



**Red Herring Prospectus**

Dated: January 18, 2010

Please read Section 60B of the Companies Act, 1956

100% Book Built Issue

## Texmo Pipes and Products Limited

(Our Company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. It was converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008 and received the Certificate of Commencement of Business on July 28, 2008.)

**Registered & Corporate Office:** 98, Bahadarpur Road, Burhanpur- 450 331, Madhya Pradesh

**Tel.:** +91-7325-255122; **Fax:** +91-7325-253273; **Website:** www.texmopipe.com

**Compliance Officer & Contact person:** Mr. Rishabh Kumar Jain;

**Tel.:** +91-7325-255122/ 252353; **Fax:** +91-7325-253273; **E mail:** rjaincs@texmopipe.com

**Name of Promoters:** Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal

**PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS (THE "ISSUE"). THE ISSUE COMPRISES A RESERVATION OF 1,00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [●] LAKHS FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"), AND NET ISSUE OF 49,00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [●] LAKHS. THE ISSUE WOULD CONSTITUTE 44.37% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

**PRICE BAND: RS. 85 TO 90 PER EQUITY SHARE OF FACE VALUE OF RS 10/- EACH**

**THE ISSUE PRICE IS 8.50 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 9.0 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager ("BRLM") and the terminals of the member of the Syndicate.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Texmo Pipes and Products Limited ("our Company"), there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares of the Company is Rs. 10/- per share and the Floor Price is 8.5 times of the face value and the Cap Price is 9.0 times of the face value of the Equity Shares of the Company.** The Issue Price (as has been determined and justified by the Book Running Lead Manager and our Company as stated herein under the paragraph 'Basis of Issue Price') 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 the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The in-principle approvals of BSE and NSE for listing of Equity Shares of our Company have been received pursuant to letters dated May 20, 2009 and June 2, 2009 respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

### GRADING

This Issue has been graded by CARE. CARE has assigned "CARE IPO GRADE 2", indicating below average fundamentals to the Initial Public Offering of our Company. For more information on IPO Grading, please refer to page no. 13 of this Red Herring Prospectus.

### BOOK RUNNING LEAD MANAGER



**ALMONDZ GLOBAL SECURITIES LIMITED**

33, Vaswani Mansion, 6th Floor,  
Dinshaw Vachha Road, Churchgate,  
Mumbai - 400020

**Tel:** +91 22 2287 0580

**Fax:** +91 22 2287 0581

**Website:** www.almondzglobal.com

**Email:** texmo.ipo@almondz.com

**Investor Grievance Email Id:** complaint@almondz.com

**Contact Person:** Ms. Sugandha Kaushik

**Registration No:** INM000000834

### 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 0815-28

**Fax:** +91-40-2331 1551

**E-mail:** texmoipo@karvy.com

**Website:** www.karvy.com

**Contact Person:** Mr. Murli Krishna

**SEBI Registration No.:** INR000000221

### BID/ISSUE PROGRAMME

**BID/ISSUE OPENS ON**

**Tuesday, February 16, 2010**

**BID/ISSUE CLOSING ON**

**Friday, February 19, 2010**

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## SECTION I - GENERAL- DEFINITIONS AND ABBREVIATIONS

## Definitions

Term	Description
“Texmo Pipes and Products Limited” or “TPPL” or “the Company” or “Our Company”	Texmo Pipes and Products Limited, a public limited company incorporated under the Companies Act, 1956 with its registered office at 98 , Bahadarpur Road, Burhanpur- 450 331, Madhya Pradesh.
“We” or “us” or “our”	Unless the context otherwise require, refers to Erstwhile Firm viz. Shree Mohit Industries, which has been converted into public limited company in the name of Texmo Pipes and Products Limited.

## General / Conventional Terms

Terms	Description
Articles / Articles of Association	Articles of Association of Texmo Pipes and Products Limited
Auditors	The statutory auditors of Texmo Pipes and Products Limited viz., Pankaj Somaiya & Associates, Khanka Masjid, Complex Chowk Bazar, Burhanpur 450331
Board of Directors / Board	The Board of Directors of Texmo Pipes and Products Limited, including all duly authorised committee thereof.
CARE	Credit Analysis and Research Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Texmo Pipes and Products Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum of Association	Memorandum of Association of Texmo Pipes and Products Limited
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal
Promoter Group Entities	Shree Padmavati Irrigations Private Limited, Shree Balaji Industries and Shree Venkatesh Industries
Promoter Group	Mr. Vijay Prasad Pappu, Mr. Mohanlal Shah, Mr. Rajesh Agrawal, Mr. Mehmood Khan, Mr. Ananda Nago Umale, Master Mohit Agrawal,

Terms	Description
	Master Vasu Agrawal, Ms. Ruchika Agrawal, Ms. Sulochana Agrawal, Mr. Narendra Agrawal, Ms. Sunita Agrawal, Ms. Sudha Agrawal, Ms. Tara Chand Khemuka, Ms. Meera Devi Khemuka, Mr. Shailendra Khemuka and Ms. Arti Tirpude.
Registered and Corporate Office	98, Bahadarpur Road, Burhanpur- 450 331, Madhya Pradesh
RoC	Registrar of Companies, Madhya Pradesh & Chhattisgarh situated at Gwalior
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009, notified by SEBI on August 26, 2009, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act 1985
Stock Exchanges	Bombay Stock Exchange Limited and The National Stock Exchange of India Limited

#### Issue Related Terms

Terms	Description
Almondz/ AGSL	Almondz Global Securities Limited
Allotment/ Allocation	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful bidder to whom the Equity Shares are being / have been issued.
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) for subscribing to this Issue alongwith an authorization to SCSB to block the Bid Amount in their specified bank account
ASBA Form / Bid-cum-ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Red Herring Prospectus and Prospectus
ASBA Bidders / ASBA Investors	means any Investor / Bidder, other than QIBs, who intends to apply through ASBA process
ASBA Public Issue Account	A bank account opened with the Bankers to the Issue by the Company to receive monies transferred by the SCSBs from the bank accounts of the ASBA Bidders.
ASBA Process	The ASBA process, as detailed in the section titled "Issue Procedure" beginning on page no. 154 of this Red Herring Prospectus.
ASBA Revision Form	The forms used by the ASBA Bidders to modify the quantity of Equity Shares or Bid Price in any of their Bid cum ASBA Forms or any previous Revision Form(s).
Bankers to the Issue / Escrow Bankers to the Issue	Axis Bank Limited, ICICI Bank Limited and HDFC Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective

Terms	Description
	investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, Bid means an indication to make an offer during the Bidding Period by any Investor/Bidder, other than QIBs, to subscribe to the Equity Shares of our Company .
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate and SCSBs will not accept any Bids for the issue, which shall be notified in an English National Newspaper and a Hindi national Newspaper, all with wide circulation.
Bid cum Application Form/ Bid Form	The form used by the Bidder (including the format of such application form used by the ASBA Bidder, whether physical or electronic) to make a Bid and which will be considered as the application for allotment for the purposes of this Red Herring Prospectus and the Prospectus.
Bid Opening Date/ Issue Opening Date	The date on which the members of the Syndicate and SCSBs shall start accepting Bids for the issue, which shall be notified in an English National Newspaper and a Hindi national Newspaper, all with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and Bid cum ASBA Form.
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids.
Book Building Process	Book Building route as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which the Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Almondz Global Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSBs which coordinates Bids under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLM and it shall be any price within the price band. Only Retail Individual Bidders and Eligible Employees are entitled to bid at Cut-off Price, for a Bid Amount not exceeding Rs.1,00,000. Qualified Institutional Buyers and Non-Institutional Bidders are not entitled to bid at Cut-off Price.
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Branch offices of the SCSBs which the respective SCSB has identified as a designated branch at which the Physical ASBA Form can be submitted by an ASBA Investor and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> .
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the ASBA Public Issue Account, as the case may

Terms	Description
	be, after the Prospectus is filed with the Registrar of Companies, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and number of Equity Shares in this Issue. It will become a Red Herring Prospectus after filing with the Registrar of Companies, Madhya Pradesh & Chhattisgarh at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Madhya Pradesh & Chhattisgarh, after the Pricing Date.
Electronic ASBA	Submission of Bid-cum-ASBA Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs.
Eligible Employees	Permanent Employees of our Company who are Indian nationals based in India as on the Bid/Issue Opening Date and are present in India on the date of submission of the Bid-cum-Application Form or Bid cum ASBA Form, including whole time directors of our Company, who are Indian national, except any Promoter or members of the Promoter Group as of Bid Issue/Opening Date and based and present in India. Eligible Employees are also eligible to apply in this Issue through the ASBA process.
Employee Reservation Portion	The portion of the issue being upto 1,00,000 Equity Shares available for allocation to Eligible Employees
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and condition thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form or the Bid-cum-ASBA Form or ASBA 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.
IPO	Initial Public Offering
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLM on the Pricing Date
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Issue / Issue Size	The public issue of an aggregate of 50,00,000 Equity Shares
Margin Amount	The amount paid by the Bidder or blocked in the account of the ASBA Bidders, at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount, depending on the category of the Bidder.
Members of the Syndicate	The BRLM and the Syndicate Members
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.

Terms	Description
Mutual Fund portion	5% of the QIB Portion or 1,22,500 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, aggregating 49,00,000 Equity Shares.
Non-Institutional Portion	The portion of this issue being not less than 15% of the Net Issue comprising of 7,35,000 Equity Shares of Rs. 10 each, available for allocation to Non Institutional Bidders.
Non-Institutional Bidders	All Bidders, including Sub-Accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 1,00,000. Non-Institutional Bidders are also eligible to apply in this Issue through the ASBA process.
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in-Date
Physical ASBA	ASBA Forms submitted by an ASBA Investor physically with the designated branches of the SCSBs.
Price Band	Being the price band of a minimum price of Rs. 85 per Equity Share (Floor Price) and the maximum price of Rs. 90 per Equity Share (Cap Price) (both inclusive), and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLM, finalizes the Issue Price.
Prospectus	The Prospectus, filed with the ROC containing, <i>inter-alia</i> , 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/ Issue	Public Issue of 50,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share, aggregating Rs [•] lakhs (The "Issue"). The Issue would constitute 44.37% of the fully diluted post Issue paid-up capital of the Company.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account and the Bank Account of the ASBA Bidders on the Designated Date
Qualified Institutional Buyers / QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors and sub account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign venture capital funds registered with SEBI, Multilateral and bilateral development financial institutions, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2500 lakhs, Pension Funds with minimum corpus of Rs. 2500 lakhs, National Investment Fund, set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the

Terms	Description
	Gazette of India and Insurance funds set up and managed by army, navy or air force of the Union of India.
QIB Portion	Not more than 50% of the Net Issue being 24,50,000 Equity Shares of Rs. 10/- each available for allocation to QIB bidders.
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing date.
Refund Account	Account opened with an Escrow Collection Bank from which the refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank	Axis Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000.
Retail Portion	The portion of the Issue being not less than 35% of the Net Issue Size consisting of 17,15,000 Equity Shares of Rs. 10 each, available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Self Certified Syndicate Bank/SCSB	SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> . Bid-cum-ASBA forms can be accepted only by SCSBs.
Syndicate Agreement	Agreement to be entered into amongst the BRLM, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue (excluding Bids from the ASBA Bidders)
Syndicate Member(s)	Almondz Global Securities Limited
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Red Herring Prospectus
Underwriter(s)	Members of the Syndicate
Underwriting Agreement	The agreement among the BRLM, Syndicate Members and the Company to be entered into on or after the Pricing Date.

#### Technical and Industry Related Terms

Terms	Description
ASTM	American Society for Testing & Materials
BIS	Bureau of Indian Standards
CI	Casting Iron
CPVC	Chlorinated Polyvinyl Chloride



C&F	Carry & Forward
DG	Diesel Generator
DIC	District Industries Centre
Erstwhile Firm	Shree Mohit Industries, a partnership firm of our Promoters, which was converted into public limited company viz. Texmo Pipes and Products Limited under Part IX of the Companies Act, 1956.
GFI	Gross Fixed Investment
GIS	German Industrial Standard
GI	Galvanised Iron
HDPE	High Density Polyethylene
Kgf/cm <sup>2</sup>	Kilograms of force per square centimetre
KVA	Kilo Volt Ampere
LLDPE	Linear low density Polyethylene
mm	milli meters
MS	Mild Steel
PE	Polyethylene
PLB	Permanently Lubricated
Potable	Fit to drink
PP	Poly Propylene
PVC	Poly Vinyl Chloride
RPVC	Rigid Poly Vinyl Chloride
SSI	Small Scale Industries
SWR	Soil Waste and Rain Water
UPVC	Unplasticised Poly Vinyl Chloride
Unit 1	Manufacturing facilities located at Khasra numbers 98, 99 and 100, Bahadarpur Road, Burhanpur – 450 331, Madhya Pradesh
Unit 2	Manufacturing facilities located at Khasra numbers 107/1, 107/2, 107/3, and 109 Bahadarpur Road, Burhanpur – 450 331, Madhya Pradesh.

### Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AY	Assessment Year
BPLR	Bank Prime Lending Rate
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CB	Coordinating Branch
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DB	Designated Branch
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DRHP	Draft Red Herring Prospectus

<b>Abbreviation</b>	<b>Full Form</b>
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earning Per Share
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIPB	Foreign Investment Promotion Board
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GoI/Government	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
MOU	Memorandum of Understanding
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Sec.	Section
STT	Securities Transaction Tax
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

## **SECTION II – RISK FACTORS**

### **Certain Conventions; Presentation of Financial and Market Data**

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

Fiscal year of our Company commences on April 1 and ends on March 31, so all references to a particular “fiscal year” or “Fiscal” are to the twelve-month period ended March 31 of that year, unless otherwise specified. Figures for the period from April 1, 2008 to July 2, 2008 pertain to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 post its conversion into public limited company. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For additional definitions, see the section titled ‘Definitions and Abbreviations’ beginning on page b of this Red Herring Prospectus.

In the sections titled ‘Main Provisions of Articles of Association of our Company’, ‘Statement of Tax Benefits’, and ‘Financial Statements’ beginning on page nos 196, 41 and 101 respectively of this Red Herring Prospectus, defined terms have the meaning given to such terms of our Company in the sections titled ‘Statement of Tax Benefits’ and ‘Financial Statements’ respectively. Market data used throughout this Red Herring Prospectus has been obtained from industry publications and internal company reports. 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 our Company believes market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by our Company to be reliable, have not been verified by any independent source.

### **Forward-Looking Statements**

Statements included in this Red Herring Prospectus which contain words or phrases such as “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 expression or variations of such expressions, that are “forward-looking statements”.

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

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the plastic pipe industry in India and its ability to respond to them.
- Ability to successfully implement Company’s strategy, growth and expansion, technological changes, Company’s exposure to market risks that have an impact on its business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations, taxes and changes in competition in industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India.

For further discussion of factors that could cause actual results to differ, see the section titled “Risk Factors” beginning on page no. iii of this 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 members of the syndicate or 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 Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## Risk Factors

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

This 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 this Red Herring Prospectus.

### Materiality

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

- Some events may not be material individually but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having immaterial impact in future.

**Note:** Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

### Internal Risk Factors

1. *We and our Promoter Group entities are involved in legal proceedings, any unfavourable outcome of the proceedings may adversely impact our/ their business and financial conditions.*

We and our Promoter Group entity are involved in legal proceedings and claims in India in relation to certain matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us/ it by appellate courts or tribunals, we or this entity may need to make provisions in our / its financial statements, which could increase our / its expenses and current liabilities.

The summary of the cases is as follows:-

Type of Case	Amount involved (Rs. in lakhs) (To the extent ascertainable)	Brief summary of the case
<b>Cases filed by our Company</b>		
Civil Cases	Rs. 25.20 lakhs	The case was filed in Metropolitan Magistrate at Burhanpur, Madhya Pradesh under Section 138 of Negotiable Instruments Act by Shree Mohit Industries (Now Texmo Pipes and Products Limited) against Mr. P.K.U. Menon for dishonour of cheque due to insufficiency of fund in account of drawer of such cheque for an aggregate amount of Rs. 25.20 lacs. The evidence of complainant has been filed by way of affidavit. The evidence of defendant is yet to be recorded; the said matter is pending for evidence of defendant. The next date of hearing is yet to be notified.

	Rs. 4.90 lakhs	Four different complaints were filed with the First Class Magistrate, Civil Court, Burhanpur, for dishonour of cheque for purchase of products of our Company. The next date of hearing has been fixed for January 19, 2010.
Income Tax	Yet to be ascertained	Five Income Tax Appeals have been filed with the Income Tax Tribunal, Indore against five orders of the Commissioner Income Tax (Appeal) Indore, Indore. The above said appeals have been filed on November 20, 2008 and are yet to be numbered and taken up for hearing.
<b>Cases filed against our Company</b>		
Civil	Not ascertainable	Aqua Pump Industries challenged the use of "Texmo" brand registered in the name of Shree Balaji Industries and pleaded for injunction to use of "Texmo" as trade mark by the Company in the High Court, Madras. The Court had earlier passed ex-parte interim injunction in favour of Aqua Pump Industries vide its order dated April 30, 2009 which was vacated by the said High Court on the basis of representation of the Company vide its order dated August 14, 2009 which was further amended vide its order dated August 28, 2009. The Hon'ble High Court directed our Company to print or project in a prominent manner in the publications or advertisements etc. concerning the public issue of 50 lakhs equity shares of Rs. 10 each, that our Company and our right to use the trade mark "TEXMO", is having nothing to do with Aqua Pump Industries or its trade mark "TEXMO AQUA". The case has to come up for trial and final disposal. The matter is pending with the High Court, Madras as on date.
<b>Cases filed by / against our Promoter Group entities</b>		
Civil Cases	Not ascertainable	MPSEB alleged excess usage of electricity and tampering of seals by Shree Balaji Industries and Shree Balaji Industries have filed writ appeal in the High Court.. The matter was listed for hearing on June 16, 2008. The Hon'ble High Court had passed an order to Shree Balaji Industries to deposit Rs. 12.50 lakhs to MPSEB and to submit a representation before the MPSEB for an amicable settlement. Shree Balaji Industries had deposited the above said amount and submitted its report to MPSEB. The next date of hearing is not yet known.
	Not ascertainable	Shree Venkatesh Industries filed a civil suit against MPSEB before the Hon'ble Civil Court at Jabalpur because of denial by MPSEB for enhancement of electricity load by them.
	Not ascertainable	Madhya Pradesh State Electricity Board (MPSEB) has filed a writ petition before the Hon'ble High Court, Jabalpur, Madhya Pradesh praying for setting aside order of disallowance for extension of time of the Civil Court, Burhanpur in respect of civil case Shree Venkatesh Industries as mentioned above. The Hon'ble High Court, Jabalpur, has stayed the proceeding of the above said civil case till the next date of listing and the matter is yet to be listed in the Hon'ble Civil Court as on date.
	Not ascertainable	Aqua Pump Industries challenged the registration of "Texmo" brand registered in the name of Shree Balaji Industries. The matter is pending with the Trademarks Registry, Mumbai as on date.

	Rs. 1.07 lakhs	The complaint was filed by Babulal Son of Kashiram Patidar against Shree Venkatesh Industries and others to District Consumer Disputes Redressal Forum, Ujjain, Madhya Pradesh. The complainant has filed the said complaint for compensation of Rs. 1.07 lakhs on ground of deficiency in product included other issues. Shree Venkatesh Industries has filed their reply on August 7, 2008. The hearing was held on January 4, 2010 but the forum has yet to pass its order. The matter is still pending for next hearing.
	Rs. 0.77 lakhs	Shree Padmavati Irrigations Private Limited had filed the complaint with the First Class Magistrate, Civil Court, Burhanpur, for dishonour of cheque by Mr. Sheoraj Singh Meena for Rs. 0.77 lakhs for purchase of products of Shree Padmavati Irrigations Private Limited. The next date of hearing has been fixed for January 19, 2010.
Income Tax		
Taxation	Rs. 0.94 lakhs	Shree Balaji has filed two Appeals with the Income Tax Tribunal, Indore, against two orders of the Commissioner Income Tax (Appeal) Indore, Indore. The above said appeals have been filed on November 12, 2008 and are yet to be numbered and taken up for hearing.
	Rs. 4.37 lakhs	Mr. Sanjay Agrawal had filed an appeal before the Commissioner of Income Tax (Appeal), Indore against the order dated December 28, 2006 of the Deputy Commissioner of Income Tax, Khandwa, under applicable provisions of the Income Tax Act, 1961. The said order relates to Assessment Year 2005-06 against demand aggregating to Rs. 4.37 lakhs on account of addition of income. The Appeal was dismissed on January 5, 2009 by the Commissioner of Income Tax (Appeal), Indore. Against the said Appeal, Mr. Sanjay Agrawal filed an appeal before Income Tax Appellate Tribunal, Indore on April 6, 2009 which is yet to be numbered and taken up for hearing.

In addition to the above, we have received letter no. RD/297/258/10/2009/7007 dated November 17, 2009 from the Ministry of Company Affairs, Government of India with reference to default under provisions of Section 297 of the Companies Act, 1956. Our Company, Managing Director Mr. Sanjay Agrawal, Whole Time Director Mr. Vijay Prasad Pappu, and Company Secretary Mr. Rishabh Kumar Jain, had filed compounding application dated December 12, 2009 with the Central Government under provisions of Section 621A and other applicable provisions of the Companies Act, 1956 for unintentional default under provisions of section 297 of the Companies Act, 1956. The date of hearing is yet to be fixed by Regional Director, Ministry of Company Affairs, New Delhi.

For details in respect of above legal proceedings, please see the section titled "Outstanding Litigation, material Developments and other Disclosures" beginning on page no. 130 of this Red Herring Prospectus.

**2. *We may be unable to manage our growth effectively which could have an adverse effect on our business, results of operations or financial condition.***

We have grown our business through a combination of organic and inorganic route, including the recent consolidation of businesses. We have signed Business Transfer Agreement on August 5, 2008 and August 6, 2008 with three of our Promoter Group entities viz. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited for purchase of their specified

assets and liabilities. We are currently in the process of expanding our operations by increasing our product range, setting up a new plant for manufacture of injection mouldings and woven sacks. In order to manage our growth effectively, we must implement and improve our operational systems, procedures and internal controls on a timely basis. If we fail to do so, we may not be able to service our customer's requirements, pursue new business opportunities, or operate our business effectively.

Further, in the past our net sales have increased from Rs. 5743.03 lakhs during 2007-08 to Rs. 6141.06 lakhs during 2008-09 showing an increase of 6.93 %. This growth levels are abnormal and we will not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future as the main reason for this was increase in dealer network, increase in government expenditure on agriculture and substantial growth in telecom sector, which have increased the demand for our products. In addition, our growth plans are considerable and would put significant demands on our management team and other resources. The success of our growth plan will be dependent on various factors like maintenance of product quality, handling of dealers, customer satisfaction, development and improvement in our internal administrative infrastructure, internal control systems, communication systems, recruitment, training, retention of skilled manpower, and competition. Any inability on our part to manage our growth may have an adverse impact on our business and results of operations.

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

We had negative cash flow from various activities, as per audited financial statements, details of which are as under:

	For period April 1, 2009 to October 31, 2009	For period July 3, 2008 to March 31, 2009	For period April 1, 2008 to July 2, 2008	(Rs. in lakhs)	
				2007-08	2006-07
Net Cash flow from operating activities	105.59	(395.89)	262.12	(443.51)	(112.33)
Net Cash flow from investing activities	(268.80)	(793.38)	(54.17)	(105.42)	(10.72)
Net Cash flow from financing activities	126.12	1133.91	(169.49)	588.32	(49.85)
<b>Total Net Cash flow</b>	<b>(37.10)</b>	<b>(44.06)</b>	<b>38.46</b>	<b>39.39</b>	<b>(172.90)</b>

The net cash flow of a company is a key indicator to show the extent of cash generated from operations of the company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

- 4. *No independent valuation was done for the partnership firm viz. 'Shree Mohit Industries' before converting it into a public limited company and the same was done as per the own estimates of the management.***
- 5. *Our Company has not entered into any supply agreement for the major raw materials required for manufacturing of our products. Volatility in the prices and non availability of these raw materials may have an adverse impact in our business.***

Our major raw material for manufacture of PVC & HDPE pipes constitutes PVC and HDPE resin, which we generally procure from indigenous suppliers. These raw materials constituted more than



80% of the total raw material cost during 2008-09 and are generally purchased from various manufacturers or agents of petrochemical products. We do not have any agreement with the suppliers of raw materials. Further, for our proposed expansion for manufacture of injection moulding/fittings and woven sacks, we require PVC & HDPE blow moulding trades and HDPE & Polypropylene. All these raw materials are by-products of petroleum; any fluctuation in the international price of crude oil affects the price and supply of these raw materials. Therefore, any significant increase in the prices of these raw materials due to any reasons, and our inability to pass on increased costs of raw material to our customers or reduction in demand from our customers, may adversely affect our sales and profitability. In the event of any disruption in the supply of raw materials supply in terms of requisite quantities and qualities, our production schedule may also be adversely affected.

**6. *Any adverse changes in the government policies affecting our raw materials could also impact our business and financial operations.***

The prices of our major raw materials will remain volatile on account of their basic nature of being dependent on petroleum products. Further, any adverse changes in the EXIM policy affecting petroleum products like changes in import duty, imposition of anti-dumping duties or changes in sea-freight, clearing charges, etc. also impact our raw material cost, which in turn could adversely affect our business and financial operations.

**7. *We rely on a limited number of customers and / or sector for a significant portion of our income. An adverse change in a customer relationship or in a customer's performance or financial position could adversely affect our business and financial operations.***

We currently derive a significant portion of our income from a limited number of customers. For the financial year 2008-09 the percentage of sales derived from our Company's top ten customers is 43.88%. Further one of our customer viz. IDEA Cellular Limited accounted for 16.26 % of our revenues during 2008-09. We expect that a significant portion of our income will continue to be attributed to a limited number of customers in the near future. In addition, our customers have not committed to provide us with a minimum volume of business or to exclusively use us for their product requirements. Our business could be adversely affected in case our customers discontinue our products due to change in consumer preference or any other reason. If we lose one or more of our major customer or if any of our large customer significantly reduces its business with us or become financially troubled, our business, prospects, financial condition and results of operations would be adversely affected.

