half of fiscal 2007, to Rs.28.73 million in first half of fiscal 2006. In first half of fiscal 2007 it represented 1.24% of net sales as against 1.50% of total expenses in the first half of fiscal 2006.

Selling & Distribution Expenses – The selling & distribution expenses rose substantially from Rs. 32.97 million in first half of fiscal 2006 to Rs. 48.31 million in first half of fiscal 2007, representing an increase of 46.53%. Selling & Distribution expenses represented 2.16% of net sales in the first half of fiscal 2007 as against 1.72% for the first half of fiscal 2006.

Employee Expenses – Employee expenses rose from Rs.56.45 million in the first half of fiscal 2006 to Rs. 81.61 million in first half of fiscal 2007 i.e rising from being 2.95% of net sales in first half of fiscal 2006 to 3.64% of net sales in fiscal 2007, representing a growth of 44.57%.

Interest – Interest expenses amounted to Rs.130.48 million in the first half of fiscal 2007 as compared to Rs.78.90 million in the first half of fiscal 2006 representing an increase of 65.37%. This is on account of additional loans raised from banks for the purchase of fixed assets and for working capital requirements.

Depreciation – Depreciation amounted to Rs.85.03 million in the first half of fiscal 2007 as compared to Rs.60.95 million in the first half of fiscal 2006 i.e showing an increase of 39.51%. This increase was primarily on account of additional fixed assets purchased.

Provision for Taxation – Our provision for tax liability for first half of fiscal 2007 was Rs.21.09 million as compared to a tax provision of Rs.25.41 million for first half of fiscal 2006. Our provision for deferred tax for first half of fiscal 2007 was Rs. 20.31 million as compared to provision of Rs.25.03 million for first half of fiscal 2006.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – We recorded an EBIDTA of Rs.382.40 million in first half of fiscal 2007 as against an EBIDTA of Rs.279.18 million in the first half of 2006 thus showing an increase of 36.97%.

Profit after Tax – Our net profit for the half-year of 2008 stood at Rs.144.40 million as against Rs.112.85 million in the first half of fiscal 2006 thus showing a rise of 27.96% over the two periods.

Comparison of Year ended March 31, 2007 with year ended March 31, 2006

Income

Sales – Our Sales showed a growth of 11.27% between fiscal 2007 and fiscal 2006. Our gross sales in the fiscal 2007 were primarily comprising of Rs. 2031.53 million of yarn, Rs.1202.71 million of gray & fabrics, Rs. 42.45 million of garments, Rs. 655.49 million as job charges for processing of fabrics and balance Rs. 191.99 consisted of stores, spares, consumables, colour & chemicals, etc. In the fiscal 2006, our gross sales primarily consisting of Rs. 1342.88 million of yarn, Rs. 1718.30 million of gray & fabrics, Rs. 2.22 million of garments, Rs. 546.97 as job charges for processing of fabrics and balance of Rs. 89.85 consisted of others.

Other Income – Our other income decreased from Rs.20.28 million in the fiscal 2006 to Rs.19.42 million in the fiscal 2007 representing a decline of 4.24%.

Expenditure

Raw Material Expenses – In fiscal 2007 we consumed raw material worth Rs. 2510.95 million constituting 65.75% of net sales while our consumption of raw material in 2006 was Rs. 2364.78 million, constituting 68.91% of net sales i.e increasing by 6.18%.

Manufacturing Expenses – Our manufacturing expenses stood at Rs. 636.94 million in fiscal 2007 i.e 16.68% of our net sales, compared to Rs.520.91 million in fiscal 2006, which represented 15.18% of net sales. Manufacturing expenses increased by 22.27% over the two periods.

Administrative Expenses – The administrative expenses rose by 21.77% from being Rs. 53.66 million in fiscal 2006 to Rs. 65.34 million in the fiscal 2007. In 2006 the administrative expenses constituted 1.56% of the net sales as against 1.71% in the fiscal 2007.

Selling & Distribution Expenses – The selling & distribution expenses increased to Rs.85.97 million in fiscal 2007, representing 2.25% of net sales, from being Rs. 64.35 million in fiscal 2006, which represented 1.88% of net sales, thus showing a growth of 33.60%.

Employee Expenses – Employee expenses increased from Rs.87.97 million in fiscal 2006 to Rs.137.35 million in fiscal 2007 i.e rising from being 2.56% of net sales in fiscal 2006 to 3.60% of net sales in fiscal 2007.

Interest – Interest expenses amounted to Rs.165.06 in fiscal 2007 as compared to Rs. 96.11 million in fiscal 2006 representing an increase of 71.74%. As a percentage of net sales it increased from 2.80% in 2006 to 4.32% in 2007. This increase was primarily on account of additional term loans, increase in working capital loans from banks, increase in interest paid on dealer deposits and rise in other interest and finance charges.

Depreciation – Depreciation amounted to Rs.130.76 million in fiscal 2007 as compared to Rs.97.88 million in fiscal 2006. The increase is primarily on account of depreciation on additional fixed assets purchased in fiscal 2007, to the tune of Rs. 616.59 million.

Provision for Taxation – Our provision for tax for the fiscal 2007 was Rs. 49.21 million as compared to Rs. 66.84 million for the fiscal 2006.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – We recorded an EBIDTA of Rs. 561.72 million in fiscal 2007 as against an EBIDTA of Rs.475.21 million in fiscal 2006, thus showing an increase of 18.20% in the EBIDTA over the two years.

Profit after Tax – Our net profit after tax stood at Rs. 203.45 million for the fiscal 2007 as against Rs. 212.87 million in the fiscal 2006 thus showing a decline of 4.43% over the two periods. The factors contributing to decline in profit were increase in interest expense by Rs.68.95 million and increase in depreciation charge by Rs. 32.88 million between the two periods. Additional term loans and working capital loans were raised during the period to finance new fixed assets and working capital requirements. Additional fixed assets to the tune of Rs. 616.59 million were purchased during the period resulting in higher deprecation charge. All these factors contributed to declining of net profit by 4.43% in the period although EBIDTA rose by 18.20% during that period.

Comparison of year ended March 31, 2006 with year ended March 31, 2005

Income

Sales – Our sales in fiscal 2006 were Rs. 3431.88 million as against Rs.1604.17 million in fiscal 2005. In the fiscal 2006 the capacity of POY was increased from 9608 MTPA to 21900 MTPA, capacity of FDY

was increased from 4900 MTPA to 10950 MTPA and the additional capacity of texturised yarn of 7850 MTPA was installed. The effect of increase in capacities can be seen on the sales as they rose by about 113.93%.

Other Income – Our other income decreased from Rs.34.64 million in the fiscal 2005 to Rs. 20.28 million in the fiscal 2006 representing a decline of 41.45%. The decline was largely on account of fall in DEPB(Duty Entitlement Passbook Scheme) Income and dividend Income.

Expenditure

Raw Material Expenses – In fiscal 2006 we consumed raw material worth Rs. 2364.78 million constituting 68.91% of net sales while our consumption of raw material in 2005 was Rs.949.29 million, constituting 59.18% of net sales.

Manufacturing Expenses – Our manufacturing expenses stood at Rs 520.91 million in fiscal 2006 i.e 15.18% of net sales as compared to Rs. 422.50 million in fiscal 2005 i.e 26.34% of net sales.

Administrative Expenses – The administrative expenses increased significantly by 25.99% from Rs. 42.59 million in fiscal 2005, representing 2.65% of net sales to Rs.53.66 million in fiscal 2006, which represented 1.56% of net sales.

Selling & Distribution Expenses – The selling & distribution expenses increased to Rs.64.35 million in fiscal 2006, representing 1.88 % of net sales from being Rs.17.78 million in fiscal 2005 which represented 1.11% of net sales.

Employee Expenses – The employee expenses increased from Rs. 68.05 million in fiscal 2005 to Rs. 87.97 million in fiscal 2006 i.e declining from being 4.24% of net sales in fiscal 2005 to 2.56% of net sales in fiscal 2006.

Interest – Interest expenses amounted to Rs.96.11 million in fiscal 2006 compared to Rs.35.49 million in fiscal 2005 representing an increase of 170.81%. The increase is on account of additional loans borrowed from banks to the tune of Rs. 494.15 million to fund new fixed assets and additional working capital requirements. As a percentage of net sales the interest expenses increased from 2.21% in 2005 to 2.80% in 2006.

Depreciation – Depreciation amounted to Rs. 97.88 million in fiscal 2006 as compared to Rs. 51.17 million in fiscal 2005, representing an increase of 91.28%. The increase is on account of additional fixed assets to the tune of Rs. 630.26 million purchased during the period.

Provision for Taxation – The provision for tax for the fiscal 2006 was Rs.66.84 million as compared to Rs. Rs. 48.69 million for the fiscal 2005.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – We recorded an EBIDTA of Rs. 475.21 million in fiscal 2006 as against an EBIDTA of Rs. 195.52 million in fiscal 2005 thus showing an increase of 143.05%.

Profit after Tax. – Our Net Profit for the fiscal 2006 stood at 212.87 million as against Rs. 61.89 million of for fiscal 2005.

Comparison of Year ended March 31st, 2005 with year ended March 31st, 2004

Income

Sales – Our Sales increased by 110.53% between 2005 and 2004. Our sales in 2005 was Rs. 1604.17 million as against Rs. 761.97 million for the year 2004. The increase in sales was primarily on account of

installation of Partially oriented Yarn and Fully drawn yarn manufacturing capacities in our factories to the tune of 9608 MTPA & 4900 MTPA respectively.

Other Income – Our other income increased from being Rs. 29.03 million in Fiscal 2004 to Rs. 34.64 million in Fiscal 2005, representing an increase of 19.32%.

Expenditure

Raw Material Expenses – In fiscal 2004 we consumed raw material worth Rs. 437.79 million constituting 57.46% of net sales while our consumption of raw material in 2005 was Rs. 949.29 million, constituting 59.18% of net sales.

Manufacturing Expenses – Our manufacturing cost was Rs. 194.68 million in fiscal 2004 i.e 25.55% of net sales, as compared to Rs. 422.50 million of fiscal 2005, which represented 26.34% of net sales.

Administrative – The administrative expenses rose by 62.99% from being Rs.26.13 million in fiscal 2004 to Rs. 42.59 million in the fiscal 2005; but as a percentage of net sales it dropped from 3.43% in fiscal 2004 to 2.65% in fiscal 2005.

Selling & Distribution Expenses - The selling & distribution expenses increased from Rs. 4.31 million in 2004 to Rs. 17.78 million in 2005, signifying a jump of about 312.53%. This was primarily on account of yarn manufacturing activities, which were started in the fiscal 2005. As a percentage of net sales it increased from 0.57% in fiscal 2004 to 1.11% in fiscal 2005.

Employee Expenses – Employee expenses increased from Rs. 37.38 million in fiscal 2004 to Rs. 68.05 million in fiscal 2005, showing a jump of 82.05%, largely on account of recruitment of manpower for Yarn Project, set up in the fiscal 2005. As a percentage of net sales it declined from 4.91% in fiscal 2004 to 4.24% in fiscal 2005.

Interest – Interest expenses amounted to Rs.35.49 million in fiscal 2005 as compared to Rs. 13.90 million in fiscal 2004, representing an increase of 155.32%. This increase was primarily on account of additional secured loans from banks to the tune of Rs. 325.41 million raised during the period to fund purchase of fixed assets and to meet additional working capital requirements.

Depreciation – Depreciation amounted to Rs.51.17 million in fiscal 2005 as compared to Rs.31.80 million in fiscal 2004. The increase is primarily on account of additional fixed assets to the tune of 578.09 million purchased during the period.

Provision for Taxation – The provision for taxation for the fiscal 2005 was Rs.48.69 million as compared to Rs. 20.87 million for the fiscal 2004.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – We recorded an EBIDTA of Rs. 195.52 million in fiscal 2005 as against an EBIDTA of Rs. 94.30 million in fiscal 2004 thus showing a significant jump of 107.34%.

Profit after Tax. – Our Net Profit for the fiscal 2005 stood at Rs. 61.89 million as against Rs. 32.00 million for the fiscal 2004 thus showing a rise of 93.41% over the two periods.

Our Results of Operations on consolidated basis

The following table sets forth certain information with respect to the consolidated results of operations of the company as derived from our restated consolidated financial statements for the period indicated:

Particulars	For The Year Ended		For The Half Year Ended	
	March 2006	March 2007	September 2006	September 2007
(Rs. in Million)				
Income				
Net Sales	4167.59	4904.54	2379.39	2732.71
Other Incomes	23.52	28.38	9.02	10.56
Increase / Decrease in Stock	114.72	160.14	52.17	253.97
Total	4305.83	5093.06	2440.58	2997.24
Expenditure				
Raw Material	2902.53	3311.60	1622.18	1936.89
Manufacturing Expenses	555.89	715.16	335.97	407.00
Administration Expenses	76.16	83.97	35.11	38.97
Employees Expenses	121.04	189.88	75.47	112.57
Selling & Distribution Expenses	66.26	96.37	35.07	50.19
Total	3721.88	4396.98	2103.80	2545.62
Earnings Before Interest, Depreciation, Tax & Amortization (EBIDTA)	583.95	696.08	336.78	451.62
Interest	110.72	191.56	93.91	148.94
Earnings Before Depreciation, Tax & Amortization (EBDTA)	473.23	504.52	242.87	302.68
Depreciation	135.17	180.14	83.71	114.50
Preliminary Exp. W/off	2.40	3.75	1.90	1.87
Earnings Before Tax (EBT)	335.66	320.63	157.26	186.31
Less -Provision for Tax (Incl. FBT & Deferred Tax)	79.55	62.97	30.63	22.39
Add / (Less) - Adjustment for Provision of Tax of earlier years	5.76	(11.05)	-	3.43
Profit before extraordinary Items	261.87	246.61	126.63	167.35
Add - Depreciation of earlier years reversed	-	0.29	-	-
Net Profit after extraordinary Items	261.87	246.90	126.63	167.35
Add / (Less) Minority Interest / Cost of Control	(42.59)	(26.43)	(7.63)	(25.75)
Net Profit after Minority Interest	219.28	220.47	119.00	141.60

Comparison of half year ended September 30, 2007 with half year ended September 30, 2006

Income

Sales – Our consolidated net sales were Rs. 2732.71 million until September 2007 as compared to Rs. 2379.39 million until September 30, 2006. There was a growth of 14.85 % in sales in the first half year of fiscal 2007 as compared to corresponding half year of fiscal 2006.

Other Income – Our other income increased from Rs.9.02 million in the first half year of fiscal 2006 to Rs.10.56 million in the first half of year in fiscal 2007 representing an increase of 17.07%.

Expenditure

Raw Material Expenses – In the first half of fiscal 2007 we consumed raw material worth Rs.1936.89 million representing 70.88% of net sales as against raw material cost of Rs.1622.18 million in first half of fiscal 2006, which represented 68.18 % of net sales.

Manufacturing Expenses – Our manufacturing expenses were Rs. 407 million in first half of fiscal 2007 as compared to Rs. 335.97 million in first half of fiscal 2006. As a percentage of net sales it constituted 14.89% in first half of fiscal 2007 as against 14.12% in first half of fiscal 2006.

Administrative Expenses - The administrative expenses were Rs. 38.97 million during first half of fiscal 2007, as compared to Rs.35.11 million during first half of fiscal 2006. In first half year of fiscal 2007, it constituted 1.43% of net sales as against 1.48% in the first half year of fiscal 2006.

Selling & Distribution Expenses – The selling & distribution expenses rose substantially from being Rs.35.07 million during half year ended September 30, 2006 to Rs. 50.19 million during half year ended September 30, 2007, representing an increase of 43.11%. Selling & distribution expenses constituted 1.84% of net sales in the first half of fiscal 2007 as against 1.47% for the first half of fiscal 2006.

Employee Expenses – Employee expenses rose significantly from Rs.75.47 million during half year ended September 30, 2006 to Rs. 112.57 million during half year ended September 30, 2007 i.e rising from being 3.17% of net sales in first half of fiscal 2006 to 4.12% in first half of fiscal 2007, representing an increase of 49.16%.

Interest – Interest expenses amounted to Rs.148.94 million during half year ended September 30, 2007 as compared to Rs.93.91 million during half year ended September 30, 2006 representing a increase of 58.60%. This increase was primarily on account of additional loans raised during the period to fund purchase of fixed assets and to meet working capital requirements. As a percentage of net sales interest expense rose significantly from 3.95% during first half of fiscal 2006 to 5.45% during the first half of fiscal 2007.

Depreciation – Depreciation increased from Rs.83.71 million from half year ended September 30, 2006 to Rs.114.50 million during half year ended September 30, 2007 i.e showing an increase of 36.78%. The increase is primarily on account of depreciation on additional fixed assets installed during the period.

Provision for Taxation – Our provision for tax liability during half year ended September 30, 2007 was Rs.22.39 million as compared to tax provision of Rs.30.63 million during half year ended September 30, 2006.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – We recorded consolidated EBIDTA of Rs.451.62 million during half year ended September 30, 2007 as against an EBIDTA of Rs.336.78 million during half year ended September 30, 2006, i.e increasing by 34.10%.

Net Profit after Minority Interest. – Our consolidated Net Profit for the half year ended September 30, 2007 stood at Rs.141.60 million as against Rs.119.00 million for the half year ended September 30, 2006, showing an increase of 18.99% over the two periods.

Comparison of year ended March 31, 2007 with year ended March 31, 2006

Income

Sales – Our consolidated sales increased by 17.62% between fiscal 2007 and fiscal 2006. Our sales in the fiscal 2007 were Rs. 4904.54 million, as against sales of Rs. 4167.59 million in the fiscal 2006.

Other Income – Our other income increased from Rs. 23.52 million during the fiscal 2006 to Rs.28.38 million during the fiscal 2007 representing a growth of 20.66%.

Expenditure

Raw Material Expenses – During the fiscal 2007, we consumed raw material worth Rs. 3311.60 million constituting 67.52% of net sales, while our consumption of raw material in 2006 was Rs. 2902.53 million, constituting 69.65% of net sales.

Manufacturing Expenses – Our manufacturing expenses were Rs. 715.16 million during the fiscal 2007 i.e 14.58% of net sales, compared to Rs. 555.89 million during the fiscal 2006, which represented 13.34% of net sales. Manufacturing expenses increased by 28.65% over the two periods.

Administrative Expenses – The administrative expenses increased by 10.25% from being Rs.76.16 million during the fiscal 2006 to Rs. 83.97 million during the fiscal 2007. During the fiscal 2006, the administrative expenses constituted 1.83% of the net sales as against 1.71% during the fiscal 2007.

Selling & Distribution Expenses – The selling & distribution expenses increased to Rs. 96.37 million during the fiscal 2007, representing 1.96% of net sales, from Rs. 66.26 million during the fiscal 2006, which represented 1.59% of net sales, thus showing a growth of 45.44%.

Employee Expenses – Employee expenses increased from Rs.121.04 million during the fiscal 2006 to Rs.189.88 million during the fiscal 2007 i.e rising from being 2.90% of net sales during the fiscal 2006 to 3.87% of net sales during the fiscal 2007.

Interest – Interest expenses amounted to Rs.191.56 million in fiscal 2007 as compared to Rs. 110.72 million during the fiscal 2006, representing a significant jump of 73.01%. As a percentage of net sales it increased from 2.66% in the fiscal 2006 to 3.91% in the fiscal 2007. This increase was primarily on account of additional loans availed during the period to fund purchase of fixed assets and to satisfy additional working capital requirements.

Depreciation – Depreciation amounted to Rs.180.14 million during the fiscal 2007 as compared to Rs.135.17 million during the fiscal 2006. The increase is primarily on account of depreciation on additional fixed assets installed during the period.

Provision for Taxation – Our provision for tax for the fiscal 2007 was Rs. 62.97 million as compared to Rs. 79.55 million for the fiscal 2006.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) – Our consolidated EBIDTA for the fiscal 2007 was Rs. 696.08 million in fiscal 2007 as against an EBIDTA of Rs.583.95 million during the fiscal 2006, thus showing an increase of 19.20% over the two years.

Net Profit after Minority Interest. – Our Net Profit stood at Rs.220.47 million for the fiscal 2007 as against Rs. 219.28 million in the fiscal 2006.

Liquidity and Capital Resources

Our primary liquidity requirements are to finance our working capital needs and our capital expenditure. We require working capital to finance the purchase of raw materials, make necessary advances to suppliers and undertake our processing and manufacturing activities before full payment is received from our customers. To fund these costs, we have relied on short-term & long-term borrowings, including working capital financing, term loans and cash flows from operating activities.

Cash Flows

The following table summarizes our cash flows on standalone basis for each of the years ended March 31, 2003, 2004, 2005, 2007 and for the half year ended September 30, 2006 and 2007.

Particulars	For the year ended March 31 st					For half year ended	
	2003	2004	2005	2006	2007	2006	2007
Net Cash flow from operating activities	87.42	22.67	126.00	(355)	488.83	352.35	54.91
Net Cash flow from investing activities	(29.98)	(221.35)	(566.42)	(644.76)	(637.33)	(265.18)	(127.03)
Net Cash flow from financing activities	(57.34)	237.75	468.65	1018.15	137.97	(103.26)	80.76
Net increase / (decrease) in cash & cash equivalents	0.10	39.07	28.23	18.39	(10.53)	(16.09)	8.64

Operating Activities

Cash flow from operating activities mainly depends on our operating profits and changes in net working capital. The following table summarizes our cash flows from operations for each of the years ended March 31, 2003, 2004, 2005, 2007 and for the half year ended September 30, 2006 and 2007.

Particulars	For the year ended March 31 st					For half year ended	
	2003	2004	2005	2006	2007	2006	2007
Net Profit before tax and extraordinary items	38.78	48.32	106.85	279.30	263.09	138.25	165.49
Operating profit before working capital changes	70.43	80.69	175.47	466.12	558.09	277.47	380.05
Adjustment for changes in working capital	17.33	(57.95)	(49.47)	(505.96)	(69.26)	74.88	(325.14)
Cash Generated from operations	87.76	22.74	126.00	(39.84)	488.83	352.35	54.91
Direct Taxes Paid / Provisions Adjusted	(0.17)	-	-	-	-	-	-
Cash Flow before Extraordinary Items	87.59	22.74	126.00	(39.84)	488.83	352.35	54.91
Extraordinary Items	(0.17)	(0.06)	-	(315.16)	-	-	-
Net Cash from operating activities	87.42	26.67	126.00	(355)	488.83	352.35	54.91

Net cash generated from our operating activities in the first half of fiscal 2007 was Rs.54.91 million, reflecting a net profit before tax and extraordinary items of Rs.165.49 million, depreciation & preliminary expenses write off of Rs.86.44 million, profit on sale of fixed asset of Rs.0.90 million, interest income of Rs.1.46 million and interest expense of Rs.130.48 million. Working capital adjustment included increase in trade & other receivables of Rs.60.39 million, increase in inventories of Rs.218.87 million and decrease in trade and other payables of Rs.45.88 million.

Net cash generated from our operating activities in the first half of fiscal 2006 was Rs.352.35 million, reflecting a net profit before tax and extraordinary items of Rs.138.25 million, depreciation & preliminary expenses write off of Rs.62.03 million, profit on sale of fixed asset of Rs.0.02 million, interest income of Rs.1.68 million and interest expense of Rs.78.90 million. Working capital adjustment included increase in trade & other receivables of Rs.11.80 million, increase in inventories of Rs.98.01 million and increase in trade and other payables of Rs.184.69 million.

Net cash generated from our operating activities in the fiscal 2007 was Rs.488.83 million, reflecting a net profit before tax and extraordinary items of Rs.263.09 million, depreciation & preliminary expenses write off of Rs.133.57 million, profit on sale of fixed asset of Rs.0.72 million, interest income of Rs.2.89 million and interest expense of Rs.165.06 million. Working capital adjustment included increase in trade & other receivables of Rs.163.51 million, increase in inventories of Rs.203.60 million and increase in trade and other payables of Rs.297.85 million.

Net cash generated from our operating activities in the fiscal 2006 was Rs.(355) million, reflecting a net profit before tax and extraordinary items of Rs.279.30 million, depreciation & preliminary expenses write off of Rs.99.80 million, profit on sale of fixed asset of Rs.2.48 million, interest income of Rs.6.61 million and interest expense of Rs.96.11 million. Working capital adjustment include increase in trade & other

receivables of Rs.373.78 million, increase in inventories of Rs.87.32 million and decrease in trade and other payables of Rs.44.86 million. The net cash generated before extraordinary items was Rs.(39.84) million. There was a extraordinary item to the tune of Rs.(315.16) million on account of merger of Shanti Processors Limited and Preeti Processors Private Limited with Chiripal Petrochemicals Limited resulting in net cash flow from operating activities being negative to the extent of Rs.(355) million.

Net cash generated from our operating activities in the fiscal 2005 was Rs.126.00 million, reflecting a net profit before tax and extraordinary items of Rs.106.85 million, depreciation & preliminary expenses write off of Rs.53.18 million, profit on sale of fixed asset of Rs.0.44 million, interest income of Rs.14.23 million and interest expense of Rs.35.49 million. Working capital adjustments include increase in trade & other receivables of Rs.63.77 million, increase in inventories of Rs.162.27 million and increase in trade and other payables of Rs.176.57 million.

Net cash generated from our operating activities in the fiscal 2004 was Rs.22.67 million, reflecting a net profit before tax and extraordinary items of Rs.48.32 million, depreciation & preliminary expenses write off of Rs.32.09 million, profit on sale of fixed asset of Rs.2.80 million, interest income of Rs.6.87 million and interest expense of Rs.13.90 million. Working capital adjustment included increase in trade & other receivables of Rs.198.65 million, increase in inventories of Rs.13.48 million and increase in trade and other payables of Rs.154.18 million. The net cash generated before extraordinary items was Rs.22.74 million. There was an extraordinary item to the tune of Rs.0.06 million resulting in net cash flow from operating activities being Rs.22.67 million.

Net cash generated from our operating activities in the fiscal 2003 was Rs.87.42 million, reflecting a net profit before tax and extraordinary items of Rs.38.78 million, depreciation & preliminary expenses write off of Rs.27.71 million, profit on sale of fixed asset of Rs.1.36 million, interest income of Rs.10.59 million and interest expense of Rs.19.53 million. Working capital adjustment included decrease in trade & other receivables of Rs.39.91 million, increase in inventories of Rs.1.38 million and decrease in trade and other payables of Rs.21.20 million. An income tax liability of earlier years of Rs.0.17 million was paid in the year. The net cash generated before extraordinary items was Rs.87.59 million. After adjustment for extraordinary item to the tune of Rs. of Rs.(0.17) million the net cash flow from operating activities was Rs.87.42 million in the fiscal 2003.

Investment Activities

The following table summarizes our cash flows from investing activities for each of the years ended March 31, 2003, 2004, 2005, 2007 and for the half year ended September 30th 2006, and 2007.

Particulars	For the year ended March 31 st					(Rs. in Millions)	
	2003	2004	2005	2006	2007	2006	2007
(Purchase) of Fixed Assets	(60.42)	(235.18)	(578.08)	(630.27)	(616.59)	(246.09)	(117.04)
(Purchase) of Investments	-	-	-	(25.55)	(19.30)	(19.55)	(11.50)
(Provision) for diminution in value of Misc. expenditure to be w/off	(2.17)	(1.20)	(8.39)	1.97	(5.06)	(1.26)	(0.85)
Proceeds from sale of Investments	17.02	1.40	-	-	-	-	-
Proceeds from sale of Fixed Assets	1.36	2.80	0.44	2.48	0.72	0.02	0.89
Interest Received	10.59	6.87	14.23	6.61	2.89	1.68	1.46
Dividend Received	3.64	3.95	5.38	-	0.02	0.02	-
Net Cash (used in) / from Investing Activities	(29.98)	(221.35)	(566.42)	(644.76)	(637.33)	(265.18)	(127.03)

Net Cash flow used in investing activities in the first half of fiscal 2007 was Rs.127.03 million. It was primarily a result of purchase of fixed asset of Rs.117.04 million and investment of Rs.11.50 million.

Net Cash flow used in investing activities in the first half of fiscal 2006 was Rs.265.18 million. It was primarily a result of purchase of fixed asset of Rs.246.09 million and investment of Rs.19.55 million.

Net Cash flow used in investing activities in the fiscal 2007 was Rs.637.33 million. It was primarily a result of purchase of fixed asset of Rs.616.59 million and investment of Rs.19.30 million.

Net Cash flow used in investing activities in the fiscal 2006 was Rs.644.76 million. It was primarily a result of purchase of fixed asset of Rs.630.27 million and investment of Rs.25.55 million.

Net Cash flow used in investing activities in the fiscal 2005 was Rs.566.42 million. It was primarily a result of purchase of fixed asset of Rs.578.08 million. Interest to the tune of Rs.14.23 million was also received during the period.

Net Cash flow used in investing activities in the fiscal 2004 was Rs.221.35 million. It was primarily a result of purchase of fixed asset of Rs.235.18 million. Interest to the tune of Rs.6.87 million and proceeds from sale of fixed assets of Rs.2.80 were also received during the period.

Net Cash flow used in investing activities in the fiscal 2003 was Rs.29.98 million. It was primarily a result of purchase of fixed asset of Rs.60.42 million. Interests to the tune of Rs.10.59 million and proceeds from sale of investments of Rs.17.02 were also received during the period.

Financing Activities

The following table summarizes our cash flows from financing activities for each of the years ended March 31, 2003, 2004, 2005, 2007 and for the half year ended September 30th 2006, and 2007.

Particulars	(Rs. in Millions)						
	For the year ended March 31 st					For half year ended	
	2003	2004	2005	2006	2007	2006	2007
Proceeds from Issue of Share Capital	(4.67)	51.48	27.91	42.07	73.11	69.11	-
Proceeds of Share premium (Net)	(23.35)	23.35	24.00	321.31	(69.11)	(69.11)	-
Proceeds of loans from banks / institutions	0.57	75.31	325.41	494.15	326.06	100.77	36.62
Proceeds from Unsecured Loans	(6.42)	101.52	126.82	256.73	(27.03)	(125.11)	174.62
Dividend Paid (Including Tax)	(3.94)	-	-	-	-	-	-
Interest & Finance charges paid	(19.53)	(13.90)	(35.49)	(96.11)	(165.06)	(78.90)	(130.48)
Net Cash (used in) / from financing activities	(57.34)	237.75	468.65	1018.15	137.97	(103.26)	80.76

Net cash from financing activities in the first half of fiscal 2007 was Rs.80.76 million, primarily comprising of proceeds of loans from banks of Rs.36.62 million, proceeds from unsecured loans of Rs.174.62 million, partially offset by interest paid of Rs.130.48 million.

Net cash from financing activities in the first half of fiscal 2006 was Rs.(103.26) million, primarily comprising of proceeds of share capital of Rs.69.11 million, offset by share premium of Rs.69.11 million. It also included proceeds of loans from banks of Rs.100.77 million, offset by payment of unsecured loans of Rs.125.11 million and interest charges of Rs.78.90 million, resulting in net cash used in financing activities being Rs.103.26 million.

Net cash from financing activities in the fiscal 2007 was Rs.137.97 million, primarily comprising of proceeds of share capital of Rs.73.11 million, offset by share premium of Rs.69.11 million. It also included proceeds of loans from banks of Rs.326.06 million, offset by payment of unsecured loans of Rs.27.03 million and interest charges of Rs.165.06 million, resulting in net cash from financing activities being Rs.137.97 million.

Net cash from financing activities in the fiscal 2006 was Rs.1018.15 million, primarily comprising of proceeds of share capital of Rs.42.07 million, share premium of Rs.321.31 million. It also included proceeds of loans from banks of Rs.494.15 million, unsecured loans of Rs.256.73 million, offset by interest charges of Rs. 96.11 million, resulting in net cash from financing activities being Rs.1018.15 million.

Net cash from financing activities in the fiscal 2005 was Rs.468.65 million, primarily comprising of proceeds of share capital of Rs.27.91 million, share premium of Rs.24.00 million. It also included proceeds of loans from banks of Rs.325.41 million, unsecured loans of Rs.126.82 million, offset by interest charges of Rs.35.49 million, resulting in net cash from financing activities being Rs.468.65 million.

Net cash from financing activities in the fiscal 2004 was Rs.237.75 million, primarily comprising of proceeds of share capital of Rs.51.48 million, share premium of Rs.23.35 million. It also included proceeds from of loans from banks of Rs.75.31 million, unsecured loans of Rs.101.52 million, offset by interest charges of Rs.13.90 million resulting in net cash from financing activities being Rs.237.75 million.

Net cash from financing activities in the first half of fiscal 2003 was Rs.(57.34) million. It include d proceeds of loans from banks of Rs. 0.57 million. There was repayment of unsecured loan of Rs. 6.42 million, interest charges of Rs.19.53 million and dividend payment of Rs.3.94 million during the year, resulting in net cash used in financing activities being Rs.57.34 million.

Indebtedness

The following table shows our long-term indebtedness as of September 30, 2007

(Rs. in Million)	
Indebtedness	Outstanding as on September 30, 2007
Secured Loans	
- Under TUFS	388.98
- Not Under TUFS	474.51
- Working Capital	514.08
Unsecured Debt	727.92
Total	2105.49

Planned Capital Expenditure

In order to strengthen our position we propose a capital expenditure for the modernization cum expansion of our existing facilities. The expansion would enable us to maximize the synergies of full integration. Capital expenditure would be incurred in two phases. The total cost of the expenditure would be to the tune of Rs. 2313.31 millions.

The details of activity wise cost is set forth in the table given below:

(Rs. in millions)				
Sr. No.	Project	Cost		
		Phase 1	Phase 2	Total
A	Setting up of yarn dyeing facilities	-	84.16	84.16
B	Setting up of fabric dyeing facilities	615.10	61.28	676.38
C	Setting up of weaving facilities	-	146.20	146.20
D	Modernisation-cum-expansion of existing processing & circular knitting facilities	82.62	165.48	248.10
E	Setting up of lignite based 7.5 MW power plant	-	394.93	394.93
F	Expansion of existing readymade garment facilities	-	53.91	53.91
G	Expansion of existing embroidery facilities	-	168.80	168.80
H	Expansion of existing warp knitting facilities	-	56.00	56.00
I	Expansion of existing POY, FDY & texturised yarn facilities	139.98	344.85	484.83
	Total	837.70	1475.61	2313.31

The total cost of expansion cum modernization of existing manufacturing facilities is proposed to be funded as under:

(Rs. in millions)	
Particulars	Amount
Equity	533.31
Debt	1670.00
Internal Accruals	110.00
Total	2313.31

Related Party Transaction

For details on related party transaction please refer to the discussion in the section “Related Party Transaction” beginning on page [●] of this Draft Red Herring Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in interest rates, inflation & exchange fluctuation.

Interest Rate Risk – Our interest rate risk arises from short term and long-term borrowings. Borrowings obtained at variable rate expose us to cash flow interest rate risk. Borrowings issued at fixed rates expose us to fair value interest rate risk. Many of our existing loan as well as loans which we propose to raise in future to fund our proposed capital expenditure would be linked to respective banks PLR, any rise in interest rates could have our bankers to push for a higher rate of interest on the loans.

Inflation Risk – We are affected by inflation as any rise in inflation may lead to increment in cost of raw materials, fuel & power cost, employee cost, etc.

Exchange fluctuation Risk – Foreign exchange risk arises when commercial transactions, recognized assets and liabilities are denominated in a currency that is not our functional currency. Approximately 7% of our sales comprised of export sales or the year ended 2007. Therefore we are exposed to foreign exchange risk to a small extent only and not very significantly. To manage our foreign exchange risk arising from commercial transactions and recognised assets and liabilities, we selectively enter into forward contract and also undertake hedging transactions to reduce the risk of currency fluctuation, although we do not have a formal hedging policy.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent” during the last three years.

Significant Economic Changes affecting our operations

Government’s focus on textile sector will have major bearing on all the company’s involved in textile business. Any major change in the policies of the government may have a significant impact on our operations.

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

Known trends or uncertainties

Other than described in the sections titled “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Result of Operations” beginning on page [●] and [●], respectively of this Draft Red Herring Prospectus, and elsewhere in this Draft Red Herring Prospectus, there are to our knowledge no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Significant Developments after September 30, 2007

Except as stated below no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading, profitability, reserves, earnings per share, book value of the Company, or their ability to pay their material liabilities within the next 12 months.

Following are the significant developments after September 30, 2007.

1. A subsidiary in the name of M/s Chiripal Lifestyle Limited was incorporated on January 24, 2008.
2. A MOU dated February 19, 2008 was entered between Chiripal Industries Limited and Vraj Integrated Textile Park Limited, pursuant to which Chiripal Industries Limited would be acquiring 43% equity stake in Vraj Integrated Textile Park Limited.

Future relationship between costs and income

Other than described in the sections titled “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Result of Operations” beginning on page [●] and [●], respectively of this Draft Red Herring Prospectus, and elsewhere in this Draft Red Herring Prospectus, there are to our knowledge no known factors which would have a material adverse impact on the relationship between costs and income of our company.

Extent to which business is seasonal

The business of our company is not seasonal in nature.

Significant dependence on a single or few suppliers or customers

Our company sources raw materials from a number of suppliers and there is no such threat of excessive dependence on any single or few suppliers. Similarly our company has customers spread all across domestically and in international markets, so there is no such threat of dependence on any single or few customers.

FINANCIAL INDEBTEDNESS

Secured Loans

As at September 30, 2007, our Company has been sanctioned a total amount of Rs. 2857.05 millions by different lenders as provided in the table given below:

(Rs. in millions)

Sr. No.	Name of the Bank	Secured Loan	Working Capital			Total Sanctioned Amount
			Fund based	Non-Fund based	Total Working Capital	
1.	State Bank of India	240.00	190.00	154.00	344.00	584.00
2.	State Bank of Hyderabad	90.00	89.10	66.00	155.10	245.10
3.	State Bank of Indore	276.80	137.00	102.00	239.00	515.80
4.	State Bank of Travancore	83.00	74.50	63.00	137.50	220.50
5.	Punjab National Bank	60.00	72.00	70.00	142.00	202.00
6.	Karnataka Bank	60.00	56.65	50.00	106.65	166.65
7.	IDBI Limited	538.0	65.00	56.00	121.00	659.00
8.	UCO Bank	119.00	-	-	-	119.00
9.	Allahabad Bank	145.00	-	-	-	145.00
	Total	1611.80	684.25	561.00	1245.25	2857.05

For further details please refer to [●] at page no. [●] of the Draft Red Herring Prospectus.

The Securities provided by our Company for the term loan facilities are as shown in the table below:

- i. Term Loans from Banks are secured by first charge ranking pari-passu among themselves on all movable & immovable properties, both present & future; subject to prior charge in favour of bankers on specified movable assets for working capital loans and further secured by personal guarantee of the promoters/Directors of the company. Further, term loans are collaterally secured by second charge on all current assets of the company.
- ii. Working Capital is secured by first pari-passu charge among themselves on entire current assets of company and collaterally secured by second charge on all fixed assets and further secured by personal guarantees of the promoters/directors.
- iii. Vehicle Loans are secured by hypothecation of vehicles as per agreements.

Further the above loans have been secured by the personal gurantee of Mr. Vedprakash Chiripal, Mr. Jyothiprakash Chiripal, Mr. Brijmohan Chiripal, Mr. Jaiprakash Chiripal

Restrictive Covenants:

In respect of various agreements entered into by our Company with the lenders as mentioned above, we are bound by certain restrictive covenants. In majority of these covenants, we require written consent from the lenders before making / effecting the following changes:

1. Change(s) in capital structure;
2. Implementation of any scheme of expansion / diversification / renovation or for acquiring any fixed assets during any accounting year except such schemes which have already been approved by the bank;
3. Formulation of any scheme of amalgamation or reconstruction;
4. invest by way of share capital in or lend or advance funds to or place deposit with any other concern;
5. Enter into borrowing arrangements either on secured or unsecured basis with any other bank, financial institutions, save and except the working capital facilities granted / to be granted under the consortium;

6. Undertake guarantee obligations on behalf of any other borrower /organization;
7. Declare dividends for any year, if the account(s) of the sanction remain un-complied with by our Company;
8. Monies brought in by principal shareholders / directors / depositors;
9. Our company should not make any drastic change in their management set up;
10. Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the bank;
11. Create any charge, lien or encumbrance over our undertaking or any part thereof in favour of any other financial institution, bank, our company, firm or persons;
12. Sell, assign, mortgage, alienate or otherwise dispose off any of the assets of our Company charged to the bank;
13. Divert/utilize bank's funds to our sister / associate / group concerns or for purposes other than those for which the credit facilities have been sanctioned;
14. Any material change in the ownership pattern of our Company;
15. Not to escrow its future cash flows or create any charge or lien or interest of whatsoever nature thereon without prior approval of IDBI Limited during currency of the loan;
16. Not to incur any capital expenditure of more than Rs. 1000 Lacs per year without the prior approval of IDBI Limited;
17. Undertake to the effect that the credit facilities sanctioned by IDBI Limited shall not be utilized for:
 - a. Investment, of both, current and long term nature, in the company / entity by way of shares, debentures, etc;
 - b. Extending unsecured loans / inter-corporate deposits to / in any company;
 - c. Giving all types of loans / advances to subsidiaries / group companies;
 - d. Further lending to individuals for subscription in initial public offering.

Vehicle Loans

Our Company has further availed vehicle loans, secured by lien on vehicles purchased under hire purchase agreement. As at September 30, 2007, the aggregate outstanding on the said loans is Rs. 7.82 million.

Unsecured Loans

Our Company has unsecured loans amounting to Rs. 727.92 million as at September 30, 2007.

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations, suits or civil or criminal prosecution against our Company, our Directors, or any disputes, tax liabilities, non-payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture-holders, fixed deposits, bonds and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act) against our Company, our Directors and our Promoters, except as described below. Further, our Directors and Promoters have not been declared as willful defaulter by the Reserve Bank of India and also have not been debarred from dealing in securities and/ or accessing the capital markets by SEBI and no disciplinary action has been taken against them by SEBI except as described below:

Outstanding litigation and contingent liabilities of our Company

Contingent liabilities as on September 30, 2007

As of September 30, 2007, our Company had commitments and contingent liabilities in the following amounts, as disclosed in Restated Financial Statements:

(Rs. In million)	
Particulars	Amount
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.25
Letter of Credit (Net Of Margin)	464.01
Bank Guarantees	0.78
EPCG	73.57
Other liabilities	255.00
Custom Duty – Advance Licence Goods Scheme	4.94
Customs / Excise	2.26
Total	905.81

I. Cases filed by and against Our Company

Cases filed by Our Company

Income Tax matters

- 1. Appeal filed by Shanti Processors Limited before the Deputy Commissioner of Income Tax (OSD) Circle- 8, Ahmedabad against the Assessment order dated March 31, 2006 passed by the Commissioner of Income Tax (Appeals) – XIV, Ahmedabad for the assessment year 2003-2004.***

The amount demanded from our Company** for the Assessment Year 2003-2004 was Rs. 2,623,956 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated March 31, 2006. Our Company filed an appeal dated April 27, 2006 to the Commissioner of Income Tax (Appeals) against the Assessment Order by the Income Tax Officer, Commissioner of Income Tax (Appeals)- XIV by Order no. CIT(A)XIV/Wd.8(3)/98/2006-07 dated January 31, 2007 revised the total income of our Company, and the revised amount payable for the Assessment Year 2003-2004 was Rs. 1,025,335 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated April 16, 2007. Our Company vide letter dated July 31, 2007 addressed to the Deputy Commissioner of Income Tax (OSD) requested for rectification of mistake in the tax payable for Assessment Year 2003-2004, and also requested for refund of excess tax paid of Rs. 640,780. The matter is pending before Deputy Commissioner of Income Tax (OSD) Circle - 8, Ahmedabad.

2. *Appeal filed before the Income Tax Appellate Tribunal by Shanti Processors Limited against the order of the Commissioner of Income Tax for the assessment year 2004-2005.*

The amount demanded from our Company** for the Assessment Year 2004-2005 was Rs. 11,561 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated December 28, 2006. Our Company filed an appeal under Section 246A of the Income Tax Act, 1961 in respect of disallowances of claim for deduction of Rs. 2,43,934/- being deferred expenditure incurred on account of conversion of agricultural land into non agricultural land and disallowance of interest expenses of Rs. 1,05,002/- being interest paid claimed and the initiation of penalty proceedings under Section 271(1)(c) of the Income Tax Act, 1961 along with other grounds to the Commissioner of Income Tax (Appeals) against the Assessment Order by the Deputy Commissioner of Income Tax (OSD). The Commissioner of Income Tax (Appeals) XIV, in the Order dated November 5, 2007, partly allowed the appeal and disallowed the other grounds of the appeal and did not entertain the appeal against initiation of penalty proceedings on grounds of it being too immature. Our Company, then filed an appeal in the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals) XIV dated November 5, 2007, in respect of disallowances of deduction being deferred expenditure incurred on account of conversion of agricultural land into non agricultural land and disallowance of interest expenses being interest paid and claimed under the Textile Upgradation Fund Scheme amongst other grounds of Appeal. The appeal is pending before the Income Tax Appellate Tribunal.

3. *Appeal filed by Shanti Processors Limited before the Commissioner of Income Tax (Appeals), against the Assessment order dated December 12, 2007, of the Assistant Commissioner of Income Tax Circle - 8, Ahmedabad, for the assessment year 2005-2006.*

The amount demanded from our Company** for the Assessment Year 2005-2006 was Rs. 433,428 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated December 20, 2007. Our Company filed an appeal dated January 4, 2008. to the Commissioner of Income Tax (Appeals) against the Assessment Order by the Additional Commissioner of Income Tax. The grounds of appeal are in respect of Rs. 2,43,934/- being 1/10th of the deferred expenditure incurred on account of conversion of agricultural land into non agricultural land, disallowing adhoc expenditure of Rs. 15,000/-, making addition of Rs. 6,31,648/- with reference to payment of Provident Fund Dues and charging interest. The matter is pending before the Commissioner of Income Tax (Appeals).

Excise Matters

1. *Special Civil Application no. 16180 of 2005 filed by Chiripal Twisting and Sizing Private Limited, Jyotiprasad Agarwal, Jaiprakash Agarwal, Vedprakash Agarwal (Petitioners) versus Union of India, Customs, Excise and Service Tax Appellate Tribunal, Commissioner of Customs in the High Court of Gujarat at Ahmedabad (Defendants).*

For further details of this case, please refer to case titled “Special Civil Application no. 16180 of 2005 filed by Chiripal Twisting and Sizing Private Limited, Jyotiprasad Agarwal, Jaiprakash Agarwal, Vedprakash Agarwal (Petitioners) versus Union of India, Customs, Excise and Service Tax Appellate Tribunal, Commissioner of Customs in the High Court of Gujarat at Ahmedabad (Defendants)” under the captioned titled “Cases filed by our Directors” on page [●] of the Draft Red Herring Prospectus.

3. *Appeal No. E/577/07 filed by Chiripal Petrochemicals Limited, before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad against the order of the Commissioner of Central Excise (Appeals-I), Ahmedabad.*

The Additional Commissioner of Central Excise, Ahmedabad issued Show Cause Notices being V.54/15-9/Demand/Chiripal/2005 dated August 1, 2005 and V.54-60/15-52/Demand/Chiripal/05-06 dated February 23, 2006 to our Company* to recover amounts for the period July, 2004 to June, 2005 and July, 2005 to December, 2005, to which our Company replied vide letters dated September 12, 2005, December 30, 2005 and March 29, 2006 respectively. Upon hearing, the Additional Commissioner passed OYO no. 33 and 34/

ADDITIONAL COMMISSIONER/2006 dated November 20, 2006(issued on November 22, 2006) confirming the demands Rs. 3,446,772 and Rs. 2, 577,665 for the said time period. The Additional Commissioner also confirmed liability under Section 11AB of the Central Excise Act on the said amounts. Our Company filed an appeal before the Commissioner (Appeals), Ahmedabad bearing NO. 24/Ahd-1/2007 which was rejected vide OIA no. 78/2007. Our Company hence filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad vide Appeal No. 8/577/07 of 2007 dated May 23, 2007 appealing that Order-In-Appeal No. 78/2007 (AHD-1) dated February 27, 2007 passed by the Commissioner of Central Excise(Appeals-1), Ahmedabad may be set aside with consequential benefits.. The appeal is pending before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad.

4. *Appeal filed before the Commissioner of Central Excise (Appeals), Ahmedabad by Chiripal Industries Limited against the Order-in-Original No. 68/JOINT COMMISSIONER/2007 dated October 4, 2007 of the Joint Commissioner of Central Excise.*

Show Cause Notice bearing No. F.No. V.54/03-22/06-07/Div-IV/DA dated March 6, 2007 was issued by the Joint Commissioner of Central Excise with a proposal to confirm and adjust an amount under protest of Rs. 4,833 and Rs. 1,414,964 which had already been deposited by our Company at the Excise Department. Our Company filed a reply dated April 3, 2007 to the Joint Commissioner of Central Excise. Earlier, Commissioner of Central Excise II vide Order-in-Original no. 46 to 52/COMMR/2005 dated January 6, 2005(issued on January 7, 2005) confirmed that the said amounts were not recoverable from our Company. However the Joint Commissioner has passed OIO 68/JOINT COMMISSIONER/2007 confirming the demands of the said amounts in protest along with a penalty of Rs. 20,000 and confirmed interest liability under Section 11AB of the Central Excise Act on the said amounts under protest. Our Company filed an appeal before the Commissioner of Central Excise (Appeals), Ahmedabad, against the order of the Joint Commissioner of Central Excise dated October 4, 2007 for setting aside the said order with consequential benefits and an application for dispensing with the penalty was separately made. The appeal is pending before the Commissioner of Central Excise (Appeals), Ahmedabad.

5. *Appeal filed before the Commissioner of Central Excise (Appeals), Ahmedabad by Chiripal Industries Limited against the Order-In-Original No. 69/JOINT COMMISSIONER/2007 dated October 4, 2007 of the Joint Commissioner of Central Excise*

Show Cause Notice bearing No. F.No. V.54/03-02/07-08/Div-IV/DA dated April 27, 2007 was issued by the Joint Commissioner of Central Excise with a proposal to confirm and adjust an amount under protest of Rs. 1,778,248 which had already been deposited by our Company at the Excise Department. Our Company filed a reply dated June 4, 2007 to the Joint Commissioner of Central Excise. Earlier, Commissioner of Central Excise II vide Order-in-Original no. 46 to 52/COMMR/2005 dated January 6, 2005(issued on January 7, 2005) confirmed that the said amount were not recoverable from our Company. However the Joint Commissioner has passed OIO 69/JOINT COMMISSIONER/2007 confirming the demand of the said amount in protest along with a penalty of Rs. 25,000 and confirmed interest liability under Section 11AB of the Central Excise Act on the said amount under protest. Our Company filed an appeal before the Commissioner of Central Excise (Appeals), Ahmedabad, against the order of the Joint Commissioner of Central Excise dated October 4, 2007 for setting aside the said order with consequential benefits and an application for dispensing with the penalty was separately made. The appeal is pending before the Commissioner of Central Excise (Appeals), Ahmedabad.

6. *Appeal No. E/1165/2007, filed in the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad,by Chiripal Industries Limited against the Order-in Appeal No. 298/2007(AHD-1) dated August 31, 2007(issued on September 12, 2007) of Commissioner of Central Excise(Appeals), Ahmedabad.*

Show Cause Notice bearing No. F.No. V.54/03-10/06-07/Div-IV/DA dated December 7, 2006 was issued by the Joint Commissioner of Central Excise with a proposal to confirm and adjust an amount under protest of Rs. 1,413,366 which had already been deposited by our Company at the Excise Department. Our Company filed a reply dated January 5, 2007 to the Joint Commissioner of Central Excise. The Joint Commissioner has passed OIO 55/JOINT COMMISSIONER/2007 dated April 12, 2007(issued on April

13, 2007) confirming the demand of the said amount in protest and confirmed interest liability under Section 11AB of the Central Excise Act on the said amount under protest. Our Company filed an appeal before the Commissioner (Appeals), Ahmedabad, against the order of the Joint Commissioner of Central Excise. The Commissioner(Appeals), Ahmedabad thereafter passed OIA No. 298/2007(AHD-1) dated August 31, 2007(issued on September 12, 2007) dismissing the appeal filed by our Company. Our Company filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad for setting aside the said order with consequential benefits. The appeal is pending before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad.

7. *Appeal no. 231 of 2007 dated August 24, 2007 filed before the Commissioner of Central Excise (Appeals), Ahmedabad by Chiripal Industries Limited against the Order-In-Original No.181-182/07-R dated July 9, 2007 of the Assistant Commissioner of Central Excise, Division-IV, Ahmedabad – I.*

Show Cause Notice bearing No. V.39/18-1057/2006-Ref-F. No.V.39/18-37/2007-Ref dated May 28, 2007 was issued by the Assistant Commissioner of Central Excise with a proposal to reject the rebate claims of Rs. 923,496. Our Company filed a reply dated June 18, 2007 to the Assistant Commissioner of Central Excise. Thereafter, the Assistant Commissioner has passed OIO 181-182/07-R dated July 9, 2007 rejecting the rebate claims under Rule 18 read with Section 11B of the Central Excise Act. Our Company filed an appeal bearing No. 231 of 2007 before the Commissioner of Central Excise (Appeals), Ahmedabad, against the order of the Assistant Commissioner of Central Excise for setting aside the said order with consequential benefit of granting rebate of Rs. 923, 496 and interest thereon. The appeal is pending before the Commissioner of Central Excise (Appeals), Ahmedabad.