During 2008-09, telecommunication and agriculture sector contributed 24.89 % and 53.02 % respectively i.e. 77.91 % in aggregate. These sectors could be adversely affected by various factors, such as changes in government policies, changes in expansion plans by the telecom / agricultural related companies, slow down of Indian / World economy, or any other factor which adversely affect the demand. Therefore, any adverse impact on any of the sector in which we sell our products, could adversely affect our business and financial operations.

**8. *Any inability on our part to maintain quality standards could adversely impact our business, results of operations and financial condition.***

Quality control is vital element for our sector. We are supplying our products to telecom, agriculture, construction, and irrigation and each sector has different product specifications. Any rapid change in our customers' expectation on account of changes in technology or introduction of new product or

any other reason and failure on our part to meet their expectation could adversely affect our business, results of operations and financial condition.

We believe that we have always expanded our capacities and / or introduced new products based on latest technology to cater to the growing demand of our customers. However, we cannot assure you that our new products will be successfully accepted by our customers. Any failure on our part to successfully meet customer demand or preference may negatively affect our business, results of operation and financial condition.

**9. *Any inability on the part of government contractors to whom we are supplying our finished products could also adversely impact our business and financial operations.***

We sell our products to various government contractors either directly or through our dealer network. These government contractors, if disqualified for any reason whatsoever for any specific project by government authorities may also lead to disqualification of these dealers for all other projects they are executing. The general reasons for disqualification are supply of inferior quality of materials by the government contractors, any irregularity in their works, delay in completion of work allotted, etc. If we have supplied any finished products in any of the projects where these government contractors were subsequently disqualified, our payment from those government contractors may get delayed or we may not be able to recover payment from those government contractors which in turn would adversely impact our cash flow position.

**10. *We are subject to risks of assuming performance guarantees and product warranty costs due to unforeseen defects in our products and liquidated damages for delays in delivery at times, due to circumstances beyond our control, which could generate adverse publicity and affect our business, results of operations and financial condition.***

Our contracts are generally awarded following tender / bidding processes which sometimes restrict firms / companies whose performance guarantees have been invoked or otherwise debarred in the past. These restrictions restrict us to participate in the tender / bidding process on account of which we have to incur opportunity loss, which in turn could adversely impact our business and financial operations. The performance guarantees can be encashed against us in the event there are manufacturing defects which cannot be rectified by us in time. We have given performance guarantees to the extent of Rs. 206.86 lakhs as on October 31, 2009.

In the past October, 2007 we have been debarred by BSNL for award of any further work / contract for a period of one year which expired in October, 2008. Our performance guarantees were invoked twice in October, 2007 by BSNL and in January, 2008 by Reliance Communication Infrastructure Limited. These restrictions also adversely affect our reputation, which in turn could adversely affect any future business opportunities. Any future invocation by any of our client could adversely affect our reputation. However, in December, 2007 we have participated in the tender issued by BSNL consequent to order of Hon'ble High Court. However, any future invocation of our performance guarantees or debarment by any of our supplier could adversely affect our business and financial operations.

Our contracts are generally time bound and may provide for liquidated damages to be paid in the event there is a delay in delivery, beyond the stipulated time lines in the contract. Therefore, any delay and consequential payment of liquidated damages by us could have an adverse effect on our business, results of operations and financial conditions.

- 11. *We have high working capital requirements. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operations.***

Our business requires a substantial amount of working capital. We require working capital to finance the purchase of materials and execution of projects / orders before payment is received from our customers. Our working capital requirements may increase if, in certain project orders, payment terms include reduced or no advance payments or payment schedules that specify payment towards the end of a project or less favourable to us. Moreover, if a client defaults in making its payment on a project to which we have devoted resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. There can be no assurance that the payments will be remitted by our customers to us on a timely basis. In addition, it is customary in the industry in which we operate to provide, bank guarantees in favour of clients to secure obligations under contracts. If we are unable to provide bank guarantees our ability to get new business could be limited. Providing margins to obtain bank guarantees increase our working capital needs and limits our ability to provide guarantees and pay dividends.

Continued increases in working capital requirements and insufficient cash flows from our operations to meet any of the above requirements may have an adverse effect on our financial condition and results of operations. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

- 12. *We rely significantly on our dealers for sale of our products.***

We sell our products through our network of dealers. We presently have 169 exclusive dealers. Our sales through dealers and distributors constitute 52.07% of total sales during 2008-09. Furthermore, our business growth depends on our ability to attract additional dealerships to our distribution network. While we believe that we have good relations with our dealers, there is no assurance that our current dealers will continue to do business with us or that we can continue to attract additional dealers to our network. If we do not succeed in maintaining the stability of our dealership network, our market share may decline, materially affecting our results of operations and financial condition.

- 13. *We have planned capital expenditure, which may not yield the benefits intended.***

We are embarking upon an expansion to meet the growing demand of domestic buyers in the plastics pipe sector. We are incurring capital expenditure of Rs. 3344.98 lakhs for expansion, as detailed in the section titled "Objects of the Issue" beginning on page no. 26 of this Red Herring Prospectus. In the past, we have not undertaken capital expenditure of such size and our inability to manage capital expenditure may adversely effect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in this sector and accordingly the benefits accruing to us from the planned expansion may be less than what is anticipated.

- 14. *We have not appointed any Independent agency for appraisal of our proposed expansion project. The cost of project is based on our own estimates which may vary depending upon factors like increase in prices due to which the cost of project may be adversely affected, in turn affecting our financial operations.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our Board of Directors within the parameters as mentioned in the section titled "Objects of the Issue" beginning on page no. 26 of this Red Herring Prospectus and is not subject to any monitoring by any independent agency. All the figures included under the section

titled "Objects of the Issue" beginning on page no. 26 of this Red Herring Prospectus are based on our own estimates and the quotations we have received from various suppliers, which may vary depending upon factors like increase in prices due to which the cost of project may be adversely affected. We can not assure that we will be in a position to set our proposed expansion project in the stated means of finance. We may have to revise our management estimates from time to time and consequently, our funding requirement may also be changed. In case of any increase in cost of project, our financial position may be adversely affected.

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

The expansion of our proposed project is to be funded from the proceeds of this IPO and internal accruals. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. Initially, the project was scheduled to be completed by October, 2009 for expansion of product range and for setting up manufacturing facilities for injection mouldings / fittings and woven sacks at Burhanpur, Madhya Pradesh. However, due to delay in raising funds through initial public offering, the commencement of commercial production with respect to expansion of product range and setting up of manufacturing facilities for injection mouldings has already been delayed and now the same is expected to commence by August, 2010 and October, 2010 respectively. Also, the commercial production of woven sacks is expected to commence by October, 2010. We therefore, cannot assure that we would be able to execute the expansion project within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

**16. *We have yet to place orders for 100% of our plant & machinery, equipment, etc. for our proposed project as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.***

The net proceeds of the Issue are proposed to fund the planned expansion are explained in the section titled 'Objects of the Issue' beginning on page no. 26 of this Red Herring Prospectus. We have yet to place orders for 100% of our plant and machinery. Any delay in placing the orders or procurement of plant & machinery, equipment, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

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

Our projected level of working capital borrowings for the fiscal year 2011 are of Rs. 5189 lakhs, out of which we propose to meet Rs. 2800 lakhs from bank borrowings and the balance from issue proceeds and internal accruals. As on date we have not tied up this additional borrowing from the banks. Our inability to arrange this additional working capital requirement from banks on terms favourable to us, could adversely affect our operations and the profitability.

**18. *Failure to get approval for intellectual property rights may adversely affect our business.***

We do not own trademark "Texmo", which is registered in the name of our promoter group entity viz. Shree Balaji Industries, and with whom we have entered into license to use for 10 years vide agreement dated October 10, 2008. The said trademark has already been contested, the details of which are appearing on page no. 70 and 139 of this Red Herring Prospectus. In addition, we have applied for registration of our corporate logo with Trade Marks Registry, Mumbai vide our

application dated October 10, 2008 under class 17 and 35. We have also made applications to register four trademarks under class 17 vide dated September 12, 2008 for trademark "Dhara" and "Tapti"; October 21, 2008 for trademark "Tiru-Flex" and April 23, 2009 for trademark "Turbo". The corporate logo applied for registration under class 17 has been objected by the Trademark Registry, Mumbai. We have filed our reply to the objection on February 23, 2009. In respect of corporate logo applied for registration under Class 35 and trademarks "Dhara", "Tiru-Flex" and "Tapti", the necessary advertisements before acceptance have been made. There is no assurance that our trademark applications in respect of four of our trademarks viz. "Dhara", "Tapti", "Tiru-Flex" and "Turbo" and our applications in respect of our corporate logo will be approved by the Trade Marks Registry, Mumbai. In addition, our applications for the registration of these trademarks may be opposed by third parties. If we are unable to obtain registration of our trademarks and logo we may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trade Mark Act, 1999, as otherwise available for registered marks. This could have a material adverse effect on our business, financial condition and results of operations. For further details in respect of our intellectual property, please refer to section titled "Our Business" appearing on page no. 71 of this Red Herring Prospectus.

**19. *Our Company may face risks of delays/ non-receipt / non-renewal of the requisite regulatory / statutory approvals or licenses for any of our existing business.***

In respect of our existing operations i.e. Unit 1, we have applied for renewal of license for use of standard mark in respect of unplasticized PVC casing pipes for bore / tubewell. The said license was expired on December 15, 2009 and we have applied for renewal on December 9, 2009. Further, we have applied on December 15, 2008 for diversion of land use from godown purpose into industrial use in respect of our existing Khasra numbers 98 & 99, Bahadarpur Road, Burhanpur, Madhya Pradesh, which is part of Unit 1. Also, we have made applications for diversion of land use from agriculture purpose into industrial use for Khasra numbers 92/1 & 92/3 on December 18, 2009 and for Khasra numbers 91/2 & 91/3, on December 4, 2009. In addition, we have applied to Trade Mark Registry, Mumbai for registration of five trademarks. Any delay in receipt or non-receipt of licenses or approvals that may be required for the existing project and expansion project could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. For details, please refer to section titled "Government Approvals and Licenses" beginning on page 135 of this Red Herring Prospectus.

**20. *Our Company's revenue and profits are difficult to predict and can vary from period to period. This could cause our share price to fluctuate.***

Our operating results have varied in the past and may continue to vary significantly from period to period due to various reasons, including:

- synchronizing availability of raw material and the competitive pricing of raw material
- the size, timing and profitability of our projects;
- unanticipated changes in regulatory policies in the jurisdictions in which we operate;
- delays in receipt of payment from customers or level of bad debts;
- our customer's requirements, and their future plans;
- unanticipated cancellations or deferrals of orders, or non-renewal or termination of any contracts by our customers; and
- changes in pricing policies of our competitors;
- slow down in world economy

Therefore, we believe that period-to-period comparisons of the results of our operations may not necessarily be meaningful and should not be relied upon as an indication of our future performance.

It is possible that in the future some of our quarterly results of operations may be below the expectations of market analysts and our investors, which could lead to a corresponding decline in the price of our Equity Shares.

**21. *We have contingent liabilities not provided for as on October 31, 2009 that may affect our financial condition.***

Our Company has following contingent liabilities not provided for in the books of accounts as on October 31, 2009 and in the event that these contingent liabilities materialize, our financial condition may be adversely affected to that extent:

<b>Particulars</b>	<b>As on October 31, 2009 (Rs. In Lakhs)</b>
Disputed Income Tax demand	4.95
Import Letter of Credits issued by Company's Bankers	171.23
Guarantees given by company's bankers in normal course of business	206.86
<b>Total</b>	<b>383.04</b>

**22. *Our loan agreements have several restrictive covenants, which could influence our ability to expand, in turn affecting our business and results of operations.***

We have entered into agreements for term loans and financial facilities with our banker and these covenants in borrowings from bank, among other things require us to obtain bank's permission in writing in respect of effecting any change in the Company's Capital Structure; change in unsecured loan, change in trading cycle, change in practice with regard to remuneration of directors, permit any transfer of the controlling interest or make any drastic change in the management set-up, implementation of any scheme of expansion/ modification/ diversification/ renovation/ amalgamation/reconstruction, undertake any new project, entering into any borrowing arrangement with other banks, undertake guarantee, undertake obligations on behalf of any other company, invest by way of share capital in or lend or advance funds to or place deposits with any other concern, declare dividends except for the any year approved by the bank, pay guarantee commission to the guarantors whose guarantees have been stipulated, create an further charge/ lien/ encumbrance over assets & properties charged to the bank and sell/ assign or otherwise dispose off the fixed assets charged to the bank. These covenants may have an adverse effect on the functioning of our Company.

Furthermore, our Company has created a charge in favor of our lender against the fixed assets of our Company. In case of default by our Company in repayment of the loans, our Banker may exercise their rights over the security, which may be detrimental to the interest of our Company. For details of restrictive covenants, please refer to paragraph "Restrictive Covenants" appearing on page no. 25 of this Red Herring Prospectus under Section titled "Capital Structure".

**23. *Our business is dependent on performance of third-party transporters. Any failure on their part could affect our business operations.***

We presently have ten transport vehicles which are used for delivery of our products to our customers. However, we rely significantly on third party transporters. Timely delivery of our products is critical for our performance. Any hindrance in the logistics network could cause an adverse effect on our receipt of supplies and our ability to deliver our finished products in time, which could adversely impact our business operations, our reputation in the market and may adversely affect our sales and results of operations.

**24. *Our business depends on our manufacturing facility and the loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect our business or results of operations.***

Our manufacturing facilities are subject to operating risks, such as breakdown or failure of equipment, interruption in power supply or processes, shortage of raw materials, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, strikes, lock-outs, severe weather, industrial accidents, our inability to respond to technological advances and emerging industry standards and practices in the industry and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results, and the loss or shutdown of operations at our manufacturing facility will have a material adverse effect on our business, financial condition and results of operations.

**25. *Our existing and proposed manufacturing facility are geographically located in Madhya Pradesh and therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster could have material adverse effect on our business and financial condition.***

Our existing and proposed manufacturing facilities are based in the State of Madhya Pradesh. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in and around Madhya Pradesh could have material adverse effect on our business, financial position and results of operations. Further, continuous addition of manufacturing facilities in Madhya Pradesh without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure, which may also affect our business.

**26. *Our business is adversely affected during the period between July to September due to south-west monsoons.***

Our overall production is generally affected due to frequent power failures and absenteeism of manpower during July-September quarters due to southwest monsoons, which affects most part of India. Further projects relating to laying of pipes in telecom, irrigation and agriculture sector are also affected by heavy monsoon / extreme weather, which adversely affect our business.

**27. *Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject to and this may have a material adverse effect on our business.***

Our insurance policies currently consists of comprehensive coverage for plant & machinery, building, stocks for risks relating to fire, natural calamities, burglary, machinery breakdown for total insured amount of Rs. 2514 lakhs, details of which are disclosed on page no. 70 of this Red Herring Prospectus. We have received a sum of Rs. 2.81 lakhs on account of machinery breakdown against our claims of Rs. 14.25 lakhs on account of loss caused to building due to natural calamity and machinery breakdown during March and December, 2006. While we believe that the insurance coverage that we maintain is adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies preferred by us will be honored fully, in part or on time. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. Although we intend to maintain adequate insurance coverage against losses, there is a risk that our insurance policies may not be sufficient in covering all losses that may be incurred as a result of damage of production facilities in whole or in part, interruption of operations for a sustained period or the costs of repairing or replacing damaged facilities. If we suffer loss on account of any event for which we are not adequately insured, there is a risk that it could have a material adverse effect on our business, results of operations and financial condition.

- 28. *We are subject to product liability claims in relation to the quality and use of our products. This may harm our reputation and / or have an adverse impact on our operations, revenue and profitability.***

We are exposed to claims in relation to the quality and use of our products. Owing to the nature of our business, there is no assurance that product liability claims will not arise and due to uncertain nature of claims, adequate insurance cover cannot be availed. For defending any product liability claim, we may have to incur substantial legal costs and may also have to divert our management's attention away from business operations. Further, any judgement / award or findings, against us in such claim, may harm our reputation, and may have an adverse impact on our revenues and profitability.

- 29. *Our inability to retain and attract key managerial personnel could adversely affect our business.***

We are dependent on our directors, our senior management and other key personnel. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our results of operations and financial condition. We do not maintain keyman insurance for our managerial personnel and the loss of any of the members of our directors, our senior management or other key personnel may adversely impact our business and results of operations.

We believe that Madhya Pradesh, is experiencing a shortage of skilled manpower. As a consequence, we face competitive pressures in recruiting and retaining engineers as well as other skilled manpower and professionally qualified staff as and when we need them. Although we currently pay salaries at market rate, in order to secure an adequate number of skilled personnel, we may in the future need to pay remuneration that is above market rates which could result in lower profit margins for us. Further, there can be no assurance that increased salaries will result in a lower rate of attrition. The loss of the services of our skilled personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

- 30. *We have entered into certain related party transactions and may continue to do so in the future. There could be no assurance that in future such transactions will not have any adverse effect on our financial condition and results of operation.***

We have entered into related party transactions aggregating to Rs. 942.48lakhs for the period ended October 31, 2009, with our Promoters, our Directors and our Promoter Group entities. While we believe that all such transactions have been conducted on the arms length basis, there can be no assurance that we could not have been achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to section titled "Related Party Transactions" at page no. 114 of this Red Herring Prospectus.

- 31. *Shree Padmavati Irrigations Private Limited, one of our Promoter Group Company, is engaged in similar business and may create potential conflict of interest.***

One of our Promoter Group Company viz. Shree Padmavati Irrigations Private Limited is in the same line of business activities, which may create a potential conflict of interest and which in turn, may have implications on our operations and profits.



- 32. *Our ability to pay dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.***

Our Company has not declared or paid any cash dividends on the Equity Shares in the past. The future payment of dividends, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditure. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted in our ability to make dividend payments by the terms of any debt financing we may obtain in the future.

- 33. *Our Company has taken certain unsecured loans to the tune of Rs. 296.37 lakhs, where no specific terms are mentioned. The said loans can be recalled by the lenders at any given point of time, thereby affecting our cash flows.***

Our Company has taken unsecured loans from Promoters / Directors / Promoter Group entities amounting to Rs. 296.37 lakhs as on October 31, 2009. There are no specific terms with regard to the repayment of these loans as they are not secured by a charge on any of the assets of our Company. Due to the absence of any specific terms regarding their repayment, the said loans can be recalled by their respective lenders at any given point of time and our Company will be forced to make arrangements for their repayment, which in turn could adversely affect our immediate cash flows.

- 34. *Our historical financial results may not be accurate indicators of our future performance due to recent consolidation of our operations.***

Our audited restated financial statements included in this Red Herring Prospectus are for the past 5 financial years i.e. from 2004-05 to 2008-09 and for the period April 1, 2009 to October 31, 2009. We have signed Business Transfer Agreement on August 5, 2008 and August 6, 2008 with three of our Promoter Group Entities viz. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited for purchase of their specified assets and liabilities. As a result of this consolidation, our historical financial results may not be an accurate indicator of our future performance.

- 35. *We have limited regulatory experience in managing corporate affairs in India***

Till July, 2008 we were operating as a partnership firm. We have very limited regulatory experience in managing corporate disclosure and compliance requirements applicable to widely held companies in India and would have to acclimatise ourselves to the new regulatory environment and build-up in-house expertise and resources for the same. If we fail to do so, we may face regulatory actions against us.

- 36. *Our Promoters have disassociated themselves from Texmo Pipes Private Limited during 2006-07.***

Our Promoters viz. Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal promoted Texmo Pipes Private Limited in February 16, 2007 with an objective to corporatize the "Texmo" brand and consolidate all manufacturing facilities under one entity. The promoters subsequently decided to consolidate manufacturing and business operations by conversion of existing partnership firm as per the provisions of the Companies Act, 1956. Therefore, promoters have disassociated themselves from Texmo Pipes Private Limited with effect from February 28, 2007.

- 37. *We may continue to be controlled by our Promoters and Promoter Group Entities following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.***

After the completion of this Issue, our Promoters and Promoter Group Entities will collectively hold 55.63% of the fully diluted post-Issue equity capital. Consequently, our Promoters may exercise substantial control over us and have the power to elect and remove a majority of our Directors and / or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions and any wrong decision on their part could adversely affect your investment in the Equity Shares.

- 38. *The market price of the Equity Shares may be adversely affected by any additional issuances of equity or sales of a large number of the Equity Shares by our Promoters.***

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of Equity Shares will dilute the position of existing shareholders and could adversely affect the market price of the Equity Shares.

- 39. *There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue, and as a result, you could lose a significant portion or all of your investment.***

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty in selling the Equity Shares that you purchased. The IPO price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue.

#### **External Risk Factors**

- 40. *Our business could be adversely affected by any economic, political and social developments in India and particularly in the regional markets where we operate.***

Our performance and growth are dependent on the health of the Indian economy and other economies directly or indirectly. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, any adverse development in the World economy, 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 we will succeed to operate in or succeed in obtaining all requisite regulatory approvals in the future for our operations which could have an adverse impact on our business, financial condition and results of operations.

- 41. *Regulatory changes may adversely affect our performance or financial conditions.***

Regulatory changes relating to business segments in which we operate in India can have a bearing on our business. Each State in India has different local taxes and levies which may include value added tax, sales tax and octroi. Changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India or our other geographic markets could adversely affect our business operations or financial conditions.

- 42. *Instability of economic policies and the political situation in India or elsewhere could adversely affect the fortunes of the industry.***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations governing the private sector over the past several years.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

- 43. *Force majeure events, terrorist attacks or natural disaster or any other acts of violence or war involving India, or other countries could adversely affect the financial markets, may result in loss of customer confidence and adversely affect our Company's business, results of operations, financial conditions and cash flows.***

Certain force majeure events, being beyond our Company's control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India, or other countries, may adversely affect Indian or worldwide financial markets, and could lead to economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition of our Company. More generally, any of these events could lower confidence in India. Any such event could adversely affect the financial performance or the market price of the Equity Shares of our Company.

- 44. *You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on an Indian stock exchange.***

The Equity Shares are proposed to be listed on BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity shares can be listed and trading may commence. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval of the stock exchanges, trading in the equity shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

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

The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including volatility in the Indian and global securities markets; our operational performance, financial results and capacity expansion, developments in India's economic liberalization and deregulation policies, particularly in the telecommunication, and agricultural sector; and changes in India's laws and regulations impacting our business.

We cannot assure you that an active trading market for our equity shares will be sustained after this Issue or that the price at which our equity shares would be traded subsequent to this Issue will correspond to the current prices for our already existing equity shares.

**Prominent Notes**

1. The Net worth of our Company as on March 31, 2009 and October 31, 2009 is Rs. 1201.90 lakhs and 1521.68 lakhs respectively and the size of the Issue is Rs. [●] lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is as per the details given below:

<b>Name of Promoter</b>	<b>Total no of Equity Shares</b>	<b>Average cost of acquisition (Rs.)</b>
Mr. Sanjay Agrawal	30,07,500	10.20
Ms. Rashmidevi Agrawal	30,01,500	10.20

The Book value per share as on March 31, 2009 and October 31, 2009 is Rs. 19.17 and Rs. 24.27 per Equity Share respectively.

3. Public Issue of 50,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs. [●] per Equity Share, aggregating Rs. [●] lakhs (The "Issue"). The Issue comprises a reservation of 1,00,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] lakhs for Eligible Employees (The "Employee Reservation Portion"), and Net Issue of 49,00,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] lakhs. The Issue would constitute 44.37% of the fully diluted post Issue paid-up capital of our Company.
4. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
5. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to sections titled "Risk Factors", "Our Promoters and their background", "Our Promoter Group", "Our Management", "Related Party Transactions" and "Financial Statements of our Company" beginning on page nos. iii, 94, 96, 84, 114 and 101 of this Red Herring Prospectus.
6. We have entered into various related party transactions with related parties including various Promoter group companies/entities amounting to Rs. 942.48 lakhs for the period ended October 31, 2009. For nature of transactions and other details as regard to related party transactions, please refer to paragraph "Related Party Transactions" appearing on page no. 114 of this Red Herring Prospectus.
7. We have not made any allotment of Equity Shares in the twelve months before the date of this Red Herring Prospectus where the price of such issuances would be lower than the Issue Price.
8. 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 Auditors Report. For details of loans and advances, please refer to Annexure-5 of Auditors Report under section titled "Financial Statements of our Company" appearing on page no. 111 of this Red Herring Prospectus.

9. Our Promoters/ Promoter Group/Directors have not purchased / sold / financed / acquired any shares of our Company during the past 6 months from the date of Draft Red Herring Prospectus, except as follows:

<i>S. No.</i>	<i>Date</i>	<i>Name of the Acquirer</i>	<i>Number of Shares</i>	<i>Consideration</i>
1	July 3, 2008	Mr. Sanjay Agrawal	30,00,000	Other than Cash
2	July 3, 2008	Ms. Rashmidevi Agrawal	29,94,000	Other than Cash
3	July 3, 2008	Mr. Vijay Prasad Pappu	1,200	Other than Cash
4	July 3, 2008	Mr. Mohanlal Shah	1,200	Other than Cash
5	July 3, 2008	Mr. Rajesh Agrawal	1,200	Other than Cash
6	July 3, 2008	Mr. Mehmood Khan	1,200	Other than Cash
7	July 3, 2008	Mr. Ananda Nago Umale	1,200	Other than Cash
8	August 25, 2008	Mr. Sanjay Agrawal	7,500	Cash
9	August 25, 2008	Ms. Rashmidevi Agrawal	7,500	Cash
10	August 25, 2008	Shree Padmavati Irrigations Private Limited	1,12,000	Cash
11	August 25, 2008	Mr. Sanjay Agrawal (as partner of Shree Venkatesh Industries)	71,500	Cash
12	August 25, 2008	Ms. Rashmidevi Agrawal (as partner of Shree Venkatesh Industries)	71,500	Cash

10. Any clarification or information relating to the Issue shall be made available by the BRLM, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the BRLM for any complaints pertaining to the Issue.
11. The Investors are advised to refer to the Paragraph on “Basis for Issue Price” beginning on page no. 39 of this Red Herring Prospectus before making any investment in this Issue.
12. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
13. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Promoter Group companies/ entities except in the usual course of business.
14. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders, Retail Bidders and Bidders in Employee Reservation Portion shall be on a proportionate basis. For, more information, please refer section titled “Basis of Allocation” appearing on page no. 187 of this Red Herring Prospectus.