Consumer Disputes

2. *Chiripal Twisting and Sizing Private Limited v/s Chicago Pneumatic sales division of Atlas Copco (India) Ltd. Bearing C.C. no. 22/2005 in the Court of Consumer Disputes Redressal Forum at Ahmedabad.*

Our Company* filed a consumer complaint bearing no. 22/2005 dated February 15, 2005 in the Court of Consumer Disputes Redressal Forum at Ahmedabad, damages of Rs. 2,000,000 claimed in respect of warranty of an air compressor machine purchased by our Company from the opponent, and warranty thereof. Our Company further claimed for, damages of Rs. 20,000 per day till the final realization of the said Rs. 2,000,000 and interest @ 12% per annum on Rs. 2,000,000 from the date of complaint. The case is pending before the Court of Consumer Disputes Redressal at Ahmedabad.

Cases filed against Our Company

Criminal Laws:

1. *Union of India through Deputy Commissioner of Customs (Legal), Kandla Vs. Chiripal Twisting and Sizing Private Limited, Shanti Processors Limited and Vedprakash Chiripal, Brijmohan Chiripal and others, bearing Criminal Case No. 893 of 2000 in the Court of the Chief Judicial Magistrate Bhuj (Kutch) Gujarat.*

For further details of this case, please refer to case titled “Union of India through Deputy Commissioner of Customs (Legal), Kandla Vs. Chiripal Twisting and Sizing Private Limited, Shanti Processors Limited and Vedprakash Chiripal, Brijmohan Chiripal and others, bearing Criminal Case No. 893 of 2000 in the Court of the Chief Judicial Magistrate Bhuj (Kutch) Gujarat” under the caption titled “Cases filed against our Directors” on page [●] of the Draft Red Herring Prospectus.

Civil Matters

4. *Chetak Roadways (India) Limited(“Plaintiff”) v/s Goenka Impex Private Limited, Sandheer Enterprises and Shanti Processors Limited(“Defendants”) bearing Civil suit no. 1692/2006 in the City Civil Court at Ahmedabad*

Plaintiff is a company in business of transporting property and goods by land. The Defendants had hired the service of the Plaintiff to transport bales of cloth. The delivery of the consignment had been delivered to Defendant No. 2 on instructions received from Defendant No. 1. Our Company claimed that, Defendant no. 1 was not authorized to give instructions to the plaintiff in regards of delivery. The Plaintiff has filed a suit against the our Company** bearing suit no 1692 of 2006 in the City Civil Court at Ahmedabad in respect of recovery of Rs. 535,211 to be recovered jointly and severally in respect thereof. Our Company has not filed a reply in the matter. The matter is pending before the City Civil Court at Ahmedabad.

Excise matters

1. Show Cause Notice F. No. V-54-60/15-31/Demand/OA-I/Chiripal/06-07/1318 dated June 2, 2006 issued by the Joint Commissioner Excise Ahmedabad – I to Chiripal Petrochemicals Limited.

Show Cause Notice bearing F. No. V-54-60/15-31/Demand/OA-I/Chiripal/06-07/1318 dated June 02, 2006 was issued by the Joint Commissioner Excise requiring our Company* to state the reasons for not to demand and recover Central Excise duty of Rs. 1,263,741/-, penalties under Rule 25 and 27 of The Central Excise Rules, 2002 and interest on duty under Section 11AB of The Central Excise Act, 1944. Our Company has filed a reply dated July 15, 2006 to the Joint Commissioner of Central Excise, requesting him to withdraw the demand of the said amount along with proposals of imposition of penalty and recovery of interest. The matter is pending before the Joint Commissioner of Central Excise.

2. Show Cause Notice F. No. V.48.54.59.60/03-13/ 06-07/Div-IV/DA dated February21, 2007 issued by the Commissioner, Central Excise Ahmedabad – I to Chiripal Industries Limited.

Show Cause Notice bearing F. No. V.48.54.59.60/03-13/ 06-07/Div-IV/DA dated February21, 2007 was issued by the Commissioner, Central Excise requiring our Company* to state the reasons for not to demand and recover Central Excise duty of Rs. 12,419,308, penalties under Rule 25 ad 27 of The Central Excise Rules, 2002 and interest on duty under Section 11AB of The Central Excise Act, 1944. Our Company has filed a reply dated April 2, 2007 to the Commissioner of Central Excise, requesting him to withdraw the demand of the said amount along with proposals of imposition of penalty and recovery of interest. The matter is pending before the Commissioner of Central Excise.

3. Appeal no. 115/EA2/A-1/07 dated July 24, 2007 filed before the Commissioner of Central Excise (Appeals-1), Ahmedabad by the Commissioner of Central Excise, Ahmedabad against Chiripal Industries Limited against the Order dated June 6, 2007 of the Assistant Commissioner of Central Excise, Division – IV.

The Commissioner of Central Excise-1, Ahmedabad has filed an appeal bearing No. 115/EA2/A-1/07 dated July 24, 2007 before the Commissioner of Central Excise (Appeals-1), against our Company against the Order-In-Original No. 146/07-R dated June 06, 2007 (issued on June 6, 2007) passed by the Assistant Commissioner of Central Excise, Division – IV, , in respect of Rs. 13,894 being the NCCD amount to be paid/debited from the Cenvat Credit account . Our Company has filed a reply dated August 16, 2007 stating that the Appeal is not maintainable or competent under Section 35E(2) of the Central Excise Act, 1944. Further, a reply was The matter is pending before the Commissioner of Central Excise (Appeals).

4. Show Cause Notice F. No IV/54/18-69/2007 dated. July 10, 2007 issued by the Assistant Commissioner of Central Excise, Division IV, Ahmedabad to Chiripal Industries Limited.

Show Cause Notice F. No IV/54/18-69/2007 dated. July 10, 2007 was issued by the Assistant Commissioner of Central Excise requiring our company to reply against the restriction and allowance of NCCD amount of Rs. 67,324 to be credited in the Cenvat Credit Account. Our Company has filed a reply dated July 16, 2007 to the said Show Cause Notice requesting a sanction of rebate claim in full and stating reasons by which cenvat credit can be certainly utilized for the payment of any duty of excise including NCCD. The matter is pending before the Assistant Commissioner of Central Excise Division IV, Ahmedabad.

5. *Show Cause Notice F. No IV/54/18-158/159/2007 dated July 17, 2007 issued by the Assistant Commissioner of Central Excise Division IV, Ahmedabad – 1 to Chiripal Industries Limited.*

Show Cause Notice F. No IV/54/18-158/159/2007 dated. July 17, 2007 was issued by the Assistant Commissioner of Central Excise to our Company requiring the reasons for non-restriction and non-allowance of NCCD amount of Rs. 25,994/- to be credited in the Cenvat Credit Account. Our Company has filed a reply dated July 19, 2007 to the said Show Cause Notice with a request to sanction the rebate claim and stating the reasons by which cenvat credit can be utilized for the payment of any duty of excise including NCCD. The matter is pending before the Assistant Commissioner of Central Excise Division IV, Ahmedabad.

6. *Show Cause Notice F. No V.54/18-175/2007 - Rebate V.54/18-176/2007 - Rebate V.54/18-182/2007 - Rebate V.54/18-186/2007 dated August 7, 2007 issued by the Assistant Commissioner of Central Excise Division IV, Ahmedabad – 1 to Chiripal Industries Limited.*

Show Cause Notice F. No V.54/18-175/2007 - Rebate V.54/18-176/2007 - Rebate V.54/18-182/2007 - Rebate V.54/18-186/2007 dated. August 07, 2007 was issued by the Assistant Commissioner of Central Excise to our Company requiring the reasons for non-restriction and non-allowance of NCCD amount of Rs. 37,493/- to be credited in the Cenvat Credit Account. Our Company has filed a reply dated August 16, 2007 to the said Show Cause Notice with a request to sanction the rebate claim and stating the reasons by which cenvat credit can be utilized for the payment of any duty of excise including NCCD. The matter is pending before the Assistant Commissioner of Central Excise Division IV, Ahmedabad.

7. *Show Cause Notice F. No V.48.54.60/3-7/07-08/DIV/IV/DA/1071 dated June 19, 2007 issued by the Assistant Commissioner of Central Excise Division IV, Ahmedabad – 1 to Chiripal Industries Limited.*

Show Cause Notice F. No V.48.54.60/3-7/07-08/DIV/IV/DA/1071 dated. June 19, 2007 was issued by the Assistant Commissioner of Central Excise requiring our company to state the reasons for the non-recovery of Educational Cess of Rs. 261,927/- with interest and penalty and its allowance under Rule 3(4) of The Cenvat. Our Company has filed a reply dated July 10, 2007 to the said Show Cause Notice with a request to sanction the rebate claim and stating the reasons by which cenvat credit can be utilized for the payment of any duty of excise including NCCD. The matter is pending before the Assistant Commissioner of Central Excise Division IV, Ahmedabad.

8. *Show Cause Notice F. No S/26-Misc-1450/2007 Gr.II C & D dated February 1, 2007 issued by the Assistant Commissioner of Customs, Group II C and II D, JNCH, Nhava Sheva to Chiripal Petrochemicals Limited.*

Show Cause Notice F. No S/26-Misc-1450/2007 Gr. II C & D dated. February 01, 2007 was issued by the Assistant Commissioner of Customs requiring our company to state the reason for non-consideration of goods imported as Polyester Chips Semi-dull "A" Grade and non-encashment of the submitted Bond. Our Company has filed a reply dated March 02, 2007 to the said Show Cause Notice stating that the documents like Bills of entry, packing list, etc declares the goods as Polyester Chips Semi-dull "B" Grade and further the Customs laboratory test reports of the samples of the goods have not been made available to us till the date of reply. The matter is pending before the Assistant Commissioner of Customs, Group II C and II D, JNCH, Nhava Sheva

9. *Show Cause Notice F. No S/26-Misc-1451/2007 Gr.II C & D dated February 1, 2007 issued by the Assistant Commissioner of Customs, Group II C and II D, JNCH, Nhava Sheva to Chiripal Industries Limited.*

Show Cause Notice F. No S/26-Misc-1451/2007 Gr. II C & D dated February 1, 2007 was issued by the Assistant Commissioner of Customs requiring our company to state the reason for non-consideration of goods imported as Polyester Chips Semi-dull "A" Grade and non-encashment of the submitted Bond. Our

Company has filed a reply dated March 02, 2007 to the said Show Cause Notice stating that the documents like Bills of entry, packing list, etc declares the goods as Polyester Chips Semi-dull "B" Grade and further the Customs laboratory test reports of the samples of the goods have not been made available till the date of reply. The matter is pending before the Assistant Commissioner of Customs, Group II C and II D, JNCH, Nhava Sheva

10. Appeal no. E/809/07-DB, F. No. V/CESTAT/Shanti Process/2007 filed by the Commissioner, Central Excise, Ahmedabad-I against Shanti Processors Limited. .

Show Cause Notice F. No V.52-60/15-231/Dem/2004 dated August 13, 2004 was issued by the Additional Commissioner of Central Excise requiring our company to state the reasons for allowance of Deemed Cenvat Credit amounting to Rs. 4,025,955/- to be taken in Cenvat Credit Account and the non-imposition of interest and penalty. Our Company has filed a reply dated September 10, 2004 to the said Show Cause Notice stating that the accumulated utilised amount of Rs. 4,025,955/- maintained in the Cenvat Register was intimated to the Central Excise Department by filing ER-1 for the month of October, 2003 and that no provision of the Cenvat rules would debar us from utilizing the accumulated deemed credit for paying duties on final products. Subsequently an order was passed under Order-in-Original No. 09/Additional Commissioner/2007 dated February 09, 2007 was passed against our Company for which our Company filed an appeal to set aside the said Order. Thereafter the Commissioner (Appeal -1), Central Excise passed an order under Order-in-Appeal No. 146/2007 (Ahd-1) dated March 30, 2007 allowing the appeal made by our Company. Thereafter, Commissioner of Central Excise (Appeal -1), Central Excise has made an appeal to the Customs, Excise & Service Tax Appellate Tribunal under Appeal No. E/809/07-DB dated July 18, 2007 and the matter is currently pending before the said Tribunal.

11. Show Cause Notice no. V.52/3-04/Div- IV/DA dated August 1, 2003, issued by the Assistant Commissioner, Central Excise, Division – IV, Ahmedabad –I to Shanti Processors Limited.

Show Cause Notice bearing V.52/3-04/Div- IV/DA dated August 01, 2003 was issued by the Assistant Commissioner, Central Excise requiring our company to reply against the demand and recovery of Central Excise duty of Rs. 7,748,734/- along with interest under Section 11AB of the Central Excise Act and penalties. Our Company has filed a reply dated August 29, 2003 to the Assistant Commissioner, Central Excise, contesting the jurisdiction and imposition of penalty and interest under Section 11AB of the Central Excise Act and also stating that our Company is chargeable to nil rate by virtue of Notification No. 14/2002-CE. The matter is pending before the Assistant Commissioner, Central Excise

12. Show Cause Notice no V.52/3-104//03-04/Div.IV/Da dated July 03, 2003, issued by the Assistant Commissioner, Central Excise, Division – IV, Ahmedabad –I to Shanti Processors Limited.

Show Cause Notice bearing V.52/3-104//03-04/Div.IV/DA dated July 03, 2003 was issued by the Assistant Commissioner, Central Excise requiring our company to reply against the demand and recovery of Central Excise duty of Rs. 1,488,035/- along with interest and penalties. Our Company has filed a reply dated August 29, 2003 to the Assistant Commissioner, Central Excise contesting the jurisdiction and imposition of penalty and interest under Section 11AB of the Central Excise Act and also stating that our Company is chargeable to nil rate by virtue of Notification No. 14/2002-CE. The matter is pending before the Assistant Commissioner, Central Excise
-IV, Ahmedabad –I.

13. Show Cause Notice no SCN No.V.52/3-104/Div.IV/DA dated August 22, 2003, issued by the Assistant Commissioner, Central Excise, Division – IV, Ahmedabad –I to Shanti Processors Limited.

Show Cause Notice bearing V.52/3-104//03-04/Div.IV/DA dated August 22, 2003 was issued by the Assistant Commissioner, Central Excise requiring our company to reply against the demand and recovery

of Central Excise duty of Rs. 1,488,035/- along with interest and penalties. Our Company has filed a reply dated September 10, 2004 to the Commissioner, Central Excise contesting the jurisdiction and imposition of penalty and interest under Section 11AB of the Central Excise Act and also stating that our Company is chargeable to nil rate by virtue of Notification No. 14/2002-CE. The matter is pending before the Assistant Commissioner, Central Excise.

14. Appeal No. E/2341/2004- MUM, filed in the Customs, Excise and Service Tax Appellate Tribunal, WRB, Mumbai, by the Commissioner of Central Excise-I, Ahmedabad against Shanti Processors Limited.

Show Cause Notice DGAE/BZU/201112(4)/27/95-Part 1 dated October 16, 1998 was issued by the Additional Director General, DGAE, Zonal Unit, requiring our company to reply against the duty amounting to Rs. 2,989,162 along with interest and penalty and the confiscation of land, building, plant and machinery and other belongs in connection with the excisable goods. Our Company has filed its reply dated December 26, 2002, February 17, 2003 and March 19, 2003 to the said Show Cause Notice. Subsequently an order was passed in favour of our company by Commissioner of Central Excise and Customs, Ahmedabad, to which the Commissioner of Central Excise and Customs, New Delhi has filed an appeal with the Customs, Excise & Service Tax Appellate Tribunal under Appeal No. E/2341/2004- MUM dated July 26, 2004 and the matter is currently pending before the said Tribunal.

15. Reply filed to the Show Cause Notice F. No. V. 54/03-19/07-08/Div-IV/DA dated December 28, 2007.

Our Company has filed a reply dated January 16, 2008 to the Show Cause Notice F. No. 54/03-19/07-08/Div-IV/DA dated December 28, 2007 in respect of Rs. 32,52,508 paid as NCCD of POY and FDY from Cenvat Credit period from January 2007 to September 2007. The matter is pending before the Additional Commissioner of Central Excise, Ahmedabad I.

16. Reply filed to the Show Cause Notice F. No. V. 54/03-28/07-08/Div-IV/DA dated December 19, 2007.

Our Company has filed a reply dated December 31, 2007 to the Show Cause Notice F. No. 54/03-28/07-08/Div-IV/DA dated December 19, 2007 in respect of Rs. 2,82,963 paid as Education Cess and Secondary Higher Education Cess from Cenvat Credit period from March 2007 to July 2007. The matter is pending before the Assistant Commissioner of Central Excise, Division- IV (Narol), Ahmedabad I.

17. Reply filed to the Show Cause Notice F. No. SD-02/110/GTA/Chiripal/ 07-08 dated January 17, 2008.

Our Company has filed a reply dated February 13, 2007 to the Show Cause Notice F. No. SD-02/110/GTA/Chiripal/ 07-08 dated January 17, 2008 in respect of Rs. 353122 paid as Service Tax for the month of May 2007 to September 2007 payable on the goods transport agency from the Cenvat Credit Account. The matter is pending before the Deputy Commissioner of Service Tax, Division- II, Ahmedabad

II. Cases filed by and against our Directors

Cases filed by our Directors

1. Special Civil Application no. 16180 of 2005 filed by Chiripal Twisting and Sizing Private Limited, Jyotiprasad Chiripal, Jaiprakash Chiripal, Vedprakash Chiripal (Petitioners) versus Union of India, Customs, Excise and Service Tax Appellate Tribunal, Commissioner of Customs in the High Court of Gujarat at Ahmedabad (Defendants).

Our Company and our Promoter Directors, Jyotiprasad Chiripal, Jaiprakash Chiripal and Vedprakash Chiripal have filed a special civil application against the Union of India, the Customs, Excise and Service Tax Appellate Tribunal and the Commissioner of Customs in the High Court of Gujarat at Ahmedabad, seeking rectification of the order dated February 11, 2005, passed by the Customs, Excise and Service Tax Appellate Tribunal. The Commissioner of Customs, Kandla, by his Order no. S/10-5/SIB/96 dated

February 8, 2000, alleged fraudulent exports of polyester fabrics and duty free imports of items under DECC scheme in contravention of the provisions of Customs Act, 1962. The said authority imposed a penalty of Rs. 2 million against our Company and its Directors. Our Company filed an appeal in the Customs, Excise and Gold (Control) Appellate Tribunal, Mumbai, against the order of the Commissioner of Customs. The Customs, Excise and Gold (Control) Appellate Tribunal, Mumbai, by its order dated June 12, 2003, upheld the penalties levied against Chiripal Twisting and Sizing Private Limited, Shanti Processors Private Limited, Jyotiprasad Chiripal, Jaiprakash Chiripal, Vedprakash Chiripal. However, the penalty of Rs. 0.2 million levied on Brijmohan D. Agrawal was dropped. The aforementioned penalties were upheld in the following manner:

Person / Entity	Amount of penalty imposed(Rs.)
Chiripal Twisting and Sizing Pvt. Ltd	1,000,000
Shanti Processors Pvt. Ltd.,	200,000
Jyotiprakash Chiripal	200,000
Jaiprakash Chiripal	200,000
Vedprakash Chiripal	200,000

Our Company filed petition against the aforesaid order of before the Customs, Excise and Service Tax Appellate Tribunal. The said petition was rejected by the Customs, Excise and Service Tax Appellate Tribunal. Thereafter, an appeal was preferred by our Company before Gujarat High Court against the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. The Gujarat High Court, by its order dated September 30, 2005, restored the matter to the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. The appeal is pending before the Customs, Excise & Service Tax Appellate Tribunal, Mumbai.

Cases filed against our Directors

Criminal Laws:

1. Mr. Jyotiprasad Chiripal was arrested by the Director General Central Excise, Ahmedabad, during the search of the premises of Nova Petrochemicals Limited on 15th and 16th August 2002. Mr. Jyotiprasad Chiripal was subsequently granted bail by the Honourable High Court of Gujarat. The investigation was to ascertain illicit manufacture and removal of polyester oriented filament yarn through an export oriented unit, in the local market, without payment of duty.
A show cause notice was issued to Nova Petrochemicals Limited on 30th June 2006. The hearing was fixed on 30th April 2007, was adjourned. The next date of hearing is to be intimated to the company. The adjudication is still pending and the company is suitably defending the matter before the adjudication authority.
2. ***Union of India through Deputy Commissioner of Customs (Legal), Kandla Vs. Chiripal Twisting and Sizing Private Limited, Shanti Processors Limited and Vedprakash Chiripal, Brijmohan Chiripal and others, bearing Criminal Case No. 893 of 2000 in the Court of the Chief Judicial Magistrate Bhuj (Kutch) Gujarat.***

The Union of India, through the Deputy Commissioner of Customs, (Legal), Kandla, has filed a case against our Company, Jyotiprakash Chiripal, Jaiprakash Chiripal, Vedprakash Chiripal, Brijmohan Chiripal and Manubhai Patel, in the Court of the Judicial Magistrate at Bhuj. The matter pertains to availment of duty free imports allowed against advance license issued under DEEC scheme and claim of fulfilment of export obligation, by our Company and its Directors, as mentioned above. The Deputy Commissioner of Customs, (Legal), Kandla, vide O-I-O dated October 11, 1996, had imposed the following penalties:

Person / Entity	Amount of penalty imposed
Chiripal Twisting and Sizing Pvt. Ltd	1,000,000
Shanti Processors Pvt. Ltd.,	200,000
Jyotiprakash Chiripal	200,000

Jaiprakash Chiripal	200,000
Vedprakash Chiripal	200,000

(These penalties are the same as the penalties mentioned in case no. 1 under the title “Cases filed by our Directors”)

The Sessions Judge at the Court at Bhuj, pursuant to his order dated July 5, 2005, transferred the above case from the Bhuj Court to the Additional Chief Judicial Magistrate at Gandhidham. The case is not listed till date before Gandhidham Court.

Litigations of Nova Petrochemicals Limited

Litigations filed by the Company

Civil Matters:

- 1. Application No. 153 of 2007 in Appeal No. 81/07 before the Debt Recovery Appellate Tribunal, Mumbai, by Nova Petrochemicals Limited against Union Bank of India and Konika Leasing Private Limited***

Nova Petrochemicals filed a Miscellaneous Application no. 153 of 2007 in Appeal No. 81/07 dated August 16, 2007 in the Debt Recovery Appellate Tribunal at Mumbai for waiver of recovery under Section 21 of Law of Debt Recovery Act, on the grounds that Appellant is a bonafide purchaser of property situated at Trividh Chambers, Ring Road, Surat and is neither a debtor or a guarantor for the said property. The matter is pending before the Debt Recovery Tribunal at Mumbai.

Income Tax cases

- 1. Appeal No. 2624/Ahd-2004 dated August 23, 2004 filed by Nova Petrochemicals Limited in the Income Tax Appellate Tribunal, Ahmedabad, for the Assessment year 2001-2002.***

The amount demanded from Nova Petrochemicals Limited under Section 234C of Income Tax Act, 1961 for the assessment year 2001-2002 was Rs. 9,98,175/- which had been computed vide Assesment Order dated March 31, 2004, Nova Petrochemicals Limited filed an appeal bearing No. CIT(A)-XI/49/2004-2005 dated April 28, 2004 in the Office of Commissioner of Income Tax (Appeals)-XI, against the said Assessment Order of the Assistant Commissioner and against the demand of Rs. 998,175/- vide notice of demand. The Commissioner of Income Tax (Appeals)-XI, in his Order dated August 6, 2004 partly allowed the appeal and also added a sum of Rs. 32,558,452 on the computed total income of Nova Petrochemicals Limited on account of allegedly unexplained expenditure. Nova Petrochemicals Limited has filed an appeal dated August 23, 2004 in the Income Tax Appellate Tribunal, against the said order of the Commissioner of Income Tax (Appeals) – XI, Ahmedabad in respect addition of Rs. 3,25,58,452 in the computed total income of Nova Petrochemicals Limited on account of allegedly unexplained expenditure. The appeal is pending before the Income Tax Appellate Tribunal.

- 2. Appeal no. 306/2006-2007 dated January 29, 2007 filed by Nova Petrochemicals Limited against the Assistant Commissioner of Income Tax(Appeals)-XI, Circle – 5, Ahmedabad, before the Commissioner of Income Tax, Ahmedabad, for the Assessment year 2004-2005.***

The amount demanded from Nova Petrochemicals Limited for the Assessment Year 2004-2005 was Rs. 2,100,108/- vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated December 29, 2006. Nova Petrochemicals Limited filed an appeal dated January 29, 2007 to the Commissioner of Income Tax, (Appeals)-XI against the Assessment Order by the Assistant Commissioner of Income Tax, Circle 5, Ahmedabad. Thereafter, Assistant Commissioner of Income Tax, revised the total amount demanded from Nova Petrochemicals Limited vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated February 20, 2007. The revised amount payable for the Assessment Year 2004-2005 in the said notice of

demand was Rs.2,131,094. , and the revised /-. The appeal is pending before the Commissioner Income Tax(Appeals)-XI, Ahmedabad.

3. *Appeal No. CIT (A)-XI/137-61/2006-07 filed before the Commissioner of Income Tax by Nova Petrochemicals Limited against the order of the Assistant Commissioner Of Income Tax for the Assessment year 2003-2004.*

The amount payable by Nova Petrochemicals Limited for the Assessment Year 2003-2004 was Rs. 63,19,869/- vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated March 8, 2006. Nova Petrochemicals Limited filed an appeal dated April 12, 2006 to the Commissioner of Income Tax (Appeals) – XI, against the Assessment Order by the Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad. The Commissioner of Income Tax (Appeals) – XI, by order dated March 8, 2006, revised the total amount payable for the Assessment Year 2003 – 2004 to Rs. 34,00,599 vide order passed under Section 154 of Income Tax Act, 1961. The Deputy Commissioner of Income Tax, Circle – 5, Ahmedabad thereafter has issued a fresh Notice of Demand dated October 15, 2007 to Nova Petrochemicals Limited for Rs. 9,04,733/-. Nova Petrochemicals Limited has not filed a reply to the said Notice of demand. The matter is pending before the Deputy Commissioner of Income Tax, Circle – 5.