## SECTION III - INTRODUCTION

### Summary

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 Red Herring Prospectus, including the information contained in the chapter titled "Risk Factors" and "Financial Statements" and related notes beginning on page nos. iii and 101 of this Red Herring Prospectus before deciding to invest in our Equity Shares.

### Industry Overview:

The Indian Pipe Industry with presence across all categories of pipes viz. Steel pipes, cement pipes and Polyvinyl Chloride (PVC) pipes, is among the top three manufacturing hubs after Japan and Europe. India is also becoming a major export hub to countries like USA, Europe and Middle East.

Pipes are essential for transporting fluids like oil, water, etc and gases across the country. Pipe transportation is an economical mode of transport compared to traditional modes of rail, road and sea transport. It helps in saving scarce natural energy resources and time taken for transportation. Despite these advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to global average of 79% in oil and gas transport. The pipeline network of India for oil and gas transport stood at 13,517 kms as on April, 2006. Sanitation levels are also lower at 33% compared to 91% in Srilanka and 100% in France. Of 140 mn hectares of cultivable land, only 40% land is irrigated. The lower penetration levels offer a huge scope for Indian pipe companies.

Consumption of pipes by the oil & gas sector is 50%, by the construction sector is 30% and by the government programmes is 20%. The industry is highly fragmented with large number of players in cement and PVC pipes due to their less-critical applications. This leads to competition and pricing pressures among the players. However, pipe companies catering to oil & gas sector and government orders have limited competition but need to focus on stringent quality norms. The raw material cost forms approximately 70% of the total cost for steel and PVC pipe companies and hence the industry is highly dependent on the raw material availability.

With increasing domestic population and urbanisation, the need for better water supply and sanitation levels have become imperative. This along with the GoI's focus on irrigation to improve agricultural productivity has led to sustainable growth in demand for cement and PVC pipes.

Indian companies due to their certifications and accreditations as well as cost and locational advantage have become preferred manufacturers for various oil and gas companies in Middle East, Africa and America. Indian steel pipe companies are expected to corner about 13.30% of the total global demand.

CARE Research estimates the demand for PVC and Cement pipes to increase at a Compounded Annual Growth Rate (CAGR) of 12-14% over the next five years. Revision in the estimated growth rate compared to the previous forecast is due to the unprecedented economic downturn which may lead to lower state government expenditures and slowdown in real estate segment.

*(Source: CARE's research report on Indian pipe Industry dated-February 2009)*

## **Our business overview**

Our Company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. It was converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008 and received the Certificate of commencement of business on July 28, 2008.

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes having total installed capacity of 2928 MTPA. The various products being manufactured were Rigid PVC pipes, PVC casing & ribbed screen casing pipes, caping casing strips. During 2000-01, the Erstwhile Firm started manufacturing HDPE pipes and increased its installed capacity from 2928 MTPA to 4392 MTPA (including installed capacity of 1464 MTPA for HDPE pipes). The new products introduced by the Erstwhile Firm were plumbing pipe, conduit Pipe and PLB HDPE cable duct. Subsequently in the year 2003 the Erstwhile Firm started manufacturing suction & delivery hose pipe, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), SWR Pipe, column pipe, HDPE plain pipe, sprinkler pipe and drip irrigation system. The installed capacity with this expansion was increased to 4137 MTPA and 2228 MTPA for PVC and HDPE pipes respectively which was further increased to 5933.20 MTPA and 4435.20 MTPA respectively during 2005-06. We have increased the installed capacity of PVC pipes to 6797.20 MTPA during 2006-07 and 7217 MTPA for HDPE pipes during 2007-08. The total installed capacity as approved by District Trade & Industries Centre, Burhanpur, Government of Madhya Pradesh is 44,000 MTPA.

Presently, we are engaged into manufacturing of range of PVC and HDPE pipes viz. suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and ribbed screen casing pipes, SWR pipe, plumbing pipe, conduit pipe, caping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system. We carry out our manufacturing activities at two Units viz. Unit 1 and Unit 2. The pipes manufactured by our Company suits the requirements of application in irrigation, agriculture, potable water supply schemes, sewerage and drainage systems, construction industry, telecom industry, and bore / tube well for underground water suction. The PVC pipes for potable water supplies have measurement ranging from 20 mm diameter to 315 mm diameters and HDPE pipes have measurement ranging from 20 mm to 630 mm diameter. Our Company has marketing presence in the states of Madhya Pradesh, Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh and Rajasthan.

To consolidate our operations, we have signed Business Transfer Agreement (BTA) on August 5, 2008 and August 6, 2008 for purchase of specified assets and liabilities of our three promoter group entities viz. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited. The salient features of the Agreement are disclosed on page no. 81 of this Red Herring Prospectus. After this consolidation, our installed capacity increased to 12211 MTPA for PVC pipes and 8095 MTPA for HDPE pipes. We have commissioned Unit 2 from September 12, 2008 by manufacturing of PVC pipes of measurement ranging from 20 mm to 315 mm and HDPE pipes having measurement ranging from 20 mm to 630 mm. Unit 2 is having installed capacity of 12883 MTPA for PVC pipes and 2928 MTPA for HDPE pipes and is located at Khasra numbers 107/1, 107/2, 107/3, and 109, Bahadarpur Road, Burhanpur, Madhya Pradesh. Unit 2 is located adjacent to Unit 1. Unit 2 is having total installed capacity as approved by District Trade & Industries Centre, Burhanpur, Government of Madhya Pradesh as 15,000 MTPA. After completion of the proposed expansion, our installed capacity for PVC pipes would be 41674 MTPA and 11023 MTPA for HDPE pipes.

**Key Business Strengths:*****Existing client relationship***

We believe that we constantly try to address customer needs around a variety of products and services. Our existing client relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We have existing client relationships with telecommunication companies from whom we get repeat orders. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and increasing our business.

Our top 10 clients on the basis of sales made during 2008-09 are as under:

	<b>Name of Customer</b>	<b>Amount (Rs. in lakhs)</b>	<b>% of Sales for FY 2008-09</b>
1	Idea Cellular Limited, Pune	1127.29	16.26
2	K.M. Shah & Sons, Indore	555.27	8.01
3	Tata Communication Limited, Mumbai	514.86	7.43
4	Gopal Machinery Stores, Khargone	227.62	3.28
5	Public Health Engineering Department, Balaghat	110.69	1.60
6	Public Health Engineering Department, Dindori	109.89	1.59
7	Aditya Birla Telecom Limited	109.86	1.58
8	Badkul Hardware Stores, Sagar	108.11	1.56
9	Kamri & Sons, Manawar	90.11	1.30
10	Public Health Engineering Department, Narsinghpur	88.08	1.27
	<b>Total</b>	<b>3041.78</b>	<b>43.88</b>

***Our quality***

Shree Mohit Industries (now Texmo Pipes and Products Limited) was accredited with ISO-9001:2000 certification in respect of our quality management systems by SGS United Kingdom Limited in the year 2002. The current certification is valid till April 14, 2011. In the year 2000, Erstwhile Firm was permitted by The Bureau of Indian Standard to use the standard mark i.e. 'ISI' vide licenses IS 4985/2000 for PVC pipes for potable water supplies, IS12818 for ribbed screen casing and plain casing pipes for bore / tubewell and IS9537 (part 3) for conduits of electric installation. In the year 2001 Bharat Sanchar Nigam Limited, Bangalore granted the firm Technical Specification Evaluation Certificate (earlier termed as Type Approval Certificate) in respect of manufacturing and trading of permanently lubricated HDPE telecom ducts and in 2005, Maharashtra Jeevan Pradhikaran enlisted our firm as an approved manufacturer and supplier of specified PVC pipes. In the year 2006 Government of Maharashtra also enlisted the Erstwhile Firm for supply of specified pipes for Jalswarajya Project. In the year 2007 Gujarat Water Supply and Sewerage Board has approved our Company as the approved manufacturer (vendor) for supply of PVC Casing and ribbed screen casing pipes. During 2009, The Bureau of Indian Standard permitted our Company to use the standard mark IS: 13592: 1992 for PVC pipes for inside and outside buildings including ventilation and rain water system.

***Marketing and distribution network***

We access direct and indirect sales channel for marketing of our products. Under direct sales, our marketing team approach directly to large end users whereas under indirect sales channel, we have dealers for marketing of our products. Presently, we have 169 exclusive dealers covering 6 states viz. Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, Andhra Pradesh and Gujarat. We are



continuously increasing our dealer network and our dealers / distributor network during the last 3 years is as under:

	As on December 31, 2009	2008-09	2007-2008	2006-2007
Number of Dealers	169	146	120	99
Number of Distributors	0	11	9	9
Total	169	157	129	108

#### ***Diversified product mix***

Our Company has a product mix to cater to the increasing requirements of our customers. Our product offerings include suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and screen pipes, SWR Pipe, riser and plumbing pipe, conduit Pipe, Caping casing strips, column pipe, HDPE plain Pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system. These products are used in irrigation, telecommunication, industrial, infrastructure and housing sector. We believe that this range of products would allow our existing customers to source most of their product requirements from a single vendor and also enable us to expand our business from existing customers, as well as address a larger base of potential new customers. Further the flexible manufacturing infrastructure helps us change our product mix in response to changes in market demand.

#### ***Customer base***

We have a diverse customer base from different industry sector / segment like telecommunication, agriculture, and potable water supply. The sector/segment wise sales during the last 3 years are as under:

Sector / segment wise sales breakup	2006-2007		2007-2008		2008-09	
	Amount	% of total sales	Amount	% of total sales	Amount	% of total sales
Telecom	914.61	38.65	3661.91	55.28	1725.20	24.89
Agriculture (Dealers & Distributors)	1299.07	54.91	2177.71	32.88	3609.20	52.07
Agriculture (Non-Dealers & farmers)	69.51	2.94	83.67	1.26	65.72	0.95
Potable water Supply Segment	32.85	1.39	700.57	10.58	1119.56	16.15
Others	49.99	2.11	--	-	412.17	5.94
Total	<b>2366.03</b>	100.00	<b>6623.86</b>	100.00	<b>6931.85</b>	100.00

#### ***Experienced Management Team***

Our company is managed by a team of experienced and professional managers with experience of different aspects of plastic pipe industry including production, quality control, sales, marketing and finance. Our management team includes Chairman & Managing Director, Mr. Sanjay Agrawal who has over 27 years of experience in the industry; Mr. Vijay Prasad Pappu, is having more than 24 years of experience in factory operations.

## **Our business strategy**

### ***Expansion of our manufacturing capacities***

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes with total installed capacity of 2928 MTPA and the present installed capacity is 12211 MTPA for PVC pipes and 8095 MTPA for HDPE pipes at our Unit 1. Presently, the installed capacity is 12883 MTPA for PVC pipes and 2928 MTPA for HDPE pipes at Unit 2. The total installed capacity after the proposed expansion would be 41674 MTPA for PVC pipes and 11023 MTPA for HDPE pipes.

### ***Diversification of business operations***

We propose to diversify our business operations by manufacturing woven sacks and injection mouldings. We also propose to manufacture CVPC pipes, Drip Inline pipes and DWC pipes by which we would be in a position to cater to customers in macro-irrigation sector, sprinkler irrigation, lift-irrigation and construction sector.

### ***Expand customer base with increase geographical reach***

We plan to increase our customer base in the existing domestic markets by enhancing customer satisfaction and by timely delivery of orders. We also plan to expand our business to new geographic locations viz. Southern India, Bihar, Jharkhand, West Bengal etc. with the help of our marketing team.

### ***Strengthen relationship with our clients***

Our Company believes in maintaining long term relationships with our clients. Our Company endeavours developing relationship with our clients not only in terms of increased sales but also in terms of varied offerings in our product mix. We aim to achieve this by adding value to our client service through quality, speed and reliability of our product delivery and resolution of various customer queries and complaints.

**Summary Financial Data**

The following table sets forth the historical financial information of our Company derived from the restated and audited financial statements for the Fiscal years ended March 31; 2005, 2006, 2007, 2008 and for the periods ended July 2, 2008 (partnership converted to public limited company w.e.f. July 3, 2008), from July 3, 2008 to March 31, 2009 and for the period ended October 31, 2009, all prepared in accordance with Indian GAAP and SEBI (ICDR) Regulations and included in the section titled "Financial Information" beginning on page no. 101 of this Red Herring Prospectus and should be read in conjunction with those Financial Statements and notes thereto and the section titled "Management's Discussion and analysis of financial condition and results of operations" beginning on page no. 122 of this Red Herring Prospectus.