Excise and Customs Matters:

1. *Application No. E/S/1174/05 in Appeal NO. E/1401/05 filed by Nova Petrochemicals Limited against the Commissioner of Central Excise, (Adj.), in the Customs, Excise & Service Tax Appellate Tribunal, Mumbai*

Show Cause Notice bearing No. F.No. DGCEI/AZU/36-26/2004/1650 dated June 30, 2004 was issued by the Additional Director General, DGCEI, Zonal Unit, Ahmedabad. Nova Petrochemicals Limited filed a reply dated August 14, 2004 to the Commissioner of Central Excise. The Commissioner has passed Order in original bearing No. F.No.V.54/15-28/NOVA/2004/588 dated February 17, 2005 therein dropping the demand of Rs. 2,683,420/-, confirming the demand of Rs.4,279,513/- and dropping the proposal to impose penalty. The Committee of Chief Commissioners (constituted vide notification no. 24/2005-CE (NT) dated May 13, 2005), Central Excise and Customs, Ahmedabad, by an order dated October 28, 2005 directed the Commissioner Central Excise, Ahmedabad – II to make an application in the Customs, Excise and Service Tax Appellate Tribunal to correctly determine whether the adjudicating authority was justified in not confirming the demand of Rs. 2,683,420/- and not imposing penalty under Rule 25 of the CER, 2002. Nova Petrochemicals Limited filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad for waiver of predeposit of Rs. 4,279,513/-. Nova Petrochemicals Limited filed an appeal bearing no. E/S/1174/05 in the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad, which by its order dated August 16, 2005 directed Nova Petrochemicals Limited to deposit Rs. 501,467/-. Nova Petrochemicals Limited filed a stay application in the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad for extension of stay order no. S/65/WZB/2005/C-III/EB dated August 16, 2005. Nova Petrochemicals Limited, by its letter dated December 4, 2007 to the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad, filed a miscellaneous application for extension of stay order no. S/65/WZB/2005/C-III/EB dated August 16, 2005.

Order in original bearing No. 5/COMMR./2004 dated June 30, 2004 (issued on August 16, 2004) was issued by the Commissioner of Customs, Ahmedabad, therein imposing a fine of Rs. 1,000,000/-, customs duty of Rs.1,707,929/- and penalty of Rs. 500,000/- each on Nova Petrochemicals Limited and its Director, Sunil Gupta. Nova Petrochemicals Limited has filed an appeal bearing no. E/1401 of 2004 in the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad praying to set aside Order in original bearing No. 5/COMMR./2004 dated June 30, 2004, passed by the Commissioner of Customs, Ahmedabad. Nova Petrochemicals Limited, by its letter dated December 4, 2007 to the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad, filed a miscellaneous application for extension of stay order no. S/65/WZB/2005/C-III/EB dated August 16, 2005.

The Customs, Excise & Service Tax Appellate Tribunal, Mumbai, by its order no. S/65/WZB/MUM/2005/GII/EB dated August 16, 2005, directed Nova Petrochemicals Limited in respect of

both the abovementioned matters to deposit Rs. 501,467/-, and subject to this compliance being made, the pre-deposit of the balance amount would be waived during the pendency of the appeal. The matter is pending before the Customs, Excise & Service Tax Appellate Tribunal, Mumbai.

2. *Appeal No. C/1112 & 1116 of 2004, filed by Nova Petrochemicals Limited and Sunil Gupta, in the Customs, Excise & Service Tax Appellate Tribunal, Mumbai against the order of the Commissioner of Customs, Ahmedabad.*

Order in original bearing No. 5/COMMR./2004 dated June 30, 2004 (issued on August 16, 2004) was issued by the Commissioner of Customs, Ahmedabad, therein imposing a fine of Rs. 1,000,000/-, customs duty of Rs.1,707,929/- and penalty of Rs. 500,00/- each on Nova Petrochemicals Limited and its Director, Sunil Gupta. The Superintendent Customs, ICD, Sabarmati, Ahmedabad by his letter dated August 24, 2004 directed Nova Petrochemicals Limited to pay the aforesaid amounts. Nova Petrochemicals Limited has filed an appeal in the Customs, Excise & Service Tax Appellate Tribunal, Mumbai bearing nos. C/1112 and 1116/04-Mum pursuant to the Order in original bearing No. 5/COMMR./2004 dated June 30, 2004, issued by the Commissioner of Customs, Ahmedabad, praying to set aside Order in original bearing No. 5/COMMR./2004 dated June 30, 2004.

The Customs, Excise & Service Tax Appellate Tribunal, Mumbai, by an order dated January 1, 2005, waived the redemption fine and stayed its recovery pending the disposal of the appeal due to the substantial compliance of the pre-deposit order. Nova Petrochemicals Limited has by various stay applications filed for further extension of stay granted by the Customs, Excise & Service Tax Appellate Tribunal. The matter is pending in the Customs, Excise & Service Tax Appellate Tribunal, Mumbai.

Litigations against Nova Petrochemicals Limited

1. *Letter 2007 dated 18th October, 2007, from the Securities and Exchange Board of India, Investigation Department, vide their Ref. No. IVD / ID6 / BM /MR/NPL /106527/ in connection with the investigation in the case of Nova Petrochemicals Ltd.*

The Securities and Exchange Board of India issued a letter dated 18th October, 2007, seeking certain information / explanation / documents from the Company pursuant to the investigation into trading in the script of Nova Petrochemicals Ltd for the period 28.11.2005 to 14.12.2005. Nova Petrochemicals Limited has replied to the abovementioned letter, by their letter dated 29.10.07, giving the information / explanation / documents as desired and required by the Securities and Exchange Board of India. There has been no further correspondence from SEBI in the said matter.

Labour cases

1. *T Application No. 385/2002 dated February 12, 2002 before Presiding Officer, Labour Court, Ahmedabad against Nova Petrochemicals Ltd.*

Baban Maruti Gaekwad filed an application under Section 78/79 of the BIR Act, 1946 case against the Manager of Nova Petrochemicals in the Labour Court at Ahmedabad alleging that he was wrongfully dismissed from service with effect from November 29, 2001. The Applicant prayed for the reinstatement of service in original post with full back wages and considering the services of the Applicant as continuous service. Nova Petrochemicals has filed its written reply dated December 10, 2001 to the said application. The matter is pending before the Labour Court at Ahmedabad

2. *Recovery Application No. 2068/2002 dated. December 17, 2002 before Presiding Officer, Labour Court, Ahmedabad made by Baban Maruti Gaekwad against Nova Petrochemicals.*

Baban Maruti Gaekwad filed a recovery application bearing No. 2068/2002 against Nova Petrochemicals in the Labour Court at Ahmedabad alleging that he was wrongfully dismissed from service with effect from November 29, 2001 and for recovery of outstanding amount of Rs. 87,042/- towards outstanding salary,

double salary for overtime, leave encashment and bonus. The matter is pending before the Labour Court at Ahmedabad

3. *The recovery application no. 214/2 dated 23.01.2002*

Mr. Babanbhai M. Gayakwad has demanded an amount of Rs. 83300/- from the company towards Leave Pay, sick leave pay, festival Leave pay, C.L. pay, and overtime. The company has made written Submission on May 28, 2002 and the case is still pending before the Honorable Court.

4. *Suit no. 2069/2002 dated December 17, 2002, filed before the preceding officer Labour court Ahmedabad by Atul Umatiya.*

Atulbhai Umatiya filed a suit bearing No. 2069/2002 against Nova Petrochemicals Limited in the Labour Court at Ahmedabad claiming Rs. 124,240 towards outstanding salary, conveyance and overtime and cost of the suit. Nova Petrochemicals Limited has filed a written reply dated February 28, 2003 to the said application. The case is pending before the Labour Court at Ahmedabad.

5. *T Application No. 70/2005 dated May 6, 2005 before Justice, Labour Court, Ahmedabad. by Ashokkumar Kanjibhai Chavda against Nova Petrochemicals Ltd.*

Ashokbhai Kanjibhai Chavda filed an application dated May 5, 2005 under Section 78/79 of the BIR Act, 1946 against Nova Petrochemicals Limited in the Labour Court at Ahmedabad, claiming reinstatement in service with back wages and considering continuous service and cost of Rs. 2,500. Nova Petrochemicals Limited in its written reply denied the said allegation. The case is pending before the Labour Court at Ahmedabad.

6. *Application No. 864/02 dated July 27, 2002 filed before the Labour Court Ahmedabad by Atulbhai Umatia against Nova Petrochemicals Limited*

Atulbhai Umatia filed an application dated July 27, 2002 against Nova Petrochemicals Limited in the Labour Court at Ahmedabad, claiming reinstatement in service with back wages and considering continuous service. Nova Petrochemicals Limited in its written reply dated February 10, 2003 denied the said allegation. The case is pending before the Labour Court at Ahmedabad.

Income Tax Disputes

1. *Appeal No. 3261/Ahd/2004 dated November 8, 2004 filed by the Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, before the Income Tax Appellate Tribunal, Ahmedabad, for the Assessment year 2001-2002.*

The amount demanded from Nova Petrochemicals Limited under Section 234C of Income Tax Act, 1961 for the assessment year 2001-2002 was Rs. 9,98,175/- which had been computed vide Assessment Order dated March 31, 2004. Nova Petrochemicals Limited filed an appeal bearing No. CIT(A)-XI/49/2004-2005 dated April 28, 2004 in the Office of Commissioner of Income Tax (Appeals)-XI, against the said Assessment Order of the Assistant Commissioner and against the demand of Rs. 998,175/- vide notice of demand. The Commissioner of Income Tax (Appeals)-XI, by his order dated August 6, 2004 deleted the addition of Rs. 10,00,25,968/- under Section 68 of the Income Tax Act, 1961, and deleted the addition of 4,93,768/- being interest related to the amount borrowed for the expansion of the existing business. The Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, has filed an appeal bearing No. 3261/Ahd/2004 dated November 8, 2004 against the deletion of said amounts in the order of the Commissioner of Income Tax (Appeals) – XI dated August 6, 2004. The appeal is pending before the Income Tax Appellate Tribunal.

2. *Appeal no. 1828/07/2001 filed by the Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, before the Income Tax Appellate Tribunal, Ahmedabad, for the Assessment year 1998-99.*

The amount demanded from Nova Petrochemicals Limited for the Assessment Year 1998-1999 was NIL vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated November 11, 2002. Nova Petrochemicals Limited filed an appeal to the Commissioner of Income Tax (Appeals) – XI, against the Assessment Order by the Joint Commissioner of Income Tax who directed the Assessing Officer certain expenses and further directed the Assessing Officer to delete the interest charged u/s 234B and 234C. The Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, has filed an appeal bearing No. 1828/07/2001 against the order dated June 18, 2001 of the Commissioner of Income Tax (Appeals) – XIII, in respect of allowing the deduction of Rs. 1,106,277 in the Income Tax Appellate Tribunal. The appeal is pending before the Income Tax Appellate Tribunal.

3. *Appeal no. 801/ A /2002 filed by the Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, before the Income Tax Appellate Tribunal, Ahmedabad, for the Assessment year 1999-2000.*

The amount demanded from Nova Petrochemicals Limited for the Assessment Year 1999-2000 was Rs. 15,98,615/- vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated August 16, 2000. Nova Petrochemicals Limited filed an appeal bearing No. CIT(A)XI/41/00-01 to the Commissioner of Income Tax (Appeals) – XI, against the Assessment Order by the Joint Commissioner of Income Tax. The Commissioner of Income Tax (Appeals) – XI vide Order dated January 23, 2002 allowed the said appeal. Thereafter, the Assistant Commissioner of Income Tax, Circle – 5, Ahmedabad, filed the appeal bearing no. 801 /A / 2002 dated March 27, 2002, against the said order of the Commissioner of Income Tax (Appeals) – XIII in the Income Tax Appellate Tribunal, Gujarat, in respect of deleting interest charged of Rs. 15,98,615/- while computing income under the Income Tax Act, 1961. The appeal is pending before the Income Tax Appellate Tribunal.

4. *Appeal no. 1149/AHD/2002 dated April 19, 2002 filed before the Income Tax Appellate Tribunal, by the Assistant Commissioner Income Tax, Circle – 5, Ahmedabad against Nova Petrochemicals Limited, for the Assessment year 2000-2001.*

The amount demanded from Nova Petrochemicals Limited for the Assessment Year 2000-2001 was Rs. 1,514,120 vide intimation given under Section 143(1)(a) of Income Tax Act, 1961 dated May 24, 2001 by the Joint Commissioner of Income Tax. Nova Petrochemicals Limited filed an appeal bearing no. CIT(A)XI/14/2000-01 to the Commissioner of Income tax (Appeals) – XI, Ahmedabad, against the said intimation order. The Commissioner of Income tax (Appeals) – XI, Ahmedabad, by Order dated February 2, 2002, allowed the said appeal. Thereafter, the Assistant Commissioner Income Tax, Circle – 5, Ahmedabad filed an appeal bearing No. 1149/AHD/2002 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals) for the Assessment year 2000-2001, in respect of interest of Rs.1,514,120/-, charged under section 234B and 234C of the Income Tax Act, 1961. The matter is pending before the Income Tax Appellate Tribunal.

Excise cases

1. *Appeal no. E/238/06-MUM, Committee consisting of Chief Commissioner of Central Excise, Notice no. TC/CESS/2004-05/AC dated July 22, 2005 from the Assessing Officer, Textiles Committee, Ministry of Textiles to Nova Petrochemicals Limited.*

The Assessing Officer, Textiles Committee, Ministry of Textiles has issued a notice dated July 22, 2005 to Nova Petrochemicals Limited in respect of payment of cess dues of Rs. 1,483,185 under the Textiles Committee Act and Cess Rules. Nova Petrochemicals Limited has not replied to the said notice.

The matter is pending adjudication.

2. *Notice F.NO. STC/4-79/Audit/Nova/04-05 dated September 1, 2004 issued by the Deputy Commissioner of Central Excise, Div V, Ahmedabad –I issued to Nova Petrochemicals Limited*

Notice bearing F.NO. STC/4-79/Audit/Nova/04-05 dated September 1, 2004 was issued by the Deputy Commissioner of Central Excise, Div V, Ahmedabad –I in respect of service tax on goods transportation services availed by Nova Petrochemicals Limited, of an amount of Rs, 2,15,902/-.

Nova Petrochemicals Limited has filed a reply dated October 25, 2004 to the Deputy Commissioner of Service Tax Ahmedabad –I. The matter is pending before the Deputy Commissioner of Service Tax Ahmedabad –I.

3. *Show cause notice no. F. No. S/26-MISC-120/2005IID dated May 9, 2005 issued by the Assistant Commissioner of Customs, Group II D, JNCH to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. S/26-MISC-120/2005IID dated May 9, 2005 was issued by the Assistant Commissioner of Customs, Group II D, JNCH in respect of erroneously short levying duty on import of polyester chips, amounting to Rs.2,442,362. Nova Petrochemicals Limited filed reply dated May 20, 2005 denying all allegation and averments made in the said show cause notice. The matter is pending before the Assistant Commissioner of Customs, Group II D, JNCH.

4. *Show cause notice no. F. No. V.54/15-N/DEM/06 dated October 9, 2006 issued by the Additional Commissioner Central Excise, Ahmedabad – I to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. V.54/15-N/DEM/06 dated October 9, 2006 was issued by the Additional Commissioner Central Excise, Ahmedabad – I in respect of recovery of self credit of NCCD availed by Nova Petrochemicals Limited of Rs. 3,630,636 and interest at prescribed rate till the recovery of interest rate under Section 11AB of the Central Excise Act, 1944 and penalty imposed under CENVAT Credit Rules, 2004. Nova Petrochemicals Limited filed reply dated October 20, 2006 denying all allegations and averments in the said show cause notice. The matter is pending hearing before the Additional Commissioner, Central Excise, Ahmedabad – II.

5. *Show cause notice no. F. No. V.54/15-81/DEM/06 dated July 27, 2007 issued by the Additional Commissioner Central Excise, Ahmedabad – II to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. V.54/15-81/DEM/06 dated July 27, 2007 was issued by the Additional Commissioner Central Excise, Ahmedabad – II in respect of self credit of NCCD amounting to Rs. 763,595/-. Nova Petrochemicals Limited filed reply to the said show cause notice on August 10, 2007. The matter is pending before the Additional Commissioner, Central Excise, Ahmedabad – II.

6. *Show cause notice no. F. No. V.54/15-26/Dem/07 dated August 9, 2007 issued by Additional Commissioner Central Excise, Ahmedabad – II to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. V.54/15-26/DEM/07 dated August 9, 2007 was issued by the Additional Commissioner Central Excise, Ahmedabad – I in respect of recovery of self credit of NCCD availed by Nova Petrochemicals Limited of Rs. 1,074,108 and interest at prescribed rate till the recovery of interest rate under Section 11AB of the Central Excise Act, 1944 and penalty imposed under CENVAT Credit Rules, 2004. Nova Petrochemicals Limited filed reply dated August 10, 2007 denying all allegations and averments in the said show cause notice. The matter is pending hearing before the Additional Commissioner, Central Excise, Ahmedabad – II.

7. *Appeal No. E/360/06-MUM filed by the Commissioner, Central Excise, Ahmedabad – II in the Customs, Excise Service Tax Appellate Tribunal, Mumbai against Nova Petrochemicals Limited.*

Thirteen Show Cause Notices were issued by the Central Excise Authorities, therein demanding AED(T&TA) of Rs. 87,169,809/- @ 15% of the basic excise duty. The adjudicating Commissioner found such demand unsustainable and ordered the withdrawal of all the 13 Show Cause Notices vide Order-in-Original No. 83-95/COMMR/2005 dated January 7, 2005. Upon Examination of the said Order, the Committee of Chief Commissioners, Central Excise and Customs, Ahmedabad vide Order No. R-15/2005 dated October 28, 2005 stated that Order of Commissioner was not legal and proper. Further, the Committee under the provisions of Section 35E(1) of the Central Excise Act, 1944 directed the

Commissioner, Central Excise, Ahmedabad-II to apply in CESTAT for the correct determination of the demand amounting to Rs. 87,169,809 and the interest to be charged thereon. The Commissioner of Central Excise, Ahmedabad – II filed an appeal bearing no. E/360/2006-MUM dated January 30, 2006 before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. Nova Petrochemicals Limited filed a memorandum of Cross-objections dated April 27, 2006 to the Appellate Tribunal. The matter is pending before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai.

8. *Appeal No. E/361/2006/MUM filed by the Commissioner, Central Excise, Ahmedabad – II in the Customs, Excise and Gold (Control) Appellate Tribunal, Mumbai against Nova Petrochemicals Limited.*

Seven Show Cause Notices were issued by the Central Excise Authorities, therein demanding AED(T&TA) of Rs. 47,176,754@ 15% of the basic excise duty. The adjudicating Commissioner found such demand unsustainable and ordered the withdrawal of all the 7 Show Cause Notices vide Order-in Original No. 46-52/COMMR/2005 dated January 6, 2005. Upon Examination of the said Order, the Committee of Chief Commissioners, Central Excise and Customs, Ahmedabad vide Order No. R-13/2005 dated October 28, 2005 stated that Order of Commissioner was not legal and proper. Further, the Committee under the provisions of Section 35E(1) of the Central Excise Act, 1944 directed the Commissioner, Central Excise, Ahmedabad-II to apply in CESTAT for the correct determination of the demand amounting to Rs. 47,176,754 and the interest to be charged thereon. The Commissioner of Central Excise, Ahmedabad – II filed an appeal bearing no. E/361/2006-MUM dated January 30, 2006 before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. Nova Petrochemicals Limited filed a memorandum of Cross-objections dated April 27, 2006 to the Appellate Tribunal. The matter is pending before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai.

9. *Show cause notice no. F. No. V.54/3-19/D/06 dated November 1, 2006 issued by Assistant Commissioner Central Excise, Ahmedabad – I to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. V.54/3-19/D/06 dated November 1, 2006 was issued by Assistant Commissioner Central Excise, Ahmedabad – I, in respect of CENVAT credit of GTA Service Tax paid for outward Freight charges amounting to Rs.282, 957. Nova Petrochemicals Limited filed reply dated June 21, 2007 denying all allegations in the said show cause notice. The matter is pending before the Assistant Commissioner, Central Excise, Ahmedabad – II.

10. *Show cause notice no. F. No. V.54/15-23/Dem/07 dated April 23, 2006 issued by Commissioner Central Excise, Ahmedabad – II to Nova Petrochemicals Limited.*

Show cause notice bearing no. F. No. V.54/15-23/Dem/07 dated April 23, 2006 was issued by Commissioner Central Excise, Ahmedabad – II in respect of payment of NCCD from the credit account under head “CENVAT”, amounting to Rs.17,195,303 and interest at the prescribed rate and imposing the penalty to be levied under Rule 25 of Central Excise Rule. Nova Petrochemicals Limited filed reply dated May 24, 2007 denying all allegations and averments in the said show cause notice. The matter is pending before the Commissioner, Central Excise, Ahmedabad – II.

Textile cases

1. *CC Ahmedabad II(‘Appellant’) v. Nova Petrochemicals Limited (‘Respondent’) in the matter of Appeal No. E/238/06-MUM dated February 28, 2006 in the Customs, Excise and Service Tax Appellate Tribunal, West Regional Bench, Mumbai*

A Committee consisting of the Chief Commissioner of Central Excise, Ahmedabad and the Chief Commissioner of Customs, Ahmedabad has filed an appeal against Nova Petrochemicals Limited in the Customs, Excise and Service Tax Appellate Tribunal, West Regional Bench, Mumbai for a demand of Rs. 2,683,420/- in respect of Polyester Yarn. The appeal is pending before the Customs, Excise and Service Tax Appellate Tribunal, West Regional Bench, Mumbai.

2. ***Letter no. TC/CESS/2004-05/AC dated January 17, 2005 from the Chief Accounts Officer, Textiles Committee, Ministry of Textiles to Nova Petrochemicals Limited.***

The Chief Accounts Officer, Textiles Committee, Ministry of Textiles issued a notice dated January 17, 2005 to Nova Petrochemicals Limited in respect of payment of cess dues of Rs. 4,132,456/- under the Textiles Committee Act and Cess Rules, 1975. Nova Petrochemicals Limited has replied to the said notice vide letter dated February 12, 2005. The matter is pending adjudication.

Litigation by Nandan Exim Limited

Income tax cases

1. ***Appeal filed by Nandan Exim Limited before the Commissioner of Income Tax (Appeals), against the Assessment order dated December 24, 2007, of the Additional Commissioner of Income Tax Range - 5, Ahmedabad, for the assessment year 2005-2006.***

The amount to be refunded to Nandan Exim Limited for the Assessment Year 2005-2006 was Rs. 26,686 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated December 24, 2007. Nandan Exim Limited filed an appeal dated January 16, 2008 to the Commissioner of Income Tax (Appeals), against the Assessment Order by the Additional Commissioner of Income Tax Range -5, Ahmedabad, who, by order dated December 24, 2007, disallowed interest of Rs.1, 311,030/- for the Assessment Year 2005-2006. The matter is pending before the Commissioner of Income Tax (Appeals).

2. ***Appeal filed by Nandan Exim Limited before the Commissioner of Income Tax (Appeals), against the Assessment order dated October 5, 2007, of the Deputy Commissioner of Income Tax Circle - 5, Ahmedabad, for the assessment year 2001-2002.***

Nandan Exim Limited has filed an appeal dated January 1, 2008 before the Commissioner of Income Tax (Appeals), for the assessment year 2001-2002, against the order dated October 5, 2007 of the Deputy Commissioner of Income Tax Circle -5, in respect of disallowance of deduction of Rs. 985,890/- and Rs. 569,706/- and charging interest of Rs.368,688/- and initiating penalty proceedings. The matter is pending before the Commissioner of Income Tax (Appeals).

Litigation against Nandan Exim Limited

1. During September, 2001, Nandan Exim Pvt Ltd (NEPL) as Acquirer had acquired 5 lacs shares of M/s Nova Petrochemicals Ltd (NPL), out of the preferential issue of 10 lac shares, on account of which it held 4.50% of post preferential capital of Nova Petrochemicals Ltd, resulting in issuance of show-cause notice by SEBI for Violation of Regulation 3(3) of the SEBI SAST Regulation. Nandan Exim Pvt Ltd represented to SEBI for condonation of the same, duly furnishing the numbers, that it was not a violation as the post preferential capital held by the promoter group in Nova Petrochemicals Ltd by virtue of the said acquisition increased only by 2.57% (i.e. from 71.58% pre-issue to 74.15% post issue). SEBI imposed a penalty of Rs. 20000/- for the violation and a payment of Rs. 20,000/- was made vide Cheque No. 300980 dt. 07.10.2002 drawn on UCO Bank, Ahmedabad (Current Account No. 98) in favour of SEBI. Subsequently, there is no further correspondence in the matter.

Central Excise, Customs, Service Tax and DGFT Law:

1. ***Show Cause Notice F. No. V.52-55/15-24/Demand/OA-I/Nadan/06-07 dated May 9, 2006 issued to Nandan Exim Limited by the Commissioner Central Excise, Ahmedabad -1***

The Commissioner Central Excise, Ahmedabad -1, issued a show cause notice dated May 9, 2006 to Nandan Exim Limited in respect of recovery of central excise duty of Rs. 19,508,047 under Section 11A(1) of the Central Excise Act, 1944 along with the penalty under Rule 25 of the Central Excise Rules, 2002 and interest under Section 11AB of the said Act. Nandan Exim Limited replied to the said show cause notice by a letter dated July 15, 2006 for the withdrawal of the alleged demand along with

imposition of penalty and recovery of interest. The matter is pending before the Commissioner Central Excise, Ahmedabad -1.

2. ***Show Cause Notice no. F. V-54/18-230/2007-R-Part-I-1716 dated November 14, 2007 issued to Nandan Exim Limited by the Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1***
The Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1 issued a show cause notice bearing No.F. V-54/18-230/2007-R-Part-I-1716 dated November 14, 2007 to Nandan Exim Limited in respect of recovery of rebate claim amounting to Rs. 514,545 and recovery of interest under Section 11AB of Central Excise Act, 1944. Nandan Exim Limited replied to the said show cause notice by a letter dated November 21, 2007 denying the allegations and averments in the said Show Cause Notice. The matter is pending hearing before the Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1.
3. ***Show Cause Notice no. V.52/18-230/2007-R-Part-I dated October 17, 2007 issued to Nandan Exim Limited by the Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1.***
The Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1 issued a show cause notice bearing No.F. V.52/18-230/2007-R-Part-I dated October 17, 2007 to Nandan Exim Limited in respect of recovery of rebate claim amounting to Rs. 2,200,504 and recovery of interest under Section 11AB of Central Excise Act, 1944. Nandan Exim Limited replied to the said show cause notice by a letter dated October 23, 2007 denying the allegations and averments in the said Show Cause Notice. The matter is pending hearing before the Assistant Commissioner Central Excise, Division – IV, Ahmedabad -1.

LITIGATIONS OF VISHAL FABRICS PRIVATE LIMITED

CASES FILED BY VISHAL FABRICS PVT. LTD.

Income Tax:

1. ***Appeal filed by Vishal Fabrics Private Limited in the Income Tax Appellate Tribunal, Ahmedabad, against the order of the Income Tax Officer, Wd – 8 (3), Ahmedabad for the assessment year 2003-2004.***

The amount demanded from Vishal Fabrics Private Limited for the Assessment Year 2003-2004 was Rs. 1,276,842 vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated March 31, 2006. Vishal Fabrics Private Limited filed an appeal bearing No. CIT(A) XIV/ITO X.8(3)/99/2006-07 dated April 28, 2006 to the Commissioner of Income Tax (Appeals) against the Assessment Order passed by the Assessing Officer, therein deleting part of the additions of Rs. 2,523,443. The Commissioner of Income Tax vide his order dated January 29, 2007 (issued on February 22, 2007) partly allowed the appeal while rejecting other grounds of appeal. Vishal Fabrics Private Limited filed an appeal dated April 5, 2007 before the Income Tax Appellate Tribunal, Ahmedabad against the said order of the Commissioner of Income Tax (Appeals), in respect of failure to delete the whole addition of Rs. 2,523,443 for the alleged difference between the value of stock shown to the bank and the value of stock as per books. The Appeal is pending before the Income Tax Appellate Tribunal, Ahmedabad.

Textile Committee, Ministry of Textiles

1. ***Appeal before the Tribunal constituted under section 5-B of the Textile Committee Act, 1963, filed by Vishal Fabrics Pvt. Ltd against the Textile Committee inspect of notice bearing no. TC/Cess/Sur/20062007/A/c issued by textile Commissioner Govt. Of India Ministry of Textiles Dated 12.12.2005.***

The Textiles Committee, Ministry of Textiles, demanded recovery textile cess of Rs. 1,141,668 from Vishal Fabrics Private Limited vide notice dated December 12, 2005. Vishal Fabrics Private Limited filed an appeal, application for condonation of delay and an application for stay dated January 23, 2007 before the Tribunal constituted under section 5-B of the Textile Committee Act, 1963 against the said

Notice. The matter is pending before the Tribunal constituted under section 5-B of the Textile Committee Act, 1963.

Filed against Vishal Fabrics Private Limited

Income tax cases

- 1. Notice dated February 19, 2005 issued to Vishal Fabrics Private Limited by the Income Tax Officer, wd. 8(3), Ahmedabad for the assessment year 2004-2005.***

Assistant Commissioner of Income Tax, Circle-8, Ahmedabad, issued a notice dated December 19, 2005 asking Vishal Fabrics Private Limited to show cause the reason that a penalty of Rs.166,124 should not be levied. Vishal Fabrics Private Limited replied to the notice by a letter dated January 3, 2006 therein requesting the department to furnish the detailed working for the demand raised. The matter is pending before the Assistant Commissioner of Income Tax.

- 2. Appeal no. 448/AHD/07 filed by the Income Tax Officer, TDS – 4, TDS Range, Ahmedabad, against Vishal Fabrics Private Limited in the Income Tax Appellate Tribunal, Ahmedabad, against the order of the Commissioner of Income Tax (Appeals) for the Assessment Year 2001-2002***

The amount demanded from Vishal Fabrics Private Limited for the Assessment Year 2001-2002 was Rs. 321,948/- vide Notice of Demand under Section 156 of Income Tax Act, 1961 dated May 30, 2006. Vishal Fabrics Private Limited filed an appeal dated June 21, 2006 to the Commissioner of Income Tax (Appeals) against the order by the Income Tax Officer, TDS - 4, dated May 30, 2006, who therein charged interest u/s 201(1A) amounting to Rs. 321,948. The Commissioner of Income Tax (Appeals) allowed the said appeal of Vishal Fabrics Private Limited by his order dated January 25, 2007. The Income Tax Officer, TDS – 4, TDS Range, Ahmedabad, by his appeal no. 448/AHD/07 dated January 29, 2007, appealed against the order of the Commissioner of Income Tax (Appeals) in respect of the deletion of the demand levied u/s 201(1A) of Rs. 321,948. The Appeal is pending before the Income Tax Appellate Tribunal, Ahmedabad.

Central Excise, Customs and DGFT;

- 1. Show Cause Notice no. F. No. V-52/3-49/03-04 / DIV IV/DA dated June 23, 2003 issued to Vishal Fabrics Private Limited by the Assistant Commissioner of Central Excise, Division IV, Ahmedabad - I***

Show Cause Notice bearing No. F. No. V-52/3-49/03-04 / DIV IV/DA dated June 23, 2003 was issued by the Assistant Commissioner of Central Excise, Division IV, Ahmedabad - I in respect of availment of deemed credit / CENVAT Credit for fabrics for Rs. 2,034,820. Vishal Fabrics Private Limited has not replied to the Show Cause Notice as the matter is technical and is pending with Central Board of Custom and Excise. The matter is pending before the Central Board of Customs and Excise.

- 2. Show Cause Notice no. F. V-52/3-99/2001 /DA Dated May 6, 2002 issued to Vishal Fabrics Private Limited by the Deputy Commissioner of Central Excise, Division V, Ahmedabad .***

Show Cause Notice bearing No. F. V-52/3-99/2001 /DA Dated May 6, 2002 was issued by the Deputy Commissioner of Central Excise, Division V, Ahmedabad, in respect of availment of deemed credit / CENVAT Credit for fabrics for Rs. 5,963,660. Vishal Fabrics Private Limited replied to the Show Cause Notice by a letter dated June 11, 2002. The matter is pending before the Deputy Commissioner of Central Excise, Division V, Ahmedabad.

- 3. Show Cause Notice no. V-52/3-141/0304/Div.IV/DA dated June 6, 2003 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I.***

Show Cause Notice bearing No.V-52/3-141/0304/Div.IV/DA dated June 6, 2003 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I, in respect of short levy and short payment of Excise duty of Rs. 6,485,817. Vishal Fabrics Private Limited replied to the Show Cause Notice

by a letter dated August 29, 2003 contesting the jurisdiction of the Assistant Commissioner of Central Excise in issuing the said show cause notice and levying penalty and the interest charged also denying allegations and averments made in the said show cause notice. Thereafter, Vishal Fabrics Private Limited has received a letter dated October 20, 2005 from their Advocate, stating that the above show cause notice would not be adjudicated upon for the time being, and the same was put in a call book, due to the issue of a Circular by the Board, and the above notice would be decided only after the larger Constitution Bench decided the issue, as the circular involved the same issues as the above show cause notice.

The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

4. *Show Cause Notice no. F. V-52/3-142/0-304/Div.IV/DA dated August 18, 2003 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I.*

Show Cause Notice bearing No. V-52/3-142/0-304/Div.IV/DA dated August 18, 2003 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I, in respect of short levy and short payment of Excise duty of Rs. 4,441,396. Vishal Fabrics Private Limited replied to the Show Cause Notice by a letter dated August 29, 2003 contesting the jurisdiction of the Assistant Commissioner of Central Excise in issuing the said show cause notice and levying penalty and the interest charged also denying allegations and averments made in the said show cause notice. Thereafter, Vishal Fabrics Private Limited has received a letter dated October 20, 2005 from their Advocate, stating that the above show cause notice would not be adjudicated upon for the time being, and the same was put in a call book, due to the issue of a Circular by the Board, and the above notice would be decided only after the larger Constitution Bench decided the issue, as the circular involved the same issues as the above show cause notice. The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

5. *Show Cause Notice F.V-52,54,55/03-15/06-07 Div.IV/DA dated April 19, 2007 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad – I.*

Show Cause Notice bearing No. F.V-52,54,55/03-15/06-07 Div.IV/DA dated April 19, 2007 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I, in respect of payment of Excise duty of Rs.101,863. Vishal Fabrics Private Limited replied to the Show Cause Notice by a letter dated May 25, 2007 denying all allegation and averments made in the said notice. The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

6. *Show Cause Notice F. No. V-52/54-& 55/03-07/07-08/DIV-IV/DA/1072 dated June 19, 2007 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad – I.*

Show Cause Notice bearing F. No. V-52/54-& 55/03-07/07-08/DIV-IV/DA/1072 dated June 19, 2007 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I, in respect of payment of Excise duty of Rs.444,275. Vishal Fabrics Private Limited replied to the Show Cause Notice by a letter dated August 12, 2007 denying all allegation and averments made in the said notice. The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

7. *Show Cause Notice F. No. V-52,54,55/03-12/07-08/DIV.IV/DA/1251 dated July 31, 2007 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad – I.*

Show Cause Notice bearing F. No. V-52,54,55/03-12/07-08/DIV.IV/DA/1251 dated July 31, 2007 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad-I, in respect of payment central excise duty of Rs. 191,021. Vishal Fabrics Private Limited replied to the Show Cause Notice by a letter dated September 12, 2007 denying all allegation and averments made in the said notice. The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

8. *Show Cause Notice F. No. V-52/-3/153/2002-03-DA dated January 1, 2003 issued to Vishal Fabrics Private Limited by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad, CCE-I.*

Show Cause Notice bearing F. No. V-52/-3/153/2002-03-DA dated January 1, 2003 was issued by the Assistant Commissioner, Central Excise, Division IV, Ahmedabad, CCE-I, in respect of alleged wrongful availment of deemed credit / CENVAT Credit and involves a sum of Rs 70 million. The matter is pending before the Assistant Commissioner of Central Excise, Division IV, Ahmedabad-I.

Labour cases

- 1. BIR Application no. 127 / 2003 dated April 16, 2003 Before Presiding Officer, Labour Court, Ahmedabad Filed by Manjibhai Mahendra Yadav against Vishal Fabrics Private Limited, Bhushan Processors Private Limited and Prakash Calendar Private Limited (Defendants).***

Manjibhai Mahendrabhai Yadav had been an employee of the defendants, working in the spot dyeing departments in their mills. filed a case against Vishal Fabrics Private Limited Bhushan Processors Private Limited and Prakash Calendar Private Limited.

Manjibhai Mahendrabhai Yadav has claimed that the Defendants acted in an arbitrary and unlawful manner by transferring them from the services of the Company, to the services of the contractor. The application is still pending before the Honorable Labour court.

- 2. Application No.11/2005 dated January 31, 2005 Before Labour Court, Ahmedabad filed by Shri Mahendra Kashiram Lodha against Vishal Fabrics Pvt. Ltd.***

Mr. Mahendra Kashiram Lodha has filed a case against Company for reinstatement with back wages. The company made a written submission dated December 6, 2005 before the court. The application is still pending before the Honourable Labour Court. Rs. 0.50 lacs

- 3. Recovery Application No.1126/2005 dated October 14, 2005 Before Presiding Officer, Labour Court, Ahmedabad filed by Shri Mahesh Nagjibhai Desai against Vishal Fabrics Pvt. Ltd.***

Mr. Mahesh Nagjibhai Desai working as a Driver has claimed bonus and retrenchment compensation along with certain other benefits allegedly due. No claim papers available in the recovery application.. The company has made a written submission in June, 2005 The company has paid all the legal dues by cheque. The matter is still pending before the Honorable Court for dismissal.

- 4. (T) Application 06/2005 filed by Manjibhai Mahendrabhai Yadav before Labour Court, Ahmedabad against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited***

Manjibhai Mahendrabhai Yadav has filed an application in the Labour Court at Ahmedabad against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited. Manjibhai Mahendrabhai Yadav was working in the export dyeing department as a worker. While, the Management had started rationalization process, it came to his knowledge about his non-productive workmanship. Thereafter, he stopped his duty and later on he filed the case and asked for legal dues for his wrongful termination from the services by the company. Manjibhai Mahendrabhai Yadav has not filed any claim in the application, and has demanded reinstatement with back wages. Vishal Fabrics Private Limited, and Bhushan Processors Private Limited have filed a reply to the abovementioned application. The matter is still pending before the Labour Court at Ahmedabad.

- 5. Recovery Application No. 2107/2003 Dated December 23, 2003 Before Presiding Officer, Labour Court, Ahmedabad filed by Krishna Singh Ramdev Singh against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited***

Krishna Singh Ramadev Singh filed a recovery application against Prakash Calendar Private Limited, Bhushan Processors Private Limited and Vishal Fabrics Private Limited in respect of recovery of Rs. 30,949 and interest @ 18% per annum towards outstanding salary, leave encashment, bonus, and single pay overtime.

The company has filed a written statement on 17th February 2005. The matter is pending before the Labour Court at Ahmedabad.

LITIGATIONS OF PRAKASH CALENDAR PRIVATE LIMITED

Cases filed against the Company:

1. *(T) Application 06/2005 dated January 17, 2005 Before Labour Court, Ahmedabad filed by Manjibhai Mahendrabhai Yadav against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited*

For further details of this case, please refer to case titled “(T) Application 06/2005 filed by Manjibhai Mahendrabhai Yadav before Labour Court, Ahmedabad against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited” under the section titled “Litigations against Vishal Fabrics Private Limited” on page [●] of the Draft Red Herring Prospectus.

2. *Recovery Application No. 2107/2003 Dated December 23, 2003 Before Presiding Officer, Labour Court, Ahmedabad filed by Krishna Singh Ramdev Singh against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited*

For further details of this case, please refer to case titled “Recovery Application No. 2107/2003 Dated December 23, 2003 Before Presiding Officer, Labour Court, Ahmedabad filed by Krishna Singh Ramdev Singh against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited” under the section titled “Litigations of Bhushan Processors Private Limited” on page [●] of the Draft Red Herring Prospectus.

LITIGATIONS OF BHUSHAN PROCESSORS PRIVATE LIMITED

Cases filed against the Company:

1. *(T) Application 06/2005 dated January 17, 2005 Before Labour Court, Ahmedabad filed by Manjibhai Mahendrabhai Yadav against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited*

For further details of this case, please refer to case titled “(T) Application 06/2005 filed by Manjibhai Mahendrabhai Yadav before Labour Court, Ahmedabad against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited” under the section titled “Cases filed against Vishal Fabrics Private Limited” on page [●] of the Draft Red Herring Prospectus.

2. *Recovery Application No. 2107/2003 Dated December 23, 2003 Before Presiding Officer, Labour Court, Ahmedabad filed by Krishna Singh Ramdev Singh against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited*

For further details of this case, please refer to case titled “Recovery Application No. 2107/2003 Dated December 23, 2003 Before Presiding Officer, Labour Court, Ahmedabad filed by Krishna Singh Ramdev Singh against Vishal Fabrics Private Limited, Prakash Calendar Private Limited and Bhushan Processors Private Limited” under the section titled “Litigations of Bhushan Processors Private Limited” on page [●] of the Draft Red Herring Prospectus.

LITIGATIONS OF SHANTI EXPORTS PRIVATE LIMITED

1. *Appeal no. 37/AHD/2007 filed before the Commissioner of Wealth Tax (Appeals) – XIV, Ahmedabad, by Shanti Exports Private Limited.*

Shanti Exports Private Limited has filed an appeal before the Commissioner of Wealth Tax (Appeals) – XIV, against the order dated December 28, 2006, passed by the Income Tax Officer, Ward 8 (3), Ahmedabad in respect of taxing the amount of Rs. 4,13,67,077/- under the Wealth Tax Act. The matter is pending before the Commissioner of Wealth Tax (Appeals) – XIV.

LITIGATIONS OF CHIRIPAL TEXTILE MILLS PRIVATE LIMITED

Cases filed against the Company:

1. Workmen Compensation Case No. 196/92 dated July 18, 1992 filed in the Labour Court at Ahmedabad by Suresh Bhikhabhai against Chiripal Textile and Dilip Surti

Suresh Bhikhabhai filed a case in the Labour Court at Ahmedabad against Chiripal Textiles and Dilip Surti in respect of chemicals that fell on his body due to negligence while working. Suresh Bhikhabhai claimed compensation of Rs. 2,00,000/- as compensation in respect of the same. Chiripal Textiles Private Limited has filed a reply to the said application. The case is pending in the Labour Court at Ahmedabad.

2. Recovery Application 2155/2002 dated Before Presiding Officer, Labour Court, Ahmedabad by Jethabhai Kachrabhai and Babuben Jethabhai against Chiripal Textiles and Govind T. Panchal

Jethabhai Kachrabhai and Babuben Jethabhai filed a case against Chiripal Textiles and Govind T. Panchal in the Labour Court at Ahmedabad. The workman, who died due to injury received by iron angle, was the son of the applicants. The applicants filed W.C. No. 192/92 as legal heirs of the workman for compensation Rs. 1,50,000/-. The National Insurance Company deposited the compensation, which was withdrawn by the applicants from the Court. The recovery application is filed by the applicants in respect of Rs. 53,450.40/- towards interest @ 6% from the date of the accident to the date of payment of compensation and penalty, by the respondents. The application is pending before the Labour Court, Ahmedabad.

3. Workmen Compensation Case No. 14 of 2002 before Labour Court, Nadiad filed by Bhalabhai Vajesingh against Chiripal Textile Mills Pvt Ltd.

Bhalabhai Vajesingh filed a case in the Labour Court at Nadiad against Chiripal Textile Mills Pvt Ltd in respect of a claim of Rs. 3,00,000/- towards compensation for permanent disability due to loss of right hand in an accident in the factory of Chiripal Textile Mills Pvt Ltd. The matter is pending before the Labour Court at Nadiad.

Investigation from SEBI

In the matter of investigation of Nissan Coppers Limited, SEBI had issued letters of investigation to our promoter Mr. Vedprakash Chiripal and our Promoter Group Entities, Sparrow Exports Private Limited and Nandan Exim Limited. However by order bearing No. WTM/GA/122/ISD/01/07 dated January 17, 2007 our Promoter and the Promoter Group entities were cleared from the matter of Nissan Coppers Limited.

III. PAST PENALTIES LEVIED IN THE LAST FIVE YEARS

Penalties levied on our Company in the last five years

The amount of penalties levied on our Company in last five years towards alleged non-compliance / violation of applicable law / rules / regulations / orders are as follows:

(Rs. In million)			
Year	Brief description	Status	Amount
2005- 2006	Customs (Shanti Processors Limited)	Paid	0.01
2006-2007	Sales tax penalty	Paid	(Rs. 6000)

Penalties levied on our Promoters/Directors in last five years.

(Rs. In million)			
Year	Brief description	Status	Amount
2003-2004	Jaiprakash Chiripal – Excise matter in Bhushan Processors Private Limited	Paid	0.01

Penalties levied on Promoter Group Entities in last five years.

(Rs. In million)			
Year	Brief description	Status	Amount
2003-2004	Bhushan Processors Private Limited	Paid	0.12

IV. MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE:

Except as stated under the section titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations” on page [●] of the Draft Red Herring Prospectus and our financial statements included herein, no material developments have taken place after September 30, 2007, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company. In accordance with SEBI requirements, our Company and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the material approvals listed below, our Company can undertake this Issue as well as our current business activities. We have received the requisite consents, licenses, permissions and approvals from the Government and various Government agencies required for carrying out our present business except as mentioned below:

APPROVALS FOR THE ISSUE

We have received the following approvals relating to the Issue:

1. In Principle Approval from the National Stock Exchange dated [●].
2. In Principle Approval from the Bombay Stock Exchange dated [●].
3. Our Board has, pursuant to a resolution passed at its meeting held on [●] authorised this Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. Our shareholders have, pursuant to a resolution passed at the extraordinary general meeting held on [●] under Section 81(1A) of the Companies Act, authorised this Issue.

APPROVALS FOR OUR BUSINESS

We have received the following major Government and other approvals pertaining to our business

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
Corporate					
1.	Certification of Incorporation in the name of Chiripal Twisting And Sizing Private Limited.	04 -10634	April 27, 1988	Registrar of Companies, Gujarat and Dadra and Nagar Haveli	Valid until cancellation
2.	Fresh Certificate of Incorporation consequent on change of name from Chiripal Twisting And Sizing Private Limited to Chiripal Twisting And Sizing Limited.	-	October 23, 2003	Assistant Registrar of Companies, Gujarat Dadra and Nagar Haveli	-
3.	Fresh Certificate of Incorporation consequent on change of name from Chiripal Twisting And Sizing Limited to Chiripal Petrochemicals Limited	-	January 07, 2004	Registrar of Companies, Gujarat Dadra and Nagar Haveli.	-
4.	Fresh Certificate of Incorporation consequent on change of name from Chiripal Petrochemicals Limited to Chiripal Industries Limited.	-	April 13, 2006	Registrar of Companies, Gujarat.	-
Tax					
5.	Permanent Account Number [PAN]	AAACC8513B	-	Income Tax Department	Valid until cancellation

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
6.	Tax Deduction and Collection Account Number [TAN]	AHMC00373C	-	Income Tax Department	Valid until cancellation
7.	Central Excise Registration issued to our Company's office situated at Survey No. 199-200, and 174 Piplej Pirana Road, Saijpur Gopalpur, under Rule 9 of the Central Excise Rules, 2002 by the Deputy Assistant Commissioner, Central Excise Division-IV (Narol), Ahmedabad-I	AAACC8513BXM001	May 10, 2006	Deputy/Assistant Commissioner, Central Excise, Division-IV [Narol], Ahmedabad-I	Valid until cancellation
8.	VAT Registration issued in respect of Shop No.9, Darshan Complex, Near Ratan Petrol Pump, Village-Dadra,	26001000742	September 18, 2006	Assistant Commissioner Of Value Added Tax, Dadra & Nagar Haveli Silvassa	Valid from September 11, 2006 upto cancellation.
9.	Sales Tax registration issued to our Company under the Central Sales Rules [Registration and Turnover] Act, 1957	24571600325	September 14, 2005	Sales Tax Officer	Valid upto cancellation.
10.	Sales Tax registration issued to our Company under the Gujarat Sales Tax Act, 1959	24071600325	February 13, 2004	Sales Tax Officer (1) Class-I, Unit-16 Ahmedabad	Valid upto cancellation.
11.	Service Tax Code Number – Application Receipt issued to our Company.	17643	June 16, 2006	Deputy Commissioner of Service Tax, Ahmedabad	Valid upto cancellation.
12.	Certificate of Registration under Section 5(1) of the Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1976	P.R. 0716000004	April 13, 2004	Officer of the Sales Tax, Unit 16, Ahmedabad	Valid upto cancellation.
Shops and Establishment					
13.	Certificate issued under the Bombay Shops and Establishments Act, 1948 issued to Chiripal Industries Limited for our office situated at 2/3, first floor, House No. D-21 Century Business Centre, Man Darwaza, Ring Road, Surat.	CZ/S/2/207370	July 2006	Surat Municipal Corporation	Valid until cancellation
Miscellaneous					
14.	ISO 9001- 2000 Certification for our Factory Units 1 and 2 namely Shanti Processors Ltd. (Chemical Division), Shanti	SG05/0489	August 15, 2005	SGS United Kingdom Ltd, Rossmore Business Park	August 14, 2008

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
	Processors Ltd. (Polar Division), Shanti Processors Ltd. (Division Warp Knitting), Chiripal Petrochemicals Ltd. (Knitting Division), Chiripal Petrochemicals Ltd. (Flock Division), Chiripal Petrochemicals Ltd. (Texturising Division), Chiripal Petrochemicals Ltd. (Paper Tube Division) and Chiripal Petrochemicals Ltd. (POY Division & Wrap Knit Division) for the manufacture and supply of Binders and Auxiliaries, manufacture and supply of Polar Fabrics, manufacture and supply of Warp Knitted Fabric, manufacture and supply of Knitted Fabric, manufacture and supply of Flock Fabric, manufacture and supply of Paper Tubes and manufacture and supply of POY, FDY and Warp Knit Fabric issued by SGS United kingdom Limited.			Ellesmere Port Cheshire CH65 3EN UK	

APPROVALS FOR UNIT 1

We have received the following major Government and other approvals pertaining to Unit 1:

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
Labour					
1.	Establishment Code issued to our Company for Unit 1 for the purpose of making compliance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.	GJ/AHD/50636	May 31, 2004	Regional Provident Fund Commissioner, Regional Office, Ahmedabad	Valid until cancellation
	* Memorandum acknowledging the change of name from Chiripal Petrochemicals Ltd to Chiripal Industries Ltd.	GJ/AHD/ENF.I/7/50636/666	July 13, 2006	Office of the Regional Provident Fund Commissioner, Gujarat	Valid until cancellation
2.	Registration issued to our Company for Unit 1 under Section 12(1) of the Contract	DY/ LABOUR/ COMM./ AHMEDABAD DIVISION/ CONT.LABOUR ACT/	April 01, 2004	Registration Officer and Office of Deputy	Valid until cancellation

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
	Labour (Regulation and Abolition) Act, 1970 for 100 Contractual Labours.	REG/56/04		Labour Commissioner, Ahmedabad Division	
Industrial					
3.	Acknowledgement of Industrial Entrepreneurs Memorandum for Industrial Approvals Entrepreneurial Assistance Unit for Unit 1 for manufacturing of partially oriented yarn.	3825/SIA/IMO/2003	December 30, 2003	Government of India, Ministry of Industry, Secretariat	Valid until cancellation
4.	Certificate of Importer Exporter Code ("IEC")	0888026170	November 16, 1989	Joint Director General of Foreign Trade, Ministry of Commerce, Ahmedabad	Valid upto cancellation.
5.	Registration-cum-Membership Certificate for Unit 1 * Letter requesting the amendment of Registration-Cum-Membership Certificate bearing registration no. SR/MFG/9150/2004-2005 for bringing the effect of change in the constitution of our Company.	SR/MFG/9150/2004-2005	June 03, 2004 June 05, 2006	Synthetic and Rayon Textiles Export Promotion Council Joint Director General of Foreign Trade, Ahmedabad	Valid from May 5, 2004 upto March 31, 2009.
6.	Registration as an exporter for Unit 1 * Letter dated February 14, 2008 made to Textile Committee, Government of India, Ministry of Textiles intimating the change of name from Chiripal Twisting and Sizing Private Limited to Chiripal Industries Limited.	5838	July 25, 1989	Textile Committee, Government of India, Ministry of Textiles.	Valid until cancellation
7.	License issued to Unit 1 to import and store petroleum in installation.	P/HQ/GJ/15/4789(P175669)	January 10, 2007	Petroleum and Explosives Safety Organization (PESO)	Valid from September 19, 2006 upto December 31, 2008.
Factory					
8.	Allotment of Service Number for Unit 1.	HT-906	April 26, 2004	Ahmedabad Electricity	Valid Upto Cancellation