**STATEMENT OF AUDITED PROFIT AND LOSS AS RESTATED***(Rupees in Lakhs)*

<b>YEAR/PERIOD ENDED</b>	<b>31.10.09(i.e. period from 01.04.09 to 31.10.09)</b>	<b>31.03.09*</b>	<b>02.07.08*</b>	<b>31.03.08</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>
<b>Income</b>							
Sales							
-Manufactured Goods	4192.80	4838.35	2067.75	6623.86	2366.05	2556.39	1538.29
-Traded Goods	17.05	25.74	-	-	-	-	1.80
Less: Excise Duty	312.32	538.07	252.70	880.83	328.67	333.53	206.10
<b>Net Sales</b>	<b>3897.53</b>	<b>4326.02</b>	<b>1815.05</b>	<b>5743.03</b>	<b>2037.38</b>	<b>2222.86</b>	<b>1333.99</b>
Other Income	7.15	114.98	14.09	70.71	5.40	3.74	2.98
Increase/Decrease in Stocks	404.85	261.76	-4.07	94.35	5.18	21.96	30.32
<b>Total Income</b>	<b>4309.53</b>	<b>4702.76</b>	<b>1825.07</b>	<b>5908.09</b>	<b>2047.96</b>	<b>2248.56</b>	<b>1367.29</b>
<b>Expenditure</b>							
Raw Material Consumed	3027.46	3204.92	1493.74	4459.14	1628.48	1615.63	1034.68
Cost of Traded Goods	15.56	23.83	-	-	-	-	1.68
Employees Cost	97.76	71.26	15.70	49.76	35.94	34.57	35.04
Other Manufacturing Expenses	255.50	253.78	60.96	255.21	136.21	150.98	112.68
Administrative, Selling and Distribution Expenses	172.97	315.57	160.54	431.61	134.01	315.01	91.14
Interest/Financial Charges	176.82	177.85	32.12	98.05	35.10	33.47	23.60
Depreciation	44.50	46.96	9.18	30.15	23.43	21.97	21.04
<b>Total Expenditure</b>	<b>3790.57</b>	<b>4094.17</b>	<b>1772.24</b>	<b>5323.92</b>	<b>1993.17</b>	<b>2171.63</b>	<b>1319.86</b>
<b>Net Profit Before Tax, Amortization &amp; Extraordinary Item</b>	<b>518.96</b>	<b>608.58</b>	<b>52.83</b>	<b>584.18</b>	<b>54.79</b>	<b>76.93</b>	<b>47.43</b>
Preliminary Expenses Written off	1.35	2.31	-	-	-	-	-
<b>Net Profit Before Tax &amp; Extraordinary Item</b>	<b>517.61</b>	<b>606.27</b>	<b>52.83</b>	<b>584.18</b>	<b>54.79</b>	<b>76.93</b>	<b>47.43</b>
Provision for Taxation	171.30	144.98	12.67	151.54	15.44	25.67	12.02
Provision for Fringe Benefit Tax	0.00	1.08	0.19	0.54	0.46	0.72	0.00
Provision for Deferred Tax	9.93	27.29	-0.57	5.71	-1.77	-7.80	2.01

<b>Net Profit After Tax but before Extraordinary Item</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40
Extraorndinary Item	-	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Extraordinary Item</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40
Earlier Year Adjustment	-	-	-	-	-	-	-
<b>Net Profit as Restated</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40

\*Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 post its conversion into public limited company.

## STATEMENT OF AUDITED ASSETS AND LIABILITIES AS RESTATED

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09(i.e. period from 01.04.09 to 31.10.09)	31.03.09* (i.e. period from 03.07.08 to 31.03.09)	02.07.08*	31.03.08	31.03.07	31.03.06	31.03.05
<b>A. Fixed Assets</b>							
Gross Block	1416.18	1156.83	444.77	390.43	271.02	257.74	247.64
Less: Depreciation	255.91	211.41	166.13	156.95	127.07	103.64	81.66
Net Block	1160.27	945.42	278.64	233.48	143.95	154.10	165.98
Less: Revaluation Reserve	-	-	-	-	-	-	-
Net Block after Adjustment of Revaluation Reserve	1160.27	945.42	278.64	233.48	143.95	154.10	165.98
<b>B. Investments</b>	-	-	-	-	-	-	-
<b>C. Current Assets, Loans &amp; Advances</b>							
Inventories	1898.07	1260.57	294.87	451.94	176.02	156.50	143.75
Receivables/Sundry Debtors	1330.01	1072.22	1376.00	1291.62	393.25	338.05	282.10
Cash & Bank Balances	114.62	151.71	107.65	69.19	29.80	202.70	15.66
Loans & Advances	302.52	545.92	297.17	386.76	159.33	76.27	58.78
Deferred Tax Assets	-	-	-	-	4.19	2.42	-
<b>TOTAL</b>	4805.48	3975.83	2354.32	2432.99	906.54	930.04	666.27
<b>D. Liabilities &amp; Provisions</b>							
Secured Loans	2292.58	1798.68	922.39	976.42	333.21	308.00	112.63
Unsecured Loans	296.37	487.34	294.86	-	147.33	166.93	132.82
Current Liabilities & Provisions	656.68	459.68	527.42	508.69	96.51	145.91	140.14
Deferred Tax Liability	38.17	28.24	0.95	1.52	-	-	5.38
<b>TOTAL</b>	3283.80	2773.93	1745.62	1486.63	577.05	620.84	390.97
<b>E. Net Worth [ A+B+C-D]</b>	1521.68	1201.90	608.70	946.36	329.49	309.20	275.30
<b>F. Represented By</b>							
Share Capital	627.00	627.00	600.00	946.36	329.49	309.20	275.30
Reserves & Surplus	994.01	657.62	8.70	-	-	-	-
Less: Miscellaneous Expenditure to the extent not written off	99.32	82.72	-	-	-	-	-
<b>Net Worth</b>	1521.68	1201.90	608.70	946.36	329.49	309.20	275.30

\*Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 post its conversion into public limited company.

Note: The status of the Company upto July 2, 2008 was partnership firm and accordingly share capital disclosed upto July 2, 2008 represent total of balance in Partner's Capital Account as on the respective dates.

**The Issue**

<b>Equity Shares offered:</b>	<b>50,00,000 Equity Shares</b>
Employees Reservation Portion	1,00,000 Equity Shares
<b>Net Issue to Public</b>	<b>49,00,000 Equity Shares</b>
QIB Portion including Mutual Funds*	Not more than 24,50,000 Equity Shares constituting 50% of the Net Issue to the Public (Allocation on proportionate basis) out of which 5% i.e. 1,22,500 Equity Shares will be available for allocation to Mutual Funds only and the remaining QIB portion will be available for allocation to all QIBs, including Mutual Funds.
Non Institutional Portion*	Not less than 7,35,000 Equity Shares constituting 15% of the Net Issue to the Public (Allocation on proportionate basis)
Retail Portion*	Not less than 17,15,000 Equity Shares constituting 35% of the Net Issue to the Public (Allocation on proportionate basis)
<b>Equity Shares outstanding prior to the Issue</b>	<b>62,70,000 Equity Shares</b>
<b>Equity Shares outstanding after the Issue</b>	<b>1,12,70,000 Equity Shares</b>
Objects to the Issue	Please see the section entitled "Objects of the Issue" beginning on page no. 26 of this Red Herring Prospectus.

- \* Under subscription, if any, in any of the categories would be allowed to be met with spill over from any of the other categories including from oversubscription in the Employee Reservation Portion, at the discretion of our Company in consultation with the BRLM.

The unsubscribed portion in the Employee Reservation Portion, if any, shall be added back to the Net Issue to the public.

In case of undersubscription in the Net Issue to the Public Portion, spill over to the extent of under subscription shall be permitted from the reserved category to the Net Issue to the Public.

## General Information

### Texmo Pipes and Products Limited

Our Company was started as a partnership firm under the name Shree Mohit Industries on May 13, 1999 and was registered with Registrar of Firms, Indore on September 7, 1999. It was converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008.

### Registered & Corporate Office of our Company

98, Bahadarpur Road,  
Burhanpur, Madhya Pradesh - 450 331  
Tel: No: +91-7325-255122/252353  
Fax: No: +91-7325-253273  
Website: [www.texmopipe.com](http://www.texmopipe.com)

### Changes in the registered office of Our Company

Since incorporation there has been no change in the Registered Office of our Company.

### Registration Number of our Company

020852

### Company Identification Number (CIN):

U25200MP2008PLC020852

### Address of the Registrar of Companies

3rd floor, A Block, Sanjay Complex, Jayendraganj,  
Lashkar, Gwalior, Madhya Pradesh

### Board of Directors

Name of Director	Designation	Nature of Directorship
Mr. Sanjay Agrawal	Chairman and Managing Director	Executive Non-independent Director
Mr. Vijay Prasad Pappu	Whole Time Director	Executive Non-independent Director
Mr. Shanti Lal Badera	Director	Non-executive Independent Director
Mr. Rajesh Selot	Director	Non-executive Independent Director
Mr. Chakradhar Bharat Chhaya	Director	Non-executive Independent Director

### Mr. Sanjay Agrawal

Mr. Sanjay Agrawal, Chairman and Managing Director, aged 45 years, is one of the promoters of our Company. He is a commerce graduate and LLB. He completed his Bachelor of Commerce from Doctor Harisingh Gour Vishwavidyalaya, Madhya Pradesh in 1984 and Bachelor of Law from Doctor Harisingh Gour Vishwavidyalaya, Madhya Pradesh in the year 1987. He has more than 27 years of experience. He started his career in 1982 with Shree Venkatesh Cotton Company, a family business involved in cotton ginning and pressing. He was involved in the implementation of project related to cotton pressing. He was responsible for cotton purchasing in the same company from 1985 to 1987.

In 1988, he joined Shree Balaji Industries, a partnership firm as Manager Administration where he was responsible for activities related to strategic planning, restructuring, operations, import and export, marketing, international business relationship etc. He joined the firm as a Partner on December 1, 1995. In 1991, he started Tirupati Industries, involved in the manufacturing of suction hose pipes. It was wound up in the year 2000 on account of consolidation and all its assets and

liabilities were transferred to Shree Mohit Industries (now Texmo Pipes and Products Limited). In 1995, he set up Shree Venkatesh Industries, a partnership firm and in 1998, he promoted Shree Padmavati Irrigations Private Limited. He as Chairman and Managing Director of our Company now actively involved in the affairs of our Company and is playing a key role in the growth of our Company with his inputs in strategic planning and business development.

**Mr. Vijay Prasad Pappu**

Mr. Vijay Prasad Pappu, aged about 50 years is the Director of our Company since incorporation. He has more than 24 years of experience in factory operations. He completed his Bachelor of Science from University of Indore in the year 1979. He completed his Master of Arts in Social Works from University of Indore in the year 1982. He began his career with National Textile Corporation M.P. Limited, a Government of India Undertaking, Ministry of Textiles in the year 1985 as Trainee Executive. In the year 1996, he joined Shree Venkatesh Industries and on July 3, 2008 he has been shifted to our Company. He is now supervising the entire factory operations and matters relating to corporate affairs.

For details of our Directors on our Board, please refer to paragraph "Brief biographies of our Directors" appearing on page no. 85 of this Red Herring Prospectus.

**Compliance Officer & Company Secretary**

Mr. Rishabh Kumar Jain  
98, Bahadarpur Road,  
Burhanpur, Madhya Pradesh - 450 331  
Tel: No: +91-7325-255122/ 252353  
Fax: No: +91-7325-253273  
Email: [rjaincs@texmopipe.com](mailto:rjaincs@texmopipe.com)

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

**Banker to Company**

**State Bank of India**

Commercial Branch,  
A.B. Road (Near G.P.O)  
Indore, Madhya Pradesh - 452001  
Tel.: +91-731-4273211  
Fax: +91-731-2707309  
Website: [www.statebankofindia.com](http://www.statebankofindia.com)

**Book Running Lead Manager**

Almondz Global Securities Limited  
33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road,  
Churchgate, Mumbai-400020  
Tel: +91-22-2287 0580  
Fax: +91-22-2287 0581  
Email: [texmo.ipo@almondz.com](mailto:texmo.ipo@almondz.com)  
Website: [www.almondzglobal.com](http://www.almondzglobal.com)  
Contact Person: Ms. Sugandha Kaushik



**Syndicate Member**

**Almondz Global Securities Limited**

33, Vaswani Mansion, 6<sup>th</sup> Floor  
Dinsha Vachha Road  
Churchgate, Mumbai – 400 020  
Tel: +91-22-2287 0580  
Fax: +91-22-2287 0581  
Email: [texmo.ipo@almondz.com](mailto:texmo.ipo@almondz.com)  
Website: [www.almondzglobal.com](http://www.almondzglobal.com)  
SEBI Registration No: INM000000834  
Contact Person: Mr. Surendra Tare

**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 0815-28  
Fax: +91-40-2331 1551  
Email: [texmoipo@karvy.com](mailto:texmoipo@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
SEBI Registration Number: INR000000221  
Contact Person: Mr. Murli Krishna

**Legal Advisors to the Issue**

S.N. Gupta & Co.  
104, Nilgiri Apartments, 9,  
Barakhamba Road, New Delhi-110001  
Tel: +91 11 43582000 / 43582016  
Fax: +91 11 43582033  
Email: [saroj\\_pandey@snguptaco.com](mailto:saroj_pandey@snguptaco.com)  
Contact Person: Mr. Saroj Kumar Pandey

**Advisors to our Company**

Jain Mehta & Co.,  
Company Secretaries  
307, Janki Centre, Off. Vera Desai Road,  
3<sup>rd</sup> Floor, Andheri (West)  
Mumbai – 400 053  
Tel. No. +91 11 65030609  
Fax: +91 11 22035687  
Email: [info@jainmehta.com](mailto:info@jainmehta.com)

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

**Axis Bank Limited**

Western Zonal Office, 3<sup>rd</sup> Floor, RNA Corporate Park,  
Kalanagar, Near Chetna College, Bandra (East),  
Mumbai – 400 051  
Tel: +91-22-67248001  
Fax: +91-22-67248073  
Email: [vivek.singh@axisbank.com](mailto:vivek.singh@axisbank.com)

Website : [www.axisbank.com](http://www.axisbank.com)  
Contact Person : Mr. Vivek Singh

**ICICI Bank Limited**

Capital Markets Division,  
30, Mumbai Samachar marg,  
Mumbai – 400 001  
Tel: +91-22-22627600  
Fax : +91-22- 22611138  
Email : [venkataraghavan.t@icicibank.com](mailto:venkataraghavan.t@icicibank.com)  
Website : [www.icicibank.com](http://www.icicibank.com)  
Contact Person : Mr. Venkataraghavan T.A.