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
	* Enhancement of Capacity from 4000KW to 4500 KW		March 07, 2006	Company Limited, Gujarat Torrent Power AEC Limited, Ahmedabad	
9.	Certificate of Exemption issued to our Company for Unit 1 for exemption from payment of electricity duty for our factory for Meter No. HT-906 under Section 3 of the Bombay Electricity Duty Act, 1953. * Letter effecting the change in name from Chiripal Petrochemicals Ltd. to Chiripal Industries Ltd.	A'bad/Ex/47-9-2004/3483T	December 23, 2004 November 25, 2006	Collector of Electricity Duty, Gandhinagar. Torrent Power Ltd.	Valid from September 9, 2004 upto August 20, 2009.
10.	Permit for Unit 1 to utilize 6200 KW under Gujarat Restriction on Consumption and Regulation of Supply of Electricity Energy and Periods of Works Order, 1984.	GHU/2007/135/CPI/1407/2542/K1	September 03, 2007	Energy and Petrochemicals Department	September 02, 2008
Environment					
11.	Consolidated Consent and Authorisation Order for Unit 1 issued in the name of Chiripal Petrochemicals Limited, Saijpur factory, under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, and authorization under rule 3(c) and 5(5) of the Hazardous Waste (Management And Handling) Rules 1989. * Letter dated May 15, 2006 made to the Gujarat Pollution Control Board intimating the Change of name of Chiripal Petrochemicals Limited to Chiripal Industries Limited.	7783	June 21, 2006	Gujarat Pollution Control Board	August 15, 2010.
Miscellaneous					
12.	License for the use of a lift installed at Unit 1	G/7/5000/10759/05	October 17, 2005	Chief Inspector of Lifts and	October 16, 2008

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
	* Letter dated November 19, 2007 made to Chief Electrical Inspector intimating the change of name from Chiripal Petrochemicals to Chiripal Industries Limited.			Escalators, Gujarat State	
13.	License for the use of a lift installed at Unit 1 *Letter dated November 19, 2007 made to Chief Electrical Inspector intimating the change of name from Chiripal Petrochemicals Limited to Chiripal Industries Limited.	G/7/4716/10148/05	July 07, 2005	Chief Inspector of Lifts And Escalators, Gandhinagar	July 06, 2008
14.	License for the use of a lift installed at Unit 1. *Letter dated November 19, 2007 made to Chief Electrical Inspector intimating the change of name from Chiripal Petrochemicals Limited to Chiripal Industries Limited.	G/C2/7/5836/06	December 07, 2006	Chief Inspector of Lifts And Escalators, Gandhinagar	December 06, 2009

APPROVALS FOR UNIT 2

We have received the following major Government and other approvals pertaining to Unit 2:

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
	Labour				
1.	Establishment Code issued to our Company for Unit 2 for the purpose of making compliance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. * Memorandum acknowledging the change of name from Shanti Processors Ltd to Chiripal Industries Ltd. * Memorandum acknowledging the change of name from Priti Processors (P) Ltd to Shanti Processors Ltd.	GJ/AHD/27549 GJ/AHD/ENF.I/7/27549/1749 GJ/AHD/ENF.I/3/27549/2223	July 01, 1998 December 05, 2006 March 03, 2006	Regional Provident Fund Commissioner, Regional Office, Ahmedabad. Regional Provident Fund Commissioner, Gujarat Regional Provident Fund Commissioner, Gujarat	Valid until cancellation Valid until cancellation Valid until cancellation

Sr. No	Type of License/Approval	License / Approval No.	Date	Issuing Authority	Valid up to
Factory					
2.	No Objection Certificate given to our company for Unit 2 for setting up a captive power plant for the generation of electricity of 1.7MW	PC/NOC/ABD/NL-246/25522	September 05, 2005	Gujarat Pollution Control Board, Ahmedabad	5 Years from the date of issue of the order
3.	Certificate for the use of boiler for Unit 2 under the provisions of Section 9 of the Indian Boilers Act, 1922.	GT-4998	September 07, 2007	Gujarat Boiler Inspection Department	Valid from September 08, 2007 to March 07, 2008.
4.	License issued to our Company for Unit 2 for purchase, possession and use of Methyl alcohol.	195/05-06	January 20, 2006	Department of Prohibition and Excise, Ahmedabad	March 31, 2008
Miscellaneous					
5.	License for the use of a lift installed at Unit 2 * Letter dated February 13, 2008 made to Chief Electrical Inspector intimating the change of name from Shanti Processors Limited to Chiripal Industries Limited.	G/7/4996/10740/05	October 13, 2005	Chief Inspector of Lifts and Escalators, Gujarat State	October 12, 2008.
6.	License for the use of a lift installed at Unit 2 *Letter dated February 13, 2008 made to Chief Electrical Inspector intimating the change of name from Shanti Processors Limited to Chiripal Industries Limited.	G/7/5456/11636/06	May 18, 2006	Chief Inspector of Lifts and Escalators, Gujarat State	May 17, 2009.

EPCG LICENSES OF OUR COMPANY

EPCG licenses of our Company as on December 31, 2007 are as following

License No.	Date	CIF value / Actual Duty saved amount [Rs.]	Export obligation [Rs.]	Export obligation [US\$]	Import Items	Export Period
83000005	January 27, 2000	49566813.63	297400881.78	6836801.88	Plant and Machinery	8 Years
830000063	September 15, 2000	2420106.00	12100530.00	262200.00	Precision Flock Cutting Machine Knife Grinding Machine	8 Years
830000082	November 24, 2000	26161007.00	130805035.00	2806975.00	Machines	8 Years
830000128	June 14, 2001	30582500.00	152912500.00	3250000.00	Continuous Static Flocking	8 Years

License No.	Date	CIF value / Actual Duty saved amount [Rs.]	Export obligation [Rs.]	Export obligation [US\$]	Import Items	Export Period
					Machine	
830000164	December 10, 2001	3340006.57	16700032.00	354942.25	Antipilling Tumble Dryer Mondomix Continuous Aerator	8 Years
830000170	December 21, 2001	235250.00	1176250.00	25000.00	Automatic Edge Control Winding Machine	8 Years
830000184	February 22, 2002	270868.25	11354341.25	241325.00	Precision Flock Cutting Machine	8 Years
830000228	September 09, 2002	4940250.00	24701250.00	525000.00	Fabric Dyeing Machine	8 Years
830000310	April 10, 2003	538326.80	2691634.04	57207.95	Flock Motion Tester Flock Display Unit Type Siftability Tester	8 Years
830000527	May 12, 2004	10221841.00	81774728.00	1764287.00	Continuous Static Elec. Flocking M/C	8 Years
830000594	August 09, 2004	766222.66	6129781.28	132249.86	Air Compressor, DG Set	8 Years
830000595	August 09, 2004	612185.62	4897484.96	105663.10	Parts of Flock M/C Foam M/C Type Mb 1,Rubber Stator, Steel Ritter	8 Years
830000602	August 18, 2004	2425764.00	19406112.00	418686.34	Texturising M/C Model Aft-11hs	8 Years
830000603	August 19, 2004	778110.00	6224880.00	134301.62	Rotary Screen	8 Years
830000651	October 11, 2004	582266.01	4658128.08	100498.98	Unitary UPS System	8 Years
830000666	October 28, 2004	4663806.00	37310448.00	804971.90	Power Plant	8 Years
830000687	November 11, 2004	1548750.00	12390000.00	267313.91	Fukahama Brand Circular Knitting M/C	8 Years
830000701	November 11, 2004	2020688.00	16165504.00	348770.31	Texturising M/C Model Aft-11hs	8 Years
830000706	December 06, 2004	1237074.00	9896592.00	213518.70	Fong's Soft Flow Dyeing M/C Model Allfit-60 Fong's Soft Flow Dyeing M/C Model Eco -38- 2t	8 Years
830000710	December 07, 2004	2648220.00	21185760.00	457082.20	Parts For Rotary Screen Prt. M/C (Rotary Screen)	8 Years
830000714	December 14, 2004	2530285.00	20242280.00	436726.64	Wet Tube Fabrics Squeezer (Dehydrator) & Knit Tube Fabrics Compactor	8 Years
830000727	January 05, 2005	1384742.00	11077936.00	239006.17	Air Compressor	8 Years
830000731	January 06, 2005	2465714.00	19725712.00	425581.70	Vapour Absorption Heat Pump	8 Years
830000739	January 20, 2005	1261642.00	10093136.00	217759.13	A/C Plant (Vapour	8 Years

License No.	Date	CIF value / Actual Duty saved amount [Rs.]	Export obligation [Rs.]	Export obligation [US\$]	Import Items	Export Period
					Absorption Heat Pump)	
830000783	March 11, 2005	21041535.00	168332280.00	3631764.40	Machinery	8 Years
830000785	March 15, 2005	1719048.00	13752384.00	296707.31	Tensile Strength Testing Equipment	8 Years
830000793	March 24, 2005	942944.00	7543552.00	162751.93	Extruder With Control	8 Years
830000801	March 31, 2005	2482161.00	19857288.00	428420.45	Harish Rotary M/C, Harish Stenter M/C	8 Years
830000808	April 08, 2005	788868.00	6310944.00	136158.44	Lisa 2 Brushesh M/C	8 Years
830000813	April 19, 2005	1134876.00	9079008.00	195879.35	Air Compressor Pet Chips Dryer	8 Years
830000832	May 12, 2005	445740.00	3565920.00	76934.62	Air Handling Unit	8 Years
830000880	July 07, 2005	4178511.00	33428088	721210.09	PFY Machinery	8 Years
830000887	July 13, 2005	1748000.00	13984000.00	301704.42	Spares And Consumables	8 Years
830000889	July 14, 2005	844571.00	6756568.00	145772.77	Static Converter Fong's Soft Flow Dyeing M/C Model Eco -38- It & Eco -38-3t	8 Years
830000896	July 27, 2005	231131.00	1849048.00	39893.16	Feeder and Conveying Solution	8 Years
830000906	August 01, 2005	786600.00	6292800.00	135766.99	Extruder with Control	8 Years
830000913	August 05, 2005	4011660.00	32093280.00	692411.65	PFY Plant Machinery	8 Years
830000931	August 23, 2005	103303.00	826424.00	17830.07	Static Converter	8 Years
830000932	August 23, 2005	800584.00	6404672.00	138180.62	Air Compressors	8 Years
830000933	August 23, 2005	1048800.00	8390400.00	181022.65	Rotary Nickle Screen	8 Years
830000938	August 25, 2005	951998.00	7615984.00	164314.64	Boiler Control Panel Ac VFD Panels Battery Back Up System	8 Years
830001160	January 25, 2006	945070.00	7560560.00	163118.87	Lisa 2 Brushes M/C	8 Years
830001161	January 25, 2006	2001460.00	16011680.00	345451.56	Harish Stenter M/C	8 Years
					Kuster Pad Batch Dyeing M/C	8 Years
					Dhall Shrinking Range M/C	8 Years
830001208	February 28, 2006	2070456.00	16635648.00	374255.29	Rotary Nickle Screen	8 Years
830001209	March 01, 2006	81659.00	653272.00	14696.78	Static Converter (A/C Drive)	8 Years
830001210	March 01, 2006	96140.00	769120.00	17303.03	Thermic Fluid Heater	8 Years
830001230	March 13, 2006	955504.00	7644032.00	171198.92	Vapour Absorption Heat Pump	8 Years
830001231	March 13, 2006	2138573.00	17108584.00	383170.97	Machine	8 Years

License No.	Date	CIF value / Actual Duty saved amount [Rs.]	Export obligation [Rs.]	Export obligation [US\$]	Import Items	Export Period
830001236	March 21, 2006	1573200.00	12585600.00	281872.34	Machines	8 Years
830001252	March 27, 2006	1871480.00	14971840.00	335315.56	Spares And Consumables	8 Years
830001253	March 27, 2006	1744600.00	13956800.00	312582.30	Spares And Consumables	8 Years
830001266	March 31, 2006	13258479.00	106067832.00	2375539.35	Lasser Embroidery M/C	8 Years
830001275	April 17, 2006	1191440.00	9521520.00	212519.95	Harish Stenter M/C	8 Years
830001449	July 31, 2006	264224.00	2113792.00	45409.06	(1) Socomec Make Delphys Mp Elite. (2) UPS Battery 100 KVA 12V/ 100AH Pasasonic Battery	8 Years
830001513	September 06, 2006	944160.00	7553280.00	161394.87	6-Chamber Harish Stenter M/C	8 Years
830001547	September 26, 2006	34605541.00	276844328.00	5915477.09	(1) Bleaching Range M/C (Kusters). (2) Mercerizing Range M/C (Kusters).	8 Years
830001587	October 16, 2006	632225.00	5057800.00	109594.79	Tensile Tester	8 Years
830001588	October 16, 2006	1931405.00	15451240.00	334804.76	Twisters	8 Years
830001589	October 16, 2006	139063.00	1112504.00	24106.26	Spares For Emb. M/C (Bobbin Winder)	8 Years
830001597	October 17, 2006	111108.00	888864.00	19260.32	Hashima Industrial Sewing Machine	8 Years
830001650	November 16, 2006	134169.00	1073352.00	23564.25	Static Converter	8 Years
830001714	December 13, 2006	2603653.00	20829224.00	463386.51	Singeing Line, Osthoff Senge System	8 Years
830001715	December 13, 2006	207138.00	1657104.00	36865.49	SKP Transformer	8 Years
830001781	January 15, 2007	3126840.00	25014720.00	558613.42	Machinery	8 Years
830001936	March 09, 2007	1027824.00	8222592.00	184985.19	Air Compressor	8 Years
830001985	March 29, 2007	565908.00	4527264.00	101850.70	Calico Gas Singeing M/C	8 Years
830001986	March 29, 2007	565908.00	4527264.00	101850.70	20 & 24 cylinders Vertical Drying Range Machine	8 Years
830002012	APRIL 13, 2007	3544036.00	28352288.00	645837.99	Twister	8 Years
830002033	April 19, 2007	1680900.00	13447200.00	306314.35	Spares and Consumables	8 Years
830002034	April 19, 2007	199805.00	598440.00	36410.93	Single Roller Twice Polishing Machine	8 Years
830002215	October 13, 2007	2100875.00	16807000.00	419650.43	Equipment for Caustic Recovery Plant ESP Model Sc-9	8 Years

License No.	Date	CIF value / Actual Duty saved amount [Rs.]	Export obligation [Rs.]	Export obligation [US\$]	Import Items	Export Period
					16-20 (3x9.125) 1.2 TPH AFBC Boiler - 1 Set	
TOTAL		278,775,612	2,213,443,932	42,368,995		

As on September 30, 2007, we have an aggregate outstanding export obligation of Rs. 70.57 millions under the EPCG Scheme.

PENDING APPROVALS OF OUR COMPANY

Sr. No.	Applications	Date of Application	Authority before whom pending
1	Application made under class 23 bearing Application no. 1437016 for the Registration of the word “CHIRIPAL”.	March 24, 2006	Trade Mark Registry, Ahmedabad
2	Application made under class 23 bearing Application no. 1437013 for the Registration of the logo “DEVICE BIRD-LABEL”.	March 24, 2006	Trade Mark Registry, Ahmedabad
3	Application for registration of our Corporate Office under the Bombay Shops and Establishment Act, 1948	February 02, 2008	Inspector, Bombay shops and Establishment Act

PENDING APPROVALS OF OUR UNIT 1

Sr. No.	Applications	Date of Application	Authority before whom pending
1.	Application for renewal of Solvent License No. 16/2006 for Unit 1 which has expired on December 30, 2006.	February 02, 2008	District Supply Officer.
2.	Application for renewal of the Factory License No. 014801 for Unit 1 which has expired on December 31, 2007	October 22, 2007	Inspector of Factories, Gujarat

PENDING APPROVALS OF OUR UNIT 2

Sr. No.	Applications	Date of Application	Authority before whom pending
1.	Application for renewal of the Factory License No. 098727 for Unit 2 which has expired on December 31, 2006	October 12, 2007	Inspector of Factories, Gujarat
2.	Application for renewal of Consolidated Consent and Authorisation Order bearing No. 6810 issued in the name of Shanti Processors Limited, under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, and authorization under rule 3(c) and 5(5) of the Hazardous Waste (Management And Handling) Rules 1989.	September 27, 2006	Regional Office, Gujarat Pollution Control Board

WE HAVE NOT OBTAINED/APPLIED FOR THE APPROVALS REQUIRED FOR THE OBJECTS OF THE ISSUE. HOWEVER, THE SAME SHALL BE OBTAINED AS REQUIRED.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on January 9, 2008, authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act and such other authorities as may be necessary.

Our shareholders have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on February 4, 2008.

We have also obtained all necessary contractual approvals required for the Issue. For further information, please refer the chapter titled “Government and Other Approvals” on page [●] of the Draft Red Herring Prospectus.

Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Directors, our Promoters, relatives of our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

We have never applied, and hence have never been refused listing of our shares at any time by any stock exchange in India.

None of our Company, its promoters, promoter group companies or relatives of our promoters, its directors and the companies in which the directors are associated as directors have been declared as willful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained hereunder, eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- (a) Our Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;
- (b) Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three out of immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;
- (c) Our Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;
- (d) There has been no change in the name of our Company in the last one year and is therefore Clause 2.2.1(d) of the SEBI guidelines is not applicable.
- (e) The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Clause 2.2.1(e) of the SEBI Guidelines.

In terms of a certificate issued by M/s. Nahta Jain & Associates, Chartered Accountants, our Statutory Auditors dated March 15, 2008 our Company satisfies the above eligibility criteria as follows

		(Rs. In Lacs)				
	September 30, 2007	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
Net tangible assets*	35225.80	31460.70	25942.80	13321.00	7329.30	4329.00
Monetary assets **	1763.80	1667.40	1772.70	1588.80	1306.50	920.80
Net Profits as restated***	1440.00	2034.50	2128.70	618.90	320.00	246.40
Net worth ****	12464.60	11015.10	8963.00	4104.90	3030.70	1971.40

*Net Tangible Assets are defined as the sum of all fixed assets (including capital work in progress and excluding revaluation reserve), investments, current assets (excluding deferred tax assets) less current liabilities(excluding deferred tax liabilities and long term liabilities), net of provision of diminution in value

**Monetary Assets include cash on hand and bank and quoted investments including units in open ended mutual fund schemes.

*** Net profits of the Company is as per Section 205 of the Companies Act and has been calculated from the audited financial statements of the respective year/period after making adjustments for restatement of financial statements

****Net Worth of the Company includes Equity Share capital, share application money and reserves less miscellaneous expenditure to be written off.

Further, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, IN FORCE FOR THE TIME BEING. 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 THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 18, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, 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 PROPOSED ISSUE.
3. 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.
4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH, RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, WILL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3, AND 4.9.4 OF THE SEBI ((DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS WILL BE MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS WILL BE MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

8. **WE CERTIFY THAT THE PROVISIONS UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE IN THIS ISSUE.**
9. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
10. **WE CONFIRM THAT THE NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEY SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.**
11. **WE CONFIRM THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**
12. **WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS. 10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.**
13. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - (a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY**
 - (b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURES AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from our Company, and the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in the 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 Company's website, www.chiripalgroup.com, or the website of our Promoter Group Companies 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 between the BRLM and our Company dated March 10, 2008 and the Underwriting Agreement to be entered into among the Underwriters and our Company. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres or

elsewhere. Neither our Company nor the Syndicate shall be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and Book Running Lead Manager 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 our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Book Running Lead Manager 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 our Company. The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our Promoter Group Companies, affiliates or associates in the ordinary course of business and have engaged, and may in future engage, in the provision of commercial banking or other financial services for which they have received, and may in future receive, compensation

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares), Public Financial Institution as specified in Sec 4A of the Companies Act and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or 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 the Draft Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Draft Red Herring Prospectus has been filed with Registrar of Companies, Gujarat at Dadra and Nagar Haveli as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and the 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 the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further each bidder where required agrees that such bidder will not sell or transfer any equity shares or create any economic interest therein, including any off-shore derivative instrument, such as participatory notes, issued against the equity shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislation in each jurisdiction, including India.

Disclaimer Clause of the Bombay Stock Exchange Limited

The Bombay Stock Exchange Limited ("BSE") has given by its letter dated [●], permission to our Company to use BSE's name in this offer document as one of the stock exchanges on which our Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against 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 National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given *vide* its letter dated [●] permission to our Company to use the NSE's name in this offer document as one of the stock exchanges on which our Company's securities are proposed to be listed subject to, our Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinised the offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring 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 the Draft Red Herring Prospectus; nor does it warrant that our 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 our Company, its promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquire any securities of our Company may do so pursuant to independent inquiry, 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 or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Block G, Plot No. C-4A, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, and copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered to the Registrar of Companies, Gujarat at Dadra and Nagar Haveli situated at ROC Bhawan, CGO Complex, near Ankur Bus Stand, Naranpura, Ahmedabad-380013.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares being offered and sold. The Bombay Stock Exchange ("BSE") shall be the Designated Stock Exchange with which the basis of allotment will be finalized.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the day from which our Company become liable to repay it (i.e. from the date of refusal or within 7 days from the Bid/Issue Closing Date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

(a) makes in a fictitious name, a Bid 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.”

Undertaking from the Promoters and Directors

Our Company accepts full responsibility for the accuracy of the information given in the Draft Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Draft Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. Our Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Draft Red Herring Prospectus. The Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of the Draft Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, the Promoters/ Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the Auditors, Bankers to our Company and Bankers to this Issue*; and (b) Book Running Lead Manager to this Issue, the Syndicate Member*, Escrow Collection Bankers*, Registrar to this Issue and legal advisors to the Issue to act in their respective capacities, will be obtained and will be filed along with a copy of Red Herring Prospectus with the Registrar of Companies, Gujarat at Dadra and Nagar Haveli as required under Sections 60 the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration.

** The aforesaid will be appointed prior to filing the Red Herring Prospectus with the RoC, and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.*

M/s. Nahta Jain & Associates, Chartered Accountants, 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 Draft Red Herring Prospectus for registration to the ROC.

M/s. Nahta Jain & Associates, Chartered Accountants, have given their written consent to the inclusion of their report relating to the possible tax benefits accruing to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the ROC.

Expert Opinion

We have not obtained any expert opinions.

Expenses of the Issue

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

(Rs. In millions)

Particulars	Expenses *
Lead management, underwriting and selling commission	•
Advertising and marketing expenses	•
Printing and stationery	•
Others (Registrar's fee, IPO Grading fees, legal fee, listing fee, etc.)	•
Total	•

Will be incorporated at the time of filing of Prospectus with RoC.

Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager (including underwriting commission and selling commission) and the Syndicate Member will be as per the MoU dated March 10, 2008 with the BRLM issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order (or revised CAN's if required), preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between us and the Registrar to the Issue dated January 4, 2008

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Brokerage and selling commission on previous issues

Since this is an initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception, except that in relation to the allotment of Equity Shares to certain investors on [•], we have paid commission aggregating to Rs. [•] to our BRLM IDBI Capital Market Services Limited

Previous Rights and Public issues during last five years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of the Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Our Company has not made any previous issues of shares for consideration otherwise than for cash.

Promises Vs Performance

Our Company has not made any public issue of shares since its incorporation.

Our Promoter Group Companies

Two of our Promoter Group Companies, namely Nandan Exim Limited and Nova Petrochemicals Limited, are listed on various stock exchanges in India. For details with respect to promise versus performance data for their past issues, please refer chapter titled "Our Promoter Group Companies" beginning on page [•] of the Draft Red Herring Prospectus.

Outstanding Debentures or Bonds

As on the date of filing of the Draft Red Herring Prospectus, our Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of the Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, no stock market data is available.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to this Issue and our company will provide for retention of records with the Registrar to this Issue for a period of atleast one year from the last date of dispatch of the letters of allotment, demat credit and refund orders or where refunds are being made electronically, giving of refund instructions, to the clearing system, to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, depository participant, application number and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted a Share Transfer & Shareholders/Investors Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on January 9, 2008. The composition of the Investors' Grievances Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Ms. Nita Chowdhry	Chairman	Independent Director
Mr. Jaiparakash Chiripal	Member	Executive Director
Mr. Ambalal Patel	Member	Independent Director

Our Company has appointed Mr. Sandip Mistry, Company Secretary as the Compliance Officer and he may be contacted in case of any pre issue or post issue related problem at the following address:

Mr. Sandip Mistry

Chiripal House,
Shivranjaini Cross Roads,
Satellite, Ahemadabad – 380015,
Gujarat.

Tel: + 91 79 26734660;

Fax: +91 79 26768656;

E-mail: investors@chiripalgroup.com

Investors may contact him in case of any pre-Issue or post-Issue problems.

Other Disclosures

Except as disclosed in the chapter titled “Capital Structure” beginning on page [●] of the Draft Red Herring Prospectus, the Promoter Group Companies, the directors of the Promoter Group Companies or the Directors of our Company have not purchased or sold any Equity Shares during a period of six (6) months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI.

Disposal of investor grievance by listed companies under the same management as our Company

For details in relation to disposal of investor grievances by our listed Promoter Group Companies, please refer to the chapter titled “Our Promoter Group Companies” beginning on page [●] of the Draft Red Herring Prospectus.

Changes in Auditors during the last three financial years and reasons therefore

There has been a change in the Auditor of our Company as per the following details:

Past Auditors	New Auditors	Date of Change	Reasons for Change
M/s Anil Shah & Associates	M/s Nahata Jain & Associates and M/s. Anil Shah & Associates	September 28, 2006	Appointed as joint auditors
M/s Anil Shah & Associates	M/s Nahata Jain & Associates.	September 29, 2007	Resignation

Capitalisation of Reserves or Profits during the last five years

We have not capitalized any of our reserves or profits during the last five years.

Tax Implications

Investors that are Allocated Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For further details, see the chapter titled “Statement of Tax Benefits” beginning on page [●] of the Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets in the past five years.

Interest of Promoter and Directors

Promoter

For details, please refer to the chapter titled “Our Promoter” beginning on page [●] of the Draft Red Herring Prospectus.

Directors

For details, please refer to the chapter titled “Our Management” beginning on page [●] of the Draft Red Herring Prospectus.

Payment and benefits to the officers of our Company

For details, please refer to the chapter titled “Our Management” beginning on page [●] of the Draft Red Herring Prospectus.

SECTION VIII – ISSUE RELATED INFORMATION TERMS OF THIS ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, FIPB and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Ranking of Equity Shares

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

For description of our Articles of Association, please refer the chapter titled “Main provisions of the Articles of Association” beginning on page [●] the Draft Red Herring Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a Face Value of Rs. 10/- each are being issued in terms of the 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 of our Company, subject to applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

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

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

For further details on the main provisions of our Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to

the chapter titled “Main Provisions of the Articles of Association” beginning on page [●] of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share.

Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, please refer the chapter titled “Issue Procedure - Basis of Allotment or Allocation” on page [●] of the Draft Red Herring Prospectus.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Ahmedabad, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in this manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the registered office of our Company or with the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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

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

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue to Public amount including devolvement of Underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at any time including after the Bid/Issue closing Date until final Allotment of the Equity Shares in the Issue without assigning any reason thereof. Notwithstanding the forgoing the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply only after allotment; and (ii) the final RoC approval of the Prospectus and after the same is filed with the Stock Exchanges.

Arrangements for Disposal of Odd Lots

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

Restriction on Transfer and Transmission of Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to chapter titled "Main Provisions Of The Articles Of Association" appearing on page [●] of the Draft Red Herring Prospectus.

There is no reservation for Non Residents, NRIs, FIIs, Multi-lateral and Bi- Lateral Financial Institutions and Foreign Venture Capital Funds and all Non Residents, NRI, FII, Multi-lateral and Bi- Lateral Financial Institutions and Foreign Venure Capital Fund Bidders will be treated on the same basis as other categories for the purpose of allocation. As per the policy of RBI, Overseas Corporate Bodies cannot participate in the Issue.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of Allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with

Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sale occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

Public Issue of 14,216,700 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share aggregating Rs. [●] Million (the “Issue”) including Promoters’ Contribution of ,1916,700 Equity Shares aggregating Rs. [●] Million and a reservation for Eligible Employees of 200,000 Equity Shares aggregating Rs. [●] Million and a Net Issue to the Public of 12,100,000 Equity Shares by our Company. The Issue would constitute 40.62 % of the fully diluted post-Issue paid-up capital of our Company.

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 200,000 Equity Shares	Upto 6,050,000 Equity Shares must be allotted to QIBs.	Atleast 1,815,000 Equity Shares	Atleast 4,235,000 Equity Shares
Percentage of Issue Size available for allocation	Upto 1.41 % of the Issue Size	Upto 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) subject to the preceding condition that the QIB Portion may be Net Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund Portion will be available to QIBs.	Atleast 15% of the Net Issue to Public or Net Issue to Public less allocation to QIB bidders and Retail Individual Bidders	Atleast 35% of the Net Issue to Public or Net Issue to Public less allocation to QIB bidders and Non-Institutional Bidders
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and multiple of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs 1,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Not exceeding [●] Equity Shares	Not exceeding the size of the Issue subject to applicable limits	Not exceeding the size of the Issue subject to applicable limits	Such number of Equity Shares whereby Bid Amount does not exceed Rs. 1,00,000

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Eligible Employees of our Company.	Public financial institutions, as specified in Section 4A of the Companies Act: Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investor 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, permitted Insurance Companies registered with The Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2,500 Lacs (subject to applicable laws) and Pension Funds with minimum corpus of Rs. 2,500 Lacs (subject to applicable laws).	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, Scientific Institutions, Societies and Trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding	Atleast 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding	Full Bid Amount on Bidding.

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

If the aggregate demand by Mutual Funds is less than 302,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB portion and be allocated proportionately to the QIB Bidders in proportion to their bids.

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

After the Bid / Issue Closing Date, depending upon the level of subscription, additional margin amount, if any, may be called from the QIB Bidders.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Bidding / Issue period

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

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until:

- (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 1,00,000 and
 - (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 1,00,000.
- Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days. Bids will be accepted only on Business Days.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company reserves the right to revise the Price Band during the Bid/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.

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

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.1 of the SEBI Guidelines wherein upto 50% of the Net Issue to Public shall be available for Allocation to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. Further, atleast 35% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Retail Individual Bidders and atleast 15% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Further, the QIB bids can be submitted only through the BRLM or their affiliates or Syndicate Members. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such 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 and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the 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 dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the 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/ Allocation Advice, and filing of the Prospectus with the Registrar of Companies, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the Registrar of Companies, and as would be required by Registrar of Companies, after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public or NRIs applying on a non-repatriation basis	White
Non-residents, NRIs, FIIs, Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue
Eligible Employees	Pink

Who can Bid

1. Indian nationals resident in India who are majors or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. 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;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
 4. Indian Mutual Funds registered with SEBI;
 5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
 6. Venture Capital Funds registered with SEBI;
 7. Foreign Venture Capital Investors registered with SEBI; subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue
 8. State Industrial Development Corporations;
 9. Multilateral and bilateral development financial institutions;
 10. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
 11. Insurance companies registered with the Insurance Regulatory and Development Authority;
 12. Provident funds with minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
 13. Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
 14. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
 15. Scientific and/ or industrial research organizations in India authorized under their constitution to invest in Equity Shares and
 16. Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines.
 17. Any other QIB permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such holding or subscription maybe on their behalf or on behalf of their clients.

Notwithstanding the aforesaid, in the Employee Reservation Portion, Bids can be submitted only by the Eligible Employees.

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 the relevant laws, rules, regulations, guidelines and approvals.

BIDS BY MUTUAL FUNDS

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than the [●] Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB portion, after excluding the allocation in the Mutual Funds Portion. The Bids made by Asset Management Companies or Custodians of Mutual Funds should specifically state the name of concerned schemes for which Bids are made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments

in index funds or sector or industry specific funds. No Mutual Fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

BIDS BY NRIs

Bid cum Application forms has been made available for NRIs at the Registered office of our Company and members of the Syndicate.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) Account shall use the Bid-cum-Application form meant for Resident Indians (white in colour). All instruments accompanying bids shall be payable in Mumbai only.

BIDS BY FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of the Post-Issue paid-up capital of our Company (i.e. 10% of [●] Equity Shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 49% of the total issued capital of our Company, With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100% of the post Issue paid up capital of the Company. However, as on this date no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by NRIs or FIIs on Repatriation Basis

Bids and revision to bids must be made:

- I. On the Bid cum Application Form or Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- II. In a single or joint names (not more than three).
- III. Bids by NRIs for a Bid amount of up to Rs. 1,00,000 would be considered under the Retail Individual Bidders Portion for the purpose of Allocation and Bids for a Bid amount of more than or

equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter so that the Bid amount exceeds Rs. 1,00,000; for details, please refer the chapter titled “Issue Procedure - Maximum and Minimum Bid Size” beginning on page [●] of the Draft Red Herring Prospectus.

- IV. In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.
- V. 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 payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor. By way of subscription to an IPO, the aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Pursuant to the SEBI Guidelines, the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an Initial Public Offering would be exempt from Lock in requirements only if the shares have been held by them for atleast one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the 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, and our Company and the BRLM shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the maximum Bid Amount is more than Rs. 1,00,000 due to revision of the Bid or revision of Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **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 Amount upon submission of the Bid.**

In case of revision of Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off' price.

Bidders are advised to ensure that any single bid from them does not exceed the investment limit or maximum number of equity shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a bid shall be made in the manner described under paragraph "Payment of Refund"

- (c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiple of [●] Equity Shares. The maximum bid by an Eligible Employee in the Employee Reservation Portion cannot exceed [●] Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may bid at "Cut-off".

No Promoters or persons belonging to the Promoter Group are part of the Eligible Employees in the Employee Reservation Portion.

Information for Bidders

- (a) Our Company will file the Red Herring Prospectus with the Registrar of Companies and Designated Stock Exchange atleast 3 days before the Bid/ Issue Opening Date.
- (b) Our Company, the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Gujarat at Dadra and Nagar Haveli and also publish the same in three widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one Gujarati newspaper). This advertisement shall contain the disclosures as prescribed in Schedule XX-A of the SEBI Guidelines, as amended from time to time. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- (c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

- (d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered office or from any of the BRLM/Syndicate Members.
- (e) Investors who are interested in subscribing for our Company's Equity Shares should approach the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
- (g) The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines.
- (h) The Bidding 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 Bidding Period will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one Gujarati newspaper widely circulated in Gujarat and also by indicating on the websites of the BRLMs and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- (i) The Price Band has been fixed at Rs.[●] to Rs.[●] per Equity Share of Rs.10/- each, Rs.[●] being the lower end of the Price Band and Rs.[●] being the higher end of the Price Band, in multiple of Rs.1/- (one).
- (j) The Higher end of the Price Band shall not be more than 20% of the lower end of the Price Band. Subject to the compliance of immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band, disclosed in the Red Herring Prospectus.
- (k) Any revision of the Price Band and the revised Bidding/Issue Period will be widely disseminated by notification to BSE and NSE, by issuing public notice in three widely circulated newspaper [one each in English, Hindi and Gujarati newspaper] and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
- (l) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to the Bidders.

Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Gujarat at Dadra and Nagar Haveli and also publish the same in one English national daily, one Hindi national daily and in one Gujarati newspaper with wide circulation. This advertisement shall contain the minimum disclosures as prescribed under Schedule XX-A of the SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) The Bidding 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 Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding

Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.

- c) 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) 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.
- d) The Bidder cannot bid on another Bid cum Application Form after such Bidder’s Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids” on page of [●] the Draft Red Herring Prospectus.
- e) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- f) Along with the Bid cum Application Form, all Bidders will be required to make payment in the manner described under the paragraph “Terms of Payment” on page [●] of the Draft Red Herring Prospectus.
- g) The Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, 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. In accordance with SEBI Guidelines, our Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three additional working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- (b) Our Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus. Our Company can finalise the issue price in consultation with the BRLM without the prior approval of, or intimation to the bidders.
- (c) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at “Cut-off”. However,**

bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

- (d) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue price. Retail Individual Bidders bidding at Cut-Off shall submit the Bid cum Application form with cheque/ demand draft for the Bid Amount based on the Cap of the Price Band in with the Syndicate Members. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-off Price (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.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be within the range of Rs. 5,000 to Rs. 7,000. The Issuer Company in consultation with the BRLM shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original bid amount plus additional payment does not exceed Rs. 1,00,000, if the bidder wants to continue to bid at Cut-Off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non Institutional portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Option to Subscribe

Equity Shares being issued through the Draft Red Herring Prospectus can be applied for in the dematerlised form only. Bidders will not have the option of getting the allotment in physical form. The Equity Shares on allotment shall be traded only in the dematerlised segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account for the Issue:

Our Company and members of 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 Accounts. The monies in the Escrow Accounts 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 and the Refund Account with the Bankers to the Issue as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus. Payment of refunds to the Bidders shall be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Book Running Lead Manager, Members of the Syndicate and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall provide the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for further details refer to “Payment Instructions” on page [●] of this DRHP) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to the BRLM. Bid cum Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account maintained by the Refund Banker

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders will be 10% of the total Bid amount applicable and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares Allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the 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 amount for bidder is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the bid/issue closing date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be atleast one on-line connectivity in each city, where a Stock Exchange is located in India and where Bids are being accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding Period. Syndicate members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as maybe permitted by the Stock Exchanges.

- (c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com" during the bidding period.
- (d) At the time of registering each Bid, the Syndicate members shall enter the following details of the investor in the on-line system:
- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form)
 - Investor Category such as Individual, Corporate, FII, NRI, Mutual Fund, etc.
 - Number of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form
 - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLM may reject a bid placed by a QIB for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page [●] in the Draft Red Herring Prospectus.
- (h) 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 to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by NSE and 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 our Company, our Promoters, our management or any scheme or project of our Company.
- (i) 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 the Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the 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

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) The Price Band can be revised during the Bidding Period, in which case the bidding period shall be extended further for a period of three days, subject to the total bidding period not exceeding ten working days. The Cap on the Price Band shall 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 Red Herring Prospectus.
- (d) 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 one local newspaper and also indicating the change on the relevant websites and the terminals of the members of the syndicates.
- (e) During the Bidding Period, any Bidder who has registered its interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (f) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in such Bidder's Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (h) 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 the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB margin, if any, to be paid on account of the upward revision of bid at the time of one or more revision by the QIB bidders.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Only bids that are uploaded to the online IPO system of NSE/ BSE shall be considered for Allocation / Allotment. In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the Book Running Lead Manager based on physical records of Bid cum Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.

- (b) Our Company in consultation with the BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each investor category.
- (c) The Allocation for QIBs, upto 50% of the Net Issue to Public, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders and Retail Individual Bidders of atleast 15% and 35% of the Net Issue to Public, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. The Allocation in the Employee Reservation Portion would also be on a proportionate basis.
- (d) Under subscription, if any, in Non-Institutional, Retail and Employee Reservation Portion categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids, for further details please refer the chapter titled “Issue Procedure - Basis of Allotment or Allocation” beginning on page [●] of the Draft Red Herring Prospectus.
- (e) Any under subscription in equity shares reserved for allocation to Eligible Employees would be treated as a part of the Net Issue to public and allocated in accordance with the basis of allotment described in the the chapter titled “Issue Procedure - Basis of Allotment or Allocation” beginning on page [●] of the Draft Red Herring Prospectus..
- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever.
- (h) Allocation to QIBs, Non-residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI,FIPB, if any while granting permission for Allotment of Equity Shares to them.
- (i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (j) The Allotment details shall be put up on the website of the Registrar to the Issue.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the QIB Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with Registrar of Companies, Gujarat at Dadra and Nagar Haveli, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi national newspaper and one regional language newspaper.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the Registrar of Companies, Gujarat at Dadra and Nagar Haveli in two widely circulated newspapers (one each in English and Hindi) and one local newspaper. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

After the determination of Issue Price, the following steps would be taken

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been Allocated Equity Shares in the Issue. The approval of the basis of allocation by Designated Stock Exchange for QIB Bidders maybe done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders, Non Institutional Bidders, Eligible Employees. However, investors should note that, we shall ensure that the date of Allotment of the Equity Shares to all the investors in this issue shall be done on the same date.
- (b) The BRLM or Syndicate Members 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 QIB Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding 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 a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

- (d) The issuance of CAN is subject to “Notice to QIB’s: Allotment Reconciliation” as mentioned above.

Designated Date and Allotment of Equity Shares

- (a) We shall ensure the allotment of Equity Shares is done within 15 days of Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and the Refund Account on the Designated Date, we would ensure the credit to the successful bidders depositories account of the allotted Equity Shares to the allottees within two working days of the date of allotment. In case we fail to make allotment within 15 days of the Bid/ Issue Closing Date, interest would be paid to the investors @15% p.a.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **As per SEBI Guidelines, equity Shares will be issued only in the dematerialized form to the Allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account to them pursuant to Allotment in this Issue.

GENERAL INSTRUCTIONS

Do’s:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulation, guidelines and approvals and the terms of the Draft Red Herring Prospectus.
- b) Complete the Bid cum Application Form(White or Blue or Pink in Colour, as the case may be) after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within Price Band;
- h) Ensure that DP account is activated;
- i) Investors must ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the Beneficiary Account is held with the Depository Participant is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Beneficiary Account is also held in the same sequence as they appear in the Bid-cum-Application Form;
- j) Each of the bidders should hold a valid Permanent Account Number (PAN) allotted under the IT Act and mention his/her PAN number in the application form while bidding for this issue. **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.**

- k) If you have mentioned “applied for” or “not applicable” in the Bid-cum-Application Form in the section dealing with PAN number ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof; and
- l) Ensure that the demographic details as registered with your Depository participant are updated, true and correct at all respects.

Don'ts:

- a) Do not bid for lower than the minimum Bid size;
- b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash, through stockinvest, by money order or by postal order;
- e) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate only;
- f) Do not bid at Cut-off Price (for QIBs and Non-Institutional Bidders); for whom the Bid Amount exceeds Rs. 1 Lacs
- g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; or under the terms of the Draft Red Herring Prospectus.
- h) **Do not submit the GIR number instead of the PAN as the bid is liable to be rejected on this ground.**
- i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.
- j) Do not bid at Bid Amount exceeding Rs 1,00,000 for incase of a Bid by a Retail Individual Bidder.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and /or Revision Forms from the BRLM or Syndicate Member, Registered Office and Corporate Office of our Company.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for resident Indians, blue for Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink for Eligible Employees.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 1,00,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) For Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter, subject to a maximum of [●] equity shares
- (f) In single name or in joint names (not more than three) and in the same order as their Depository Participant details.
- (g) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids in the Employee Reservation Portion

1. Bids by the Eligible Employees of our Company shall be made only in the prescribed Bid cum Application Form or Revision Form, (i.e. Pink colour Bid cum Application Form marked “Employees”). Eligible Employees should mention their Employee ID at the relevant place in the Bid cum Application Form.
2. The sole/first Bidder should be an Eligible Employee
3. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
4. Eligible Employees who apply or bid for equity shares of or for a value of not more than Rs. 1,00,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum bid amount exceeds Rs. 1,00,000.
5. The maximum Bid in this category can be [●] Equity Shares.
6. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allocation shall be made to the Eligible Employees to the extent of their demand. Under-subscription in this category would be added to any other category at the sole discretion of our Company in consultation with the BRLM.
7. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares. For details on the method of proportionate basis of allotment, please refer to the chapter titled “Issue Procedure - Basis of Allotment or Allocation” beginning on page [●] of the Draft Red Herring Prospectus.
8. Bid/ Application by Eligible Employees can be made also in the Net Issue to Public and such bids shall not be treated as multiple Bids.

Bidder’s Bank 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 Bidders bank account

details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through direct credit or ECS or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall be liable to pay any interest for such delay or shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

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 or giving credit through ECS or direct credit and occupation ("Demographic Details"). These bank account details would be used for giving refunds to the 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 can result in delay in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor our Company shall be liable to pay any interest for such delay or have any responsibility or undertake any liability for the same. 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 and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund 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 refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Escrow Collection Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic mode as detailed in the Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, 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, 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 lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Mutual Funds registered with SEBI, Venture Capital fund registered with SEBI and Foreign Venture Capital Fund registered with SEBI, a certified copy of the SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms that we may deem fit.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs/ Allocation Advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the depository of the Bidder). In such cases, the registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from depositories.

Bids by Non-Residents, including Eligible NRIs and FIIs, on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office or from members of the Syndicate or the Registrar to the Issue.
- b) NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.

- c) NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision of Bids:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three) and in the same order as the Depository Participant details.
3. Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of Allocation and for a Bid Amount of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of Allocation. Other Non-Resident Bidders should bid for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 1,00,000. For details, please refer the chapter titled “Issue Procedure - Maximum and Minimum Bid Size” beginning on page 181 of the Draft Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding 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 reservation for Non-Residents, including Eligible NRIs and FIIs, and all Non-Resident Bidders will be treated on the same basis with other categories for the purpose of Allocation.

Payment Instructions

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders shall along with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the Intimation Note/

CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.

- (c) The payment instruments for payment into the Escrow Account shall be marked “A/c payee only ” and should be drawn in favour of:
 - (i) In case of QIB Bidders: “**Escrow Account –CIL-QIB**”
 - (ii) In case of Resident Bidders: “**Escrow Account- CIL-IPO ”**
 - (iii) In case of Non Resident Bidders: “**Escrow Account- CIL-NR**”
 - (iv) In case of Eligible Employees: “**Escrow Account-CIL - Employees**”
- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, FVCI registered with SEBI 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.
- (f) 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.
- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (h) 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 and the surplus amount if any shall be transferred into the Refund Account maintained with the Refund Banker.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted. Investors in the QIB Category may also make payment by RTGS.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid. At the time of submission of Bid cum Application Form and Revision Form, each member of the Syndicate shall collect the 10% or 100% Margin Amount as may be applicable.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address, as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid cum Application Form for bidding in this Issue. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
5. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
6. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Eligible Employees bidding in the Employee Reservation Portion can also Bid in the Net Issue to the Public Portion, and such Bids shall not be treated as Multiple Bids.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

In case where more than one investor has a common address, the Company may in its sole discretion decide to review such applications in greater details to ensure that such applications are not multiple applications. In such a situation, the Company will keep in abeyance the Allotment to such applicants pending the confirmation of the Know Your Client norms by Depositories where such investors' Depository account are maintained.

Procedure for Application by Mutual Funds

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.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Bidders or, in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act SEBI has recently issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Each of the bidders should hold a valid Permanent Account Number (PAN) allotted under the IT Act and mention his/her PAN number in the application form while bidding for this issue. **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 PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.

Unique Identification Number ("UIN")

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus the use of UIN has been discontinued.

Our Right to Reject Bids

In case of QIB Bidder's, our Company, in consultation with the BRLM may reject a Bid placed by QIB's for reasons to be recorded in writing provided the rejection is made at the time of submission of Bid and the reasons thereof shall be disclosed to the QIB Bidder's. In case of Non-Institutional Bidders and Retail Individual Bidders and Eligible Employees, our Company and BRLM have a right to reject bids based on

technical grounds. Consequent refunds shall be made in accordance with the Paragraph Titled “Mode of making refunds” beginning on page [●] of the Draft Red Herring Prospectus.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) In case of Partnership firms, Equity shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply.
- 4) NRIs, except Eligible NRIs.
- 5) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 6) Permanent Account Number/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given regardless of the size of the Bid;
- 7) GIR number furnished instead of PAN;
- 8) Bids for lower number of Equity Shares than specified for that category of investors;
- 9) Bids at a price less than lower end of the Price Band;
- 10) Bids at a price more than the higher end of the Price Band;
- 11) Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
- 12) Bids for number of Equity Shares which are not in multiples of [●];
- 13) Category not ticked;
- 14) Multiple Bids as defined in the Draft Red Herring Prospectus;
- 15) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 16) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 17) Signature of sole and / or joint Bidders missing;
- 18) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
- 19) Bid cum Application Form does not have bidder's depository account details;
- 20) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;

- 21) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Form;
- 22) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For details, please refer the chapter titled “Issue Procedure - Maximum and Minimum Bid Size” beginning on page [●] of the Draft Red Herring Prospectus;
- 23) Bids by OCBs
- 24) Bids by persons other than Eligible Employees in the Employee Reservation Portion;
- 25) Bids by US persons other than “qualified institutional buyers” as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- 26) Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.
- 27) Bids by QIBs not submitted through the members of the syndicate

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) A tripartite agreement dated [●] with NSDL, us and [●], Registrar to the Issue;
- b) A tripartite agreement dated [●] with CDSL, us and [●], Registrar to the Issue.

All Bidders can seek allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her Depository Account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have atleast one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant’s identification number) appearing in the Bid cum Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) 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.

- g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- h) 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 our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of our Company would be in dematerialized form only for all investors.

Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof. Investors can contact the Compliance Officer or the Registrar to the Issue in the case of any pre-Issue or post-Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Sandip Mistry, 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:

Mr. Sandip Mistry

Chiripal House,
Shivranjaini Cross Roads,
Satellite, Ahemadabad – 380015,
Gujarat.

Tel: + 91 79 26734660;

Fax: +91 79 26768656;

E-mail: investors@chiripalgroup.com

Website: www.chiripalgroup.com

Disposal of Applications and Applications Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The mode of dispatch of refunds shall be as mentioned in the paragraph titled “Mode of Making Refunds” in the chapter titled “Issue Procedure” beginning on page [●] of the Draft Red Herring Prospectus. Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories’ database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- Allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- We shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by GoI, Ministry of Finance pursuant to their letter no. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate Member 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.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, payorders, or demand drafts drawn on a bank appointed by us, as a refund bank, and payable at par at places where Bids are received, except for bidders who have opted to receive refunds through the electronic facility. Bank charges if any, for encashing such cheques, payorders or Demand drafts at other centres will be payable by the bidder.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

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

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

Interest on Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment or Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue to Public less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and multiples of one Equity Shares thereafter. For the method of proportionate basis of allotment, 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 category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue to Public less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allotment, 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 Net Issue to Public less allocation to Non-Institutional Portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which 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 upto 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 upto 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
- (i) In the event of the over-subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c) The aggregate allocation to QIB Bidders shall not be less than [●] Equity Shares.

Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM.

D. For our Eligible Employees

- In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

Procedure and Time Schedule for allotment and demat credit of Equity

The Issue will be conducted through a “100% Book Building Process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to

complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by our Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [●] Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than [●] per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above.
- f) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If the number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- g) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue Details
1.	Issue Size	200 crore equity shares
2.	Allocation to QIB (50%)	100 crore equity shares
	Of which :	
	a) Allocation to MF (5%)	5 crores equity shares
	b) Balance for all QIBs including MFs	95 crores equity shares
3.	Number of QIB applicants	10
4.	Number of shares applied for	500 crores equity shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF 1	40
7.	MF 2	40
8.	MF 3	80
9.	MF 4	20
10.	MF 5	20
	Total	500

A1-A5 (QIB bidders other than MFs)

MF1-MF5 (QIB bidders which are MFs)

C. Details of Allotment to QIB Bidders/Applicants

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF 1	40	1	7.48	8.48
MF 2	40	1	7.48	8.48
MF 3	80	2	14.97	16.97
MF 4	20	0.5	3.74	4.24
MF 5	20	0.5	3.74	4.24
Total	500	5	95	42.42

Please note:

1. The illustration presumes compliance with the provisions of clause 7.6.1.1 of the guidelines pertaining to minimum allotment.
2. Out of 100 crore Equity Shares allocated to QIBs, 5 crores (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 95 crore Equity Shares [i.e. 100 – 5 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column number IV are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95/495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
 - The numerator and denominator for arriving at allocation of 95 crore shares to the 10 QIBs are reduced by 5 crore shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

We shall give credit of Equity Shares allotted to the beneficiary account with Depository Participants within 2 working days of finalization of Basis of Allotment. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS, or NEFT. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit, the bank where their refund shall be credited (as per details given to the Depository Participant), alongwith the amount and the expected date of electronic credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders/advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid /Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 working days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders/advice are not dispatched and in case where a refund is made through electronic mode, the refund instruction have not been given to the clearing system and/or demat credits are not made to investors within the 15 working day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85

dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a the Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Electronic mode i.e. RTGS, ECS or NEFT facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference

I. Direct Credit – For investors having their Bank Account with the Refund Bankers, the refund amount would be credited directly to their Bank Account with the Refund Banker.