**HDFC Bank Limited**

Lodha-I, Think Techno Campus, O-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East),  
Mumbai – 400 042  
Tel: +91 22 30752928  
Fax: +91 22 25799801  
Email: [deepak.rane@hdfcbank.com](mailto:deepak.rane@hdfcbank.com)  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact Person: Mr. Deepak Rane

**Self Certified Syndicate Banks**

The list of banks who have been notified by SEBI to act as SCSBs for ASBA process are provided at <http://www.sebi.gov.in/pmd/scsb.pdf>.

**Statutory Auditors**

Pankaj Somaiya & Associates,  
Khanka Masjid Complex, Chowk Bazar,  
Burhanpur, Madhya Pradesh - 450331  
Tel.: +91-7325-400600  
Fax: + 91- 7325- 252169  
Email: [somaiyaca@gmail.com](mailto:somaiyaca@gmail.com)  
Contact Person: Mr. Pankaj Somaiya

**Statement of inter-se allocation of responsibilities**

Since Almondz Global Securities Limited is the sole BRLM to this Issue, statement of inter-se allocation responsibilities among Book Running Lead Manager's is not applicable.

**IPO Grading**

Our Company has appointed CARE for grading. CARE has assigned a 'CARE IPO GRADE 2' to the proposed initial public offering of the Company. "CARE IPO Grade 2" indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE has assigned the grade vide their letter dated February 4, 2009 which was revalidated on December 9, 2009.

**Rationale for CARE IPO Grading**

The grading is constrained by TPPL's relatively small size of operations, significantly large expansion plans in relation to its size, localized manufacturing facilities, relatively new brand, volatility in raw material prices, limited customer base and dependence on comparatively large size customers, the

presence of unorganized sector players and highly competitive nature of the industry in which the company operates. The grading is also constrained by risks associated with the dependence of proposed capacity expansion on mobilisation of required funds through proposed IPO and effective deployment of such funds in setting up new manufacturing unit and its ability to efficiently manage its working capital requirements post expansion.

The grading, however, draws strength from the good track record of the promoters as reflected in the successful operation of their PVC and HDPE pipes & fittings business, growth in revenues exhibited particularly since last two years and favourable prospects of the PVC and HDPE pipes industry due to increase in end uses across various sectors. The grading also draws strength from the recent consolidation of TPPL's operations.

For details of rationale of grading and Disclaimer Clause of CARE, please refer to page no. 227 & 147 respectively of this Red Herring Prospectus.

#### **Credit Rating**

This being an Issue of Equity Shares, Credit rating is not required.

#### **Trustee**

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

#### **Book Building Process**

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

The principal parties involved in the Book Building Process are:

- Our Company;
- Book running Lead manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;
- Escrow Collection Bank(s);
- Self Certified Syndicate Banks; and
- Registrar to the Issue

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**Though the process of Book Building under the SEBI (ICDR) Regulations is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.**

Our Company shall comply with (ICDR) Regulations issued by SEBI for this Issue. In this regard, our Company has appointed Book Running Lead Manager to manage the Issue and to procure subscription to the Issue.

**The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated December 30, 2009 may be subject to change from time to time which may either be of a**

**clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid-cum-ASBA Form to SCSB.**

**QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.** In addition, QIBs are now required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For more details, please refer to the section titled “Issue Procedure” beginning on page no. 154 of this Red Herring Prospectus.

Steps to be taken by the Bidder for bidding:

- Check eligibility for making a bid, see the section titled “Issue Procedure-Who Can Bid?” beginning on page no. 164 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form
- Ensure that the Bid cum Application Form / ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form and
- Ensure that the Bid – Cum – Application Form / ASBA Form is accompanied by the Permanent Account Number. For details please refer to the section titled “Issue Procedure” beginning on page no. 154 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds.
- Bids by ASBA Bidders will only have to be submitted to the SCSB. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected.

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

**(Investors should note that this example is solely for illustrative purposes and is not specific to this Issue)**

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 30 to Rs. 34 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 the company at various prices and is collated from bids from various investors.

<b>Bid Quantity</b>	<b>Bid Price (Rs.)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	34	500	16.67%
1000	33	1500	50.00%
1500	32	3000	100.00%
2000	31	5000	166.67%
2500	30	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 number of shares is the price at which the book cuts off, i.e., Rs. 32 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 32. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

**Bid/Issue Programme****Bidding Period/Issue Period**

<b>BID/ISSUE OPENS ON</b>	Tuesday, February 16, 2010
<b>BID/ISSUE CLOSES ON</b>	Friday, February 19, 2010

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 (excluding Bids by ASBA Bidders) shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and (i) uploaded until 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) A standard cut-off time of 5.00 P.M for uploading of Bids received from Retail Individual Bidders and Employees which may be extended up to such time as deemed fit by the BSE and the NSE after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE. Bids will be accepted only on working days i.e. Monday to Friday (excluding public holidays). 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 and the Issuer / BRLM and the Syndicate Member will not be responsible for such Bids not being uploaded. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holiday).

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

On the Bid / Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders and Eligible Employees after taking into account the total number of Bids received upto the closure of the timing for acceptance of Bid-cum-Application Form as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date. In case of revision of the Price Band, the Bid/Issue Period will be extended for three additional days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 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 changes on the web sites of the BRLM and at the terminals of the Syndicate.

### Underwriting Agreement

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

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
<b>Almondz Global Securities Limited</b> 33 Vaswani Mansion, 6 <sup>th</sup> Floor Dinsha Vachha Road Churchgate, Mumbai – 400 020 Tel: +91-22-2287 0580 Fax: +91-22-2287 0581	[•]	[•]
<b>TOTAL</b>	[•]	[•]

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

In the opinion of the Board of Directors & the BRLM (based on certificates given to them by the Underwriters), the resources of all 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 Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors at the meeting held on [•] and the Company has issued letters of acceptance to the Underwriter.

Notwithstanding the above table, the Underwriters shall be 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.

### Capital Structure

The share capital of our Company, before the Issue and after giving effect to the Issue, as on the date of this Red Herring Prospectus is set forth below:

(Rs. in lakhs)

S. No.	Particulars	Aggregate value at nominal value	Aggregate value at issue price
<b>A</b>	<b>Authorized Capital</b>		
	1,50,00,000 Equity Shares of Rs. 10/- each	1,500.00	
<b>B</b>	<b>Issued, Subscribed and Paid-up Capital</b>		
	62,70,000 Equity Shares of Rs. 10/- each	627.00	
<b>C</b>	<b>Present Issue to the Public in terms of this Red Herring Prospectus</b>		
	50,00,000 Equity shares of Rs. 10/- each fully paid up	500.00	[●]
	<b>Out of which</b>		
<b>D</b>	<b>Employee Reservation Portion (on competitive basis)</b>		
	1,00,000 Equity shares of Rs. 10/- each fully paid up	10.00	[●]
<b>E</b>	<b>Net Issue to the Public</b>		
	49,00,000 Equity shares of Rs. 10/- each fully paid up	490.00	[●]
<b>F</b>	<b>Paid up Capital after the Issue</b>		
	1,12,70,000 Equity Shares of Rs. 10/- each	1127.00	
<b>G</b>	<b>Share Premium Account</b>		
	Before the issue	216.00	
	After the issue	[●]	

#### Details of increase in our authorized share capital of Our Company:

(Rs. in lakhs)

S. No.	Date	Increased from	Increased to	Remarks
1.	July 3, 2008	-	1,250.00	On Incorporation, 1,25,00,000 equity shares of Rs. 10 each
2.	August 21, 2008	1,250.00	1,500.00	Increase from Rs. 1,250 lakhs divided into 1,25,00,000 equity shares of Rs. 10 each to Rs. 1,500 lakhs divided into 1,50,00,000 equity shares of Rs. 10 each

#### Notes to Capital Structure

##### 1. Capital Build up (Equity Share capital history of our Company):

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value	Issue Price	Consideration	Reasons for Allotment / Reduction	Cumulative Securities Premium Account (Rs. in lakhs)	Cumulative No of Equity Shares	Cumulative Paid-up Capital (Rs. in lakhs)
July 3, 2008	60,00,000	10	NIL	Other than Cash	Subscribers to the Memorandum	NIL	60,00,000	600.00

August 25, 2008	2,70,000	10	90	Cash	Allotment on transfer of business of Promoter Group Entities	216.00	62,70,000	627.00
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## 2. Details of promoters' contribution and lock in

### (a) Build up of Promoters

Name	Date of allotment / transfer / acquisition	Date when made fully paid up	Consideration (cash/ bonus/ kind etc.)	No. of equity shares	Face value (Rs.)	Issue / acquisition price	% of post issue paid up capital	Lock-in period (years)	No. of pledged shares	% of pledged shares
Mr. Sanjay Agrawal	July 3, 2008	July 3, 2008	Other than Cash*	18,00,000	10	-		1Year	NIL	NIL
	July 3, 2008	July 3, 2008		12,00,000	10	-		3Years		
	August 25, 2008	August 25, 2008	Cash	7,500	10	90		1Year		
<b>Sub- total</b>				<b>30,07,500</b>			<b>26.68</b>			
Ms. Rashmidevi Agrawal	July 3, 2008	July 3, 2008	Other than Cash*	18,94,000	10	-		1Year	NIL	NIL
	July 3, 2008	July 3, 2008		11,00,000	10	-		3Years		
	August 25, 2008	August 25, 2008	Cash	7,500	10	90		1Year		
<b>Sub- total</b>				<b>30,01,500</b>			<b>26.63</b>			
<b>Total</b>				<b>60,09,000</b>			<b>53.31</b>		<b>NIL</b>	<b>NIL</b>

\* These shares have been issued for consideration other than cash on account of conversion of partnership firm without change in management.

### (b) Lock-in of Minimum Promoters' Contribution

Pursuant to the SEBI (ICDR) Regulations, an aggregate of 20% of the shareholding of our Company's Promoters shall be locked in for a period of three years from the date of allotment in the Issue. The lock-in details are as under:

S. No	Name of Promoter	No of Shares	Face Value (Rs.)	% of Post Issue paid up capital	Lock-in Period
1.	Mr. Sanjay Agrawal	12,00,000	10	10.65	3Years
2.	Ms. Rashmidevi Agrawal	11,00,000	10	9.76	3Years
<b>Total</b>		<b>23,00,000</b>		<b>20.41</b>	<b>3Years</b>

We confirm that minimum promoter's contribution includes shares allotted to promoters out of conversion from partnership firm, where the partners of the erstwhile partnership firm and promoters of our Company are same and there is no change in management. These shares have been considered for minimum promoter's contribution as the equivalent share capital existed in the firm for a period of more than one year on a continuous basis in terms of proviso to Regulation 33(1)(c) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.



- i. The Equity Shares to be locked-in for a period of three years have been computed as 20.41% of Equity Share Capital after the Issue. It is confirmed that the Equity Shares offered for by the Promoters for three years lock-in are not pledged. Further all the Equity Shares, which are being locked in for 3 years, are not ineligible for computation of promoters' contribution and lock-in as per Regulation 33(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- ii. The Promoters have vide their letter dated December 17, 2008 given their consent for lock-in of shares as stated above. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of commencement of commercial production or the date of allotment in the issue, whichever is later.
- iii. In addition to above promoters contribution which is locked in for a period of three years, the entire remaining pre-Issue Equity Capital of our Company i.e. 39,70,000 Equity Shares will be locked in for a period of one year from the date of allotment of Equity Shares in this Issue constituting 35.23% of the post issue equity share capital of our Company.
- iv. In terms of Regulation 39 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, locked in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of equity shares is one of the terms of sanction of the loan.
- v. In terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares held by the Promoter may be transferred to and amongst the Promoters / Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and in compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 37 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and such transferee shall not be eligible to transfer them till the lock-in period stipulated under the Regulations has expired.
- vi. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary. For the purpose of calculating Promoter's contribution, the same has been brought in the specified minimum lot of Rs. 25,000/- per application from each individual and from persons defined as Promoters under the SEBI (ICDR) Regulations. Further, shares considered for promoter's contribution have not been acquired for consideration other than cash and revaluation of assets is involved in such transaction or resulting from bonus issue out of revaluation reserves or reserves created without accrual of cash resources or against shares which are other wise ineligible for promoter's contribution.