II. NEFT - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

III. RTGS – Applicants having a bank account at any of the belowmentioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

IV. ECS - Payment of refund would be done through ECS for Bidders having an account at one of the following centres:

Managed by Reserve Bank of India: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram

Managed by State Bank of India: Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (non-MICR), Pondicherry, Hubli, Shimla (non-MICR), Tirupur, Burdwan(non-MICR), Durgapur (non-MICR), Sholapur, Ranchi, Tirupati(non-MICR), Dhanbad(non-MICR), Nellore (non-MICR), Kakinada (non-MICR)

Managed by Punjab National Bank: Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur, Jammu

Managed by State Bank of Indore: Indore

Managed by Union Bank of India: Pune, Salem, Jamshedpur

Managed by Andhra Bank: Visakhapatnam

Managed by Corporation Bank: Mangalore

Managed by Bank of Baroda: Coimbatore, Rajkot

Managed by State Bank of Travancore: Kochi/Ernakulam

Managed by Central Bank of India: Bhopal

Managed by Canara Bank: Madurai

Managed by Oriental Bank of Commerce: Amritsar

Managed by United Bank of India: Haldia (non- MICR)

Managed by State Bank of Hyderabad: Vijaywada

Managed by State Bank of Bikaner & Jaipur: Bhilwara

This would be subject to availability of complete Bank Account Details including MICR code wherever applicable from the depository. The payment of refund through ECS is mandatory for Bidders having a

bank account at any of the 68 centres as mentioned in SEBI circular no **SEBI/CFD/DILDIP/29/2008/01/02** dated **February 1, 2008** named herein above, except where Bidder is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

In case of all or any of the aforesaid modes of refund, charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

For all the other applicants except for whom payment of refund is not possible through I, II, III and IV, the refund orders would be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/Registered Post for refund orders exceeding Rs. 1500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banks and be 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.

Interest in Case of Delay in Despatch of Refund Orders

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. We further agree that we shall pay interest @15% per annum if the refund orders have not been despatched to the applicants (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the issue.

Undertaking by our Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.
- that except the Pre-IPO Placement as disclosed in the chapter titled "Capital Structure" beginning on page [●] of the Draft Red Herring Prospectus, no further issue of Equity Shares shall be made till Equity Share issued are listed or until the Bid monies are refunded on account of non listing, undersubscription
- that Promoters' Contribution in full, wherever required shall be brought in advance before the Issue opens for public subscription

Issue Programme

BID/ISSUE OPENS ON:	[●], 2008
BID/ISSUE CLOSES ON:	[●], 2008

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-

Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until:

- (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders
- (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.
- (iii) Online, real-time graphical display of demand and price will be available at the bidding terminals. Data entry of the bids shall be made on real-time basis and the Members of the Syndicate shall ensure availability of adequate infrastructure for the same.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Working Days.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company reserves the right to revise the Price Band during the Bid/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.

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

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of our Company indicating then form in which such unutilized monies have been invested.
- we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Rectification of Register of Members

Our Company, under Section 111A of the Act will have the right to rectify the register of members to comply with the Act.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the textile sector is permitted upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents. In our Company, as on date aggregate FII holding cannot exceed 49% of the total Issued Share Capital.

Subscription by foreign investors (NRIs/FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our 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 the 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.

SECTION IX- MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISION OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI guidelines, the important provisions of the Articles of Association of our Company relating to members voting rights, lien on Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per clause V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may Consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be, repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

- (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further Issue of Shares

- (b) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued share capital or out of the increased share capital then :
 - (i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - (ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
 PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him.
- (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (c) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause(a) of sub-clause (1) hereof) in any manner whatsoever.
 - (i) If a special resolution to that effect is passed by the Company in General Meeting, or
 - (ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the 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.
- (d) Noting is sub-clause (c) of (1) hereof shall be deemed
 - (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).
 PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
 - (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
 - (ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Directors may allot shares as fully paid up

- (f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- (g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall

be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;
Provided that
- (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;
 - (ii) no such shares shall be redeemed unless they are fully paid;
 - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
 - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called 'the capital redemption reserve account', a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.
- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.
Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.
- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated upto the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :
- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and

- (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Power To Issue Sweat Equity Shares

- (c) The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79 (A) of the Act,

Reduction of capital

9. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be
 - (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
 - (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
 - (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company;
 and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:
 - (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.
 - (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
 - (d) cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares Into stocks etc.

11. (a) If the Company has :
 - (i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;

- (ii) converted any shares into stock;
 - (iii) reconverted any stock into shares;
 - (iv) sub-divided its share or any of them;
 - (v) redeemed any redeemable preference shares; or
 - (vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,
- the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.
- (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

12. If at any time the share 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 any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *par passu* therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion either as right or bonus and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 and other related provisions of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold any transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Every share transferable etc.

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
(ii) Each share in the Company shall be distinguished by its appropriate number.
(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.
(b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.
(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
(ii) in writing off the preliminary expenses of the Company;
(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of

the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares

23. [A] An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Power of Company to purchase its own Securities

- [B] Notwithstanding anything contained in the Act, but subject to the provision of Sub-section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back) from.
- (A) Out of free Reserve or,
 - (B) Out of Share Premium Account or,
 - (C) Out of proceeds of an earlier Issue other than fresh Issue of share made specifically for the purpose of Buy-Back Shares.

Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognised

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

- (b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

- 27. (a) Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every Certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one, of several joint holders shall be sufficient delivery to all such holder.
- (b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity shares / 10 (Ten) debentures (all relating to the same series) in market lots as the case may be.
Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.
- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place, lost or destroyed

- 28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in Lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.
Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provisions of this Article shall mutatis mutandis apply to debentures of the company.

INTEREST OUT OF CAPITAL

Interest out of Capital

- 29. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or building or the provisions of any plant, which cannot be made profitable

for 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 cost of construction of the work or building or the provision of the plant.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions discounts etc.

30. (A) The Company may pay a commission to any person in consideration of
- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
 - (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely:
 - (a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
 - (b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
 - (c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
 - (d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.
- (B) Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of
- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
 - (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.
- (C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.
- (E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed 'by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.

Notice of call

33. Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls

- 35.. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Instalments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.
Explanation : For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalment and calls due in respect of such shares.

When interest on call or Instalment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent 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, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.
- (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid up him until the same would but for such payment, become presently payable.

Term of issue of Debenture

43. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption. surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/ debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures 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/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or instalment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debentureholder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have

accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

- 48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of 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 such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

- 49. When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

- 50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annual forfeiture

- 51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

- 52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture togetherwith interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debentureholder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

59. 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.

Instrument of transfer

60. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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 company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the Certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

- (d) Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.
- (e) The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;
 - (A) for splitting of a share or debenture certificate into several scripts of very small denominations;
 - (B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
 - (i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
 - (ii) the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
 - (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
 - (iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.
Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).
- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Custody of instrument of transfer

- 64. (A) The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Dematerialisation/Rematerialisation

- [B] Notwithstanding anything contained in 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.

Option for Investors

- [C] Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities.
If a person options to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

Securities in Depository to be in fungible form

[D] All securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

- [E] (i) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

Service of Documents

[F] Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

[G] Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of depository.

Allotment of Securities dealt with in a depository

[H] Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of Members

[I] 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 Sections 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 electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Applicability of the depositories Act

[J] 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 with a Depository, the provisions of the Depositories Act, 1996 shall apply.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture 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.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 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.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Nominations

- (c) [i] Every Shareholder or Debentureholder or depositholder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 109A of the Companies Act, 1996.
- [ii] Where the Shares or Debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the

Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders.

- [iii] Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debentureholder or depositholder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may prescribed under the Act.
- [iv] Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

Claimant to be entitled to same advantage

- 69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

- 70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
- 71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

- 72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

- 73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No fee on transfer or transmission

- 74. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage; Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice 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 Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

- (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

- (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

- (g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:
- (a) 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.
 - (b) remit, or give time for the repayment of any debt due by a Director.
 - (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, 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 can not be carried on or can be carried on only with difficulty or only after a considerable time.
 - (d) borrow monies 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.
 - (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.
- Explanation : Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc. to be subject to the control of directors

80. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.
- (e) The term charge' shall include mortgage in these Articles.
- (f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of certificate

- (g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.
The expression transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of and inspect Trust Deed

- (h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.
 - (1) In the case of a printed Trust Deed of the sum of Rupee One and
 - (2) in the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.
- (ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

Mortgage of uncalled capital

83. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act.
- (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
- (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pan passu*.
- (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- (h) The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
- (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
- (j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.
- (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.
- (l) The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
- (i) a short description of the property charged;
 - (ii) the amount of the charge; and
 - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
- (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS

Powers to issue share warrants

87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

88. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting, and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the Share Warrant.
- (c) The Company shall on two days' written notice return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant.

89. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of the privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

Issue of new share warrant or coupon

90. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

91. 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 thence forth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of Stock holders

92. The holders of stock shall, according to the amount of stock, held by them have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the share from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and the assets on winding up) shall be

conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

GENERAL MEETINGS

Annual General Meeting

93. Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debentureholders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:
 - (i) by the requisitionists themselves;
 - (ii) by such of the requisitionists 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 clause (d) above, whichever is less.

Explanation For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

- (g) A meeting, called under clause (f) above, by the requisitionists or any of them:
 - (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation : Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

- 98. (a) A general meeting of the Company may be called by giving not less than twenty one days notice in writing.
- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
 - (i) in the case of an annual general meeting by all the members entitled to vote thereat: and
 - (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

- 99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (b) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and
 - (iv) to all the Directors of the Company
- Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

100. (A) For the purpose of this Article
- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - (b) the declaration of a dividend;
 - (c) the appointment of Directors in the place of those retiring, and
 - (d) the appoint of and the fixing of the remuneration of the auditors, and
 - (ii) in the case of any other meetings, all business shall be deemed special.
- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.
- Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the provision to sub-section (2) of Section 173 of the Act.
- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

- (c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

- (b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

- (c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall, decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

- (d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

- (e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

- (f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

- (g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

103. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote

instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting. Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall
 - (i) be in writing, and
 - (ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- (f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

- 104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

- 105. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

- 106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

- 107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

- (c) 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 a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or insolvent members etc.

- (d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of Instrument

- (e) If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

- (f) 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 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 registered office of the Company before the meeting.

Time for objections for vote

- (g) 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 an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

- (h) 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's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be

conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutineers at poll

113. (a) 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.
- (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (c) Of the two scrutineers appointed under this article, one 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.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or

at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.

- (b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

Public Trustee

- (c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

- 118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

- 119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

- 120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

- 121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings.

- 122. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
 - (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
 - (i) the names of the Directors present at the meetings, and
 - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
 - (i) is or could reasonably be regarded, as defamatory of any person

- (ii) is irrelevant or immaterial to the proceedings; or
- (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

- 123. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

- 124. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
 - (i) be kept at the registered office of the Company, and
 - (ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

- 125. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

- 126. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

BOARD OF DIRECTORS

Board of Directors

- 127. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The first Directors of the Company are

1. **Mr. VEDPRAKASH D. CHIRIPAL**
2. **Mr. RAJENDRA B. AGRAWAL**
3. **Mr. AMIT P. BINDAL**
4. **Mr. YOGESH THAKER**

Appointment of Senior Executives as Wholetime Directors

128. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Wholtime Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
- (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholtime Director.
 - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Sections 283 and 314(20) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
 - (iv) Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/ or the Board may, from time to time determine.
- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholtime directors.

Debenture Director

129. Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as “Debenture Director” and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

130. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as “the Corporation”) continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholtime or non-wholtime (which Director or Directors is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to

remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/ s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/ s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director's is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/ s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Wholetime Director/ s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Special Director

131. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon

between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.

- (b) The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
 - (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.
132. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Appointment of Alternate Director

133. (a) The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (b) An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held.
- (c) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Appointment of Additional Directors

134. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

135. (a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

- (b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director 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. Resolution moved in contravention of this Article shall be void whether or not objection was

taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring director by virtue of these Articles and the Act in default of another appointment shall apply.

Appointment of chairman

136. The directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

137. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

138. (a) Subject to the provisions of the Act, a Managing Director or a Director who is in the wholetime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director, who is neither in the wholetime employment nor a Managing Director may be paid remuneration either
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
 - (ii) by way of commission if the Company by a special resolution has authorised such payment.
- (c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Travelling and other expenses

139. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for travelling, board and lodging and incidental and/or such actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings of the Board or Committees thereof or general meetings of the Company are held from time to time or any other place at which the Director executes his duties.

Remuneration for extra services

140. If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors

141. (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Wholetime Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or its Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board

of Directors, shall require the approval of the Central Government unless it is in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.

Increase in remuneration of Managing Director on re-appointment or appointment

- (b) If the terms of any re-appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Wholetime Director, as the case may be was receiving immediately before such reappointment or appointment shall require the approval of the Central Government unless they are in accordance with Sections 198, 269, 309, 310, 311 Schedule XIII and other applicable provisions of the Companies Act, 1956, and their amendment from time to time.

Directors not to act when number falls below minimum

- 142. When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

- 143. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act.

Directors vacating office

- 144. (a) The Office of a Director shall become vacant if:
 - (i) he is found to be of unsound mind by a Court of competent jurisdiction;
 - (ii) he applies to be adjudicated an insolvent;
 - (iii) he is adjudged an insolvent;
 - (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - (v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - (vi) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
 - (vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;
 - (viii) he acts in contravention of Section 299 of the Act;
 - (ix) he becomes disqualified by an order of court under Section 203 of the Act;
 - (x) he is removed in pursuance of Section 284 of the Act;
 - (xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
 - (xii) he resigns his office by notice in writing given to the Company.
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;
 - (i) for thirty days from the date of the adjudication, sentence or order;

- (ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
- (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

145. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so,
- (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
 - (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly; Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (g) Nothing contained in this Article shall be taken:
- (i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

146. (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall

any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.

- (b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.

Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.

- (c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Directors may be directors of companies promoted by the company

- 147. A Director, Managing Director, Officer or employee of the Company may be, or become a director, of any Company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.

Duty of Directors etc. to make disclosure

- 148. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company, who is appointed to or relinquishes the office of Director, Managing Director, Manager or Secretary of any other body corporate shall, within twenty days of his appointment or relinquishment of such office, as the case may be, disclose to the Company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act and every other person referred to in sub-section (11) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

- 149. The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.

Loans to Directors

- 150. The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

Appointment of Sole Selling Agents

- 151. (a) The appointment, re-appointment and extension of the term of a Sole Selling Agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any rules or

Notifications issued by competent authority in accordance with that section and the Directors and/or the Company in general meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such Rules or Notification, if any as may be applicable.

- (b) The payment of any compensation to a Sole Selling Agent shall be subject to the provisions under Section 294A of the Act.

Board resolution at a meeting necessary for certain contract

- 152. (a) Except with the consent of the Board of Directors of the Company and with the previous approval of the Central Government a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company;
 - (i) for the sale, purchase or supply of any goods materials or services, or
 - (ii) for underwriting the subscription of any shares in, or debentures of the Company.
- (b) Nothing contained in the foregoing sub-clause (a) shall affect:
 - (i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other side for sale, purchase, or supply of any 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:
Provided that such contract or contracts do not relate to goods and materials the value of which, or service cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.
- (c) Notwithstanding anything contained in the foregoing sub-clause (a) and (b) a Director, relative, firm, partner of private company as aforesaid, may in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods, materials or services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (d) Every consent of the Board required under this clause shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under sub-clause (a) above shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (e) If consent is not accorded to any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.
- (f) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
- (g) The Company shall also comply with such other provision of Section 297 of the Act, as may be applicable.

ROTATION OF DIRECTORS

Rotation of Directors

- 153. Not less than two thirds of the total number of Directors shall
 - (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
 - (b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

Ascertainment of Directors retiring by rotation and filling up vacancies

154. (a) At every annual general meeting 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, then the number nearer to one-third, shall retire from office.
- (b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.
- (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy, by appointing the retiring Director or some other person thereto.
- (d) (i) If the place of the retiring Director is not so filled up and that 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 a public holiday, till the succeeding day which is not a public holiday, at the same time and place.
- (ii) 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
- (1) 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;
 - (2) 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;
 - (3) he is not qualified or is disqualified for appointment;
 - (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or
- (e) The proviso to sub-section (2) of Section 263 of the Act is applicable to the case.
Explanation: In this Article and Article 156 the expression 'Retiring Director' means Director retiring by rotation.

Right of persons other than retiring Directors to stand for Directorship

155. (a) A person who is not a retiring Director shall, in accordance with Section 257 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than fourteen days before the meeting, left at the registered 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 or members to propose him as a candidate for that office, as the case may be alongwith a deposit of such sum as may be prescribed by the Act, or the central government from time to time which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.
- (b) The Company shall inform its members of the candidature of a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting in the manner provided under Section 257 of the Act.

Consent of candidate for Directorship to be filed with the Registrar

156. Every person who is proposed as a candidate for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 264 of the Act in so far as they may be applicable.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

157. The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The

provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

When meeting to be convened

158. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Directors entitled to notice

159. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

Questions at Board meeting how decided

160. Question arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

Who to preside at meetings of the Board

161. (a) The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Directors may also appoint a Vice Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office.
- (b) All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice Chairman, if present, shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Quorum at Board Meeting

162. (a) The quorum at a meeting of the Directors shall be as prescribed by Section 287 of the Act.

Quorum competent to exercise power

- (b) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

Procedure in case of want of quorum

- (c) If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a Public Holiday, till the next succeeding day which is not a public holiday, at the same time and place.

Directors may appoint committee

163. Subject to the provisions of Section 292 and other provisions of the Act and Article 165 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit. and they may, from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

Resolution by circular

164. Subject to the provisions of Section 289 of the Act, a resolution passed without any meeting of Directors, or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of all the Directors or members of such Committee as aforesaid, for the time being in India, be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such committee called and held in accordance with the provisions of these Articles.

Provided that the resolution has been circulated in draft, together with the necessary papers, if any, to such Directors, or members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or the Committee as the case may be) and all other Directors or members at their usual address in India and has been approved by such Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution.

Limit of Directors' numbers

165. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles.

Acts of Board or Committee valid notwithstanding defect of appointment

166. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

Minutes of proceedings of the Board and the Committees to be valid

167. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.

Board Minutes to be evidence

168. Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purposes whatsoever prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

Register of Directors and Managing Directors etc.

169. The Directors shall cause to be kept at the registered office of the Company:
- (a) (i) A Register of the Directors, Managing Directors, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act.
 - (ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and
 - (iii) A Register of Directors shareholding containing the particulars required by Section 307 of the Act. They shall also cause to be kept other registers and indexes as required by the Act.
 - (b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Section of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

170. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.
- (i) The power to make calls on shareholders in respect of money unpaid on their shares;
 - (ii) The power to issue debenture;
 - (iii) The power to borrow moneys otherwise than on debentures;
 - (iv) The power to invest the funds of the Company, and
 - (v) The power to make loans.
- Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.
- (b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate.
 - (c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
 - (d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.
 - (e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

171. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:
- (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;
 - (ii) remit, or give time for the repayment of any debt, due by a Director;
 - (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 sub-clause (i) above, 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;
 - (iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or
 - (v) 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 percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.
- (b) Nothing contained in sub-clause (a) above shall affect:
- (i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or

- (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.
- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

General powers of the Company vested in Directors

- 172. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers given to Directors

- 173. Without prejudice to the general powers conferred by Article 172 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers

To pay registration expense

- (i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;

To acquire property

- (iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

- (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and

outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

To construct buildings

- (v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

- (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

To pay for property etc.

- (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To Insure

- (viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

To open accounts

- (ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

- (x) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

- (xi) To attach to any shares to be issued as the consideration for any contract with or property
- (xii) acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

To accept surrender, of shares

- (xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

- (xiii) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

- (xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

To refer to arbitration

- (xv) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

- (xvi) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

- (xvii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

To authorise acceptances

- (xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

- (xix) Subject to the provisions of Sections 292, 293, 370, 372 of the Act, invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

- (xx) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

To give to Directors etc. an interest in business

- (xxi) Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

To provide for welfare of employees

- (xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

- (xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition;

To maintain pension funds

- (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;
- (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

To create Reserve Fund

- (xxvi) Before recommending any dividend, to set a side out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

- (xxvii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

- (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may

contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

To authorise, delegate

(xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

To Negotiate

(xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTORS

Power to appoint Managing or Wholetime Directors

174. (a) 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 members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. 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 the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s) Financial Director(s) and Special Director(s) 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 such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.
- (b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be.

Appointment and payment of remuneration to Managing or Wholetime Director

- (c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY

Secretary

175. Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform. any functions, which by the Act or these Articles 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 Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

177. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions 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 and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

178. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

179. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

180. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

181. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

182. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in Annual General Meeting may declare dividends

183. The Company in Annual general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends

184. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

185. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:
- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of 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 the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions' of sub-section (2) of Section 205 of the Act or against both.
- Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section
- Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

186. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

187. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

188. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

189. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

190. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

191. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the 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 so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant 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 fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

192. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank, as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
- (c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

193. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him 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 to be payable in cash

194. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION

Capitalisation

195. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the

realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:

- (i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or
- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in;

- (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (2) in writing off the preliminary expenses of the Company;
 - (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.
- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.
 - (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
 - (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
 - (e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

196. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

DOCUMENTS AND NOTICES

Service of Notice by member

214. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate of posting or by registered post or by leaving it at its Registered Office.

The term 'Notice' in this and the following clauses shall include summons, notice, requisition, order, judgement or other legal papers and any document.

Service of Notice on Registrar

215. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

216. (a) A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.
- (b) Where a Notice is sent by post
- (i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
 - (ii) Such service shall be deemed to have been effected:
 - (1) in the case of a Notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and
 - (2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

- (c) A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him.

On Joint holder

- (d) Any Notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On personal Representative

- (e) A Notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

217. Any Notice given by the Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

218. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal.

WINDING UP

Distribution of Assets

219. (a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

220. Subject to the provisions of the Act.

Distribution in specie or kind

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or 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 or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) in case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

221. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECRECY CLAUSE

222. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts' with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of Directors or to require discovery of or any information respecting any detail of the Company's trading, or any 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.

GENERAL POWER

226. Wherever in the Companies Act, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction only if the Company if so authorised by its Articles, then and in that case these regulations hereby authorise and empower the Company to

have such rights, privilege or authority and to carry such transactions as have been permitted by the Act.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus or Prospectus will be delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the date of closure of this Issue.

Material Contracts

1. Memorandum of Understanding dated March 10, 2008 between us and the BRLM.
2. Memorandum of Understanding dated January 4, 2008 between us and Karvy Computershare Private Limited to act as the Registrars to this Issue.
3. Escrow Agreement dated [●] between us, Escrow Collecting Banks, the BRLM, Syndicate Member(s) and the Registrar to this Issue.
4. Syndicate Agreement dated [●] between us, BRLM, the Registrar and the Syndicate Member(s).
5. Underwriting Agreement dated [●] between us, BRLM and the Syndicate Member(s)

Material Documents

1. The Memorandum and Articles of Association of our Company, as amended from time to time.
2. Extraordinary General Meeting resolution dated February 4, 2008 and the resolution of the Board dated January 9, 2008 authorizing this Issue.
3. Copies of the Annual Reports of our Company for the years ended March 31, 2003, 2004, 2005, 2006 and 2007
4. Copy of the tax benefit report dated March 12, 2008 of M/s Nahata & Jain, Chartered Accountants.
5. Report of the Statutory Auditors dated March 1, 2008 from M/s. Nahata & Jain, Chartered Accountants on the restated financial statements.
6. Consents of Auditors, Bankers to our Company, BRLM, Syndicate Member(s), SMPS Consultants Private Limited, IL&FS, Sijcon Consultants Private Limited, MANTRA, Legal Advisors to this Issue, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, IPO Grading Agency and Compliance Officer as referred to, in their respective capacities.
7. No Objection Certificate from MANTRA for inclusion of their technical appraisal report dated March 13, 2008
8. No Objection Certificate from IL&FS for inclusion of their project report dated March 12, 2008
9. Memorandum of Understanding dated February 19, 2008 between Vraj Integrated Textile Park Limited and Chiripal Industries Limited

10. Consent of Mr. Chandan Bhattacharya for inclusion of name as financial advisor to our Company
11. Certified true copies of General meeting resolutions appointing/varying the terms of current appointment of all our whole-time Directors.
12. In-principle listing approvals from BSE dated [●] and NSE dated [●].
13. Tripartite agreement between the NSDL, our Company and Karvy Computershare Private Limited dated [●].
14. Tripartite agreement between the CDSL, our Company and Karvy Computershare Private Limited dated [●].
15. SEBI observation letter no. [●] dated [●] and reply to SEBI dated [●].
16. Non – Compete agreements amongst Chiripal Industries Limited and Nandan Exim Limited, Prakash Calender Private Limited, Bhushan Processors Private Limited, Chiripal Enterprises Limited, Chiripal Textile Mills Private Limited, Shanti Exports Private Limited and Sparow Exports Private Limited.
17. Trademark Assignment agreements amongst Chiripal Industries Limited and like Nandan Exim Limited, Bhushan Petrofils Private Limited, Quality Exim Limited, Chiripal Textile Mills Private Limited, Prakash Calendar Private Limited, Shanti Exports Private Limited, Chiripal Enterprise Limited, Vishal Fabrics Private Limited and Dindayal Processors Private Limited
18. Scheme of Amalgamation dated March 31, 2006 between Chiripal Petrochemicals Limited and Shanti Processors Limited.
19. Scheme of Amalgamation dated March 31, 2006 between Chiripal Petrochemicals Limited and Priti Processors Private Limited
20. IPO Grading Report dated [●] from CARE Limited
21. Copy of resolution passed at the Board Meeting held on January 9, 2008 for the formation of Audit Committee, Remuneration Committee and Investors' Grievance Committee
22. Due Diligence Certificate dated March 18, 2008 from BRLM
23. Copies of the Initial Listing Application made to BSE and NSE dated [●] and [●] respectively.
24. Copy of Auditor's certificate dated March 11, 2008 regarding sources and deployment of funds.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 1956 and other relevant statutes.

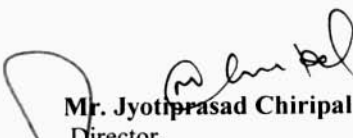
DECLARATION

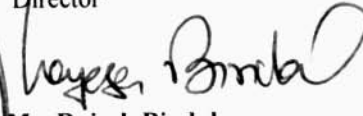
We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF CHIRIPAL INDUSTRIES LIMITED


Mr. Vedprakash Chiripal
Chairman and Managing Director

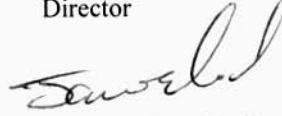

Mr. Jaiprakash Chiripal
Whole Time Director

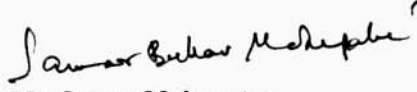

Mr. Jyoti Prasad Chiripal
Director

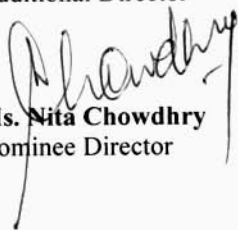

Mr. Rajesh Bindal
Director


Mr. Suresh Chatterjee
Director Finance


Mr. Ambalal Patel
Director


Mr. Jawahar Goel
Additional Director


Mr. Samar Mohapatra
Additional Director


Ms. Nita Chowdhry
Nominee Director

Date: **March 18, 2008**
Place: Ahmedabad