3. There is no “buyback” or “standby” arrangement for purchase of Equity Shares by our Company, its Directors, its Promoters, or the BRLM for the Equity Shares offered through this Red Herring Prospectus.
4. Except as stated below our Company has not issued any equity shares for consideration other than cash

Date of Allotment	Number of Equity Shares	Issue Price (Rs.)	Details	Name of allottees	Benefits accrued to the Company pursuant to the allotment
July 3, 2008	60,00,000	10	Subscribers to Memorandum on conversion of our Company from Partnership firm to Public Limited Company.	Mr. Sanjay Agrawal, Ms. Rashmidevi Agrawal, Mr. Vijay Prasad Pappu, Mr. Mohanlal Shah, Mr. Rajesh Agrawal, Mr. Mehmood Khan and Mr. Ananda Nago Umale	Nil

5. An over-subscription to the extent of 10% of Net Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Offer to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by 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.
6. As on date of filing of this Red Herring Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up.
7. The Equity Shares offered through this public issue shall be made fully paid up and the unpaid equity shares may be forfeited within 12 months from the date of allotment of shares in the manner specified as per Regulation 4(2)(f) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
8. Undersubscription, if any, in any category would be met with spillover from other categories of at the sole discretion of our Company, in consultation with the BRLM. Any under-subscription, in the Employee Reservation portion would be included in the Net Issue to the Public and will be allocated in accordance with the process disclosed in the section titled “Basis of Allocation” appearing on page no. 187 of this Red Herring Prospectus.
9. **(a) Details of top ten shareholders of our Company on the date of filing of this Red Herring Prospectus with SEBI are as follows:**

S. No.	Name of the shareholder	No of Equity Shares	% of shares to the Pre-Issue Capital
1.	Mr. Sanjay Agrawal	30,07,500	47.97
2.	Ms. Rashmidevi Agrawal	30,01,500	47.87
3.	Shree Padmavati Irrigations Private Limited	1,12,000	1.78

4.	Mr. Sanjay Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
5.	Ms. Rashmidevi Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
6.	Mr. Vijay Prasad Pappu	1,200	0.02
7.	Mr. Mohanlal Shah	1,200	0.02
8.	Mr. Rajesh Agrawal	1,200	0.02
9.	Mr. Mehmood Khan	1,200	0.02
10.	Mr. Ananda Nago Umale	1,200	0.02
	<b>Total</b>	<b>62,70,000</b>	<b>100.00</b>

**(b) Details of top ten shareholders as on ten days prior to filing of this Red Herring Prospectus with SEBI are as follows:**

S. No.	Name of the shareholder	No of Equity Shares	% of shares to the Pre-Issue Capital
1.	Mr. Sanjay Agrawal	30,07,500	47.97
2.	Ms. Rashmidevi Agrawal	30,01,500	47.87
3.	Shree Padmavati Irrigations Private Limited	1,12,000	1.78
4.	Mr. Sanjay Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
5.	Ms. Rashmidevi Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
6.	Mr. Vijay Prasad Pappu	1,200	0.02
7.	Mr. Mohanlal Shah	1,200	0.02
8.	Mr. Rajesh Agrawal	1,200	0.02
9.	Mr. Mehmood Khan	1,200	0.02
10.	Mr. Ananda Nago Umale	1,200	0.02
	<b>Total</b>	<b>62,70,000</b>	<b>100.00</b>

**(c) Details of top ten shareholders as on two years prior to filing of this Red Herring Prospectus with SEBI**

As our Company was incorporated on July 3, 2008, there were no shareholders existed two years prior to filing of this Red Herring Prospectus.

However, as on the date of incorporation, following were the shareholders:

S. No.	Name of the shareholder	No of Equity Shares	% of total shareholding
1.	Mr. Sanjay Agrawal	30,00,000	50.00
2.	Ms. Rashmidevi Agrawal	29,94,000	49.90
3.	Mr. Vijay Prasad Pappu	1,200	0.02
4.	Mr. Mohanlal Shah	1,200	0.02
5.	Mr. Rajesh Agrawal	1,200	0.02
6.	Mr. Mehmood Khan	1,200	0.02
7.	Mr. Ananda Nago Umale	1,200	0.02
	<b>Total</b>	<b>60,00,000</b>	<b>100.00</b>

The above shareholders do not hold any shares, which they would be entitled to upon exercise of warrant, option, rights to convert a debenture, loan or other instrument.

**10. Details of Pre-Issue shareholding of the Promoters and Promoter Group / Entities as on date are as follows:**

S. No.	Name	Shareholding	% of shares to the Pre-Issue Capital
<b>(A) Promoters - Core Promoters</b>			
1.	Mr. Sanjay Agrawal	30,07,500	47.97
2.	Ms. Rashmidevi Agrawal	30,01,500	47.87
<b>Sub-Total (A)</b>		<b>60,09,000</b>	<b>95.84</b>
<b>(B) Promoter Group / Entities</b>			
1.	Shree Padmavati Irrigations Private Limited	1,12,000	1.78
2.	Mr. Sanjay Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
3.	Ms. Rashmidevi Agrawal (as partner of Shree Venkatesh Industries)	71,500	1.14
4.	Mr. Vijay Prasad Pappu	1,200	0.02
5.	Mr. Mohanlal Shah	1,200	0.02
6.	Mr. Rajesh Agrawal	1,200	0.02
7.	Mr. Mehmood Khan	1,200	0.02
8.	Mr. Ananda Nago Umale	1,200	0.02
<b>Sub-Total (B)</b>		<b>2,61,000</b>	<b>4.16</b>
<b>Total (Promoter &amp; Promoter Group/Entities)</b>		<b>62,70,000</b>	<b>100.00</b>

Note: No other person/entity, who are part of "Promoter Group" is holding any Equity Shares in our Company.

**11. Pre-Issue and Post-Issue Shareholding of our Company**

Particulars	Pre-Issue		Post -Issue	
	No. of Equity Shares	% to the present share capital	No. of Equity Shares	% of post issue Share Capital
<b>Promoters' Holding</b>				
Promoter / Core Promoter	60,09,000	95.84	60,09,000	53.31
Promoter Group / Entities	2,61,000	4.16	2,61,000	2.32
<b>Sub-Total (Promoter and Promoter Group/Entities)</b>	<b>62,70,000</b>	<b>100</b>	<b>62,70,000</b>	<b>55.63</b>
Public	NIL	NIL	49,00,000	43.48
Employees	NIL	NIL	1,00,000	0.89
<b>Sub-Total</b>	<b>NIL</b>	<b>NIL</b>	<b>50,00,000</b>	<b>44.37</b>
<b>Total</b>	<b>62,70,000</b>	<b>100</b>	<b>1,12,70,000</b>	<b>100.00</b>

12. As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debenture, loans or other financial instruments into Equity Shares of our Company. The Shares locked in by Promoters are not pledged to any one.

13. **Our Promoters/ Promoter Group/Directors have not purchased / sold / financed / acquired any shares of our Company during the past 6 months, from the date of Draft Red Herring Prospectus, except as under:**

S. No.	Date	Name	No. of Shares	Consideration	Remarks
1.	July 3, 2008	Mr. Sanjay Agrawal	30,00,000	Other than cash	Subscribers to the Memorandum
2.	July 3, 2008	Ms. Rashmidevi Agrawal	29,94,000		
3.	July 3, 2008	Mr. Vijay Prasad Pappu	1,200		
4.	July 3, 2008	Mr. Mohanlal Shah	1,200		
5.	July 3, 2008	Mr. Rajesh Agrawal	1,200		
6.	July 3, 2008	Mr. Mehmood Khan	1,200		
7.	July 3, 2008	Mr. Ananda Nago Umale	1,200		
8.	August 25, 2008	Mr. Sanjay Agrawal	7,500	Cash	
9.	August 25, 2008	Ms. Rashmidevi Agrawal	7,500		
10.	August 25, 2008	Shree Padmavati Irrigations Private Limited	1,12,000		
11.	August 25, 2008	Mr. Sanjay Agrawal (as partner of Shree Venkatesh Industries)	71,500		
12.	August 25, 2008	Ms. Rashmidevi Agrawal (as partner of Shree Venkatesh Industries)	71,500		

14. Our Company has not raised any bridge loan against the proceeds of the present issue. For details on use of proceeds, see the section titled "Objects of the Issue" beginning on page no. 26 of this Red Herring Prospectus.
15. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of this Red Herring Prospectus with SEBI till the Equity Shares offered through this Red Herring Prospectus/Prospectus have been listed.
16. At present, our Company does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutional placement, except that our Company may issue options to its employees pursuant to any Employee Stock Option plan, or if our Company go for acquisitions and joint ventures, our Company may consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venture.
17. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

18. Our Company has not issued any shares out of revaluation reserves.
19. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. Our Company have ten shareholders as on the date of filing of this Red Herring Prospectus with SEBI.
21. Our Company has not revalued its assets.
22. An applicant in net public category cannot make an application for the number of Equity Shares exceeding the number of Equity Shares offered to the public.
23. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allocation" appearing on page no. 187 of this Red Herring Prospectus.
24. **Restrictive Covenants of lenders**

The covenants in borrowings from our banker require us to obtain bank's permission in writing in respect of effecting any change in the Company's Capital Structure; change in unsecured loan, change in trading cycle, , change in practice with regard to remuneration of directors, permit any transfer of the controlling interest or make any drastic change in the management set-up, implementation of any scheme of expansion/ modification/ diversification/ renovation / amalgamation/reconstruction, undertake any new project, entering into any borrowing arrangement with other banks, undertake guarantee, undertake obligations on behalf of any other company, invest by way of share capital in or lend or advance funds to or place deposits with any other concern, declare dividends except for the any year approved by the bank, pay guarantee commission to the guarantors whose guarantees have been stipulated, create an further charge/ lien/ encumbrance over assets & properties charged to the bank and sell/ assign or otherwise dispose off the fixed assets charged to the bank.

Pursuant to the aforesaid we have received no objection certificate from State Bank of India for the proposed issue vide letter dated December 5, 2009.

## Objects of the Issue

### Rationale for the Issue

Our Company is presently engaged into manufacturing of PVC and HDPE pipes at two of its units viz. Unit 1 and Unit 2. With the increase in demand for various types of pipes, we intend to expand our product range by venturing into manufacturing of CPVC, DWC and drip in-line pipes. Also, in order to facilitate our clients with accessories for the pipes, we plan to venture into manufacturing of injection mouldings / fittings. We also intend to diversify in the manufacturing of woven sacks. We propose to expand our operations at our Unit 2.

**The proceeds from the proposed Issue of shares are intended to be deployed for:**

1. Expansion of product range;
2. Setting up manufacturing facilities for injection mouldings/ fittings and woven sacks;
3. Meeting long term working capital requirements;
4. General corporate purposes; and
5. Issue expenses.

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

### Fund Requirements

The details of fund requirement for objects mentioned above are given in the following table:

(Rs. in lakhs)

S. No.	Particulars	Amount
1.	Expansion of product range	1132.62
2.	Setting up manufacturing facilities for injection mouldings/ fittings and woven sacks	2206.27
3.	Meeting long term working capital requirements	1000.00
4.	General Corporate Purposes	[•]
5.	Issue Expenses	[•]
	<b>Total</b>	<b>[•]</b>

### Means of Finance

(Rs. in lakhs)

S. No.	Particulars	Amount
1.	Proceeds of the Issue*	[•]
2.	Internal accruals	[•]
	<b>Total</b>	<b>[•]</b>

\* Will be incorporated after finalization of Issue Price

Pursuant to Regulation VII (C)(1) of Schedule VIII of SEBI (ICDR) Regulations, 2009 we confirm that the firm arrangements of finance through verifiable means towards more than 75% of the stated means of finance excluding the amount to be raised through public issue and existing identifiable internal accruals have been made.

The fund requirements and the intended use of the net proceeds as described herein are based on management estimates and various quotations received by us from different suppliers. Our project

has not been appraised by any bank or financial institution or any independent organisation. We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure 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 the expansion project 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.

The fund requirement is proposed to be met through internal accruals and IPO proceeds. The proceeds from the Initial Public Offering / IPO would be crystallized on finalization of the Issue Price on conclusion of the Book Building Process. Any shortfall in meeting the objects of the issues on determination of issue price on conclusion of the Book Building Process would be met from internal accruals and / or debt. Further, the amount that is in excess of the funds required for the objects proposed project and Issue expenses will be utilized for general corporate purposes, which would be in accordance with the policies of our Board made from time to time.

#### **Appraisal**

The fund requirements and the funding plans are as per our management's estimates, and have not been appraised by any bank / financial institution.

#### **Details of utilisation of issue proceeds**

##### **1. Expansion of product range**

We are currently having manufacturing facilities for PVC pipes having dimensions ranging from 20 mm to 315 mm and for HDPE pipes having dimensions ranging from 20 mm to 110 mm diameter at Unit 1. We now propose to expand our product range by introducing CPVC, Drip Inline and DWC pipes. We have already installed plant & machinery for manufacture of Drip Inline pipes with installed capacity of 2050 MTPA. This installed capacity of Drip Inline pipes will be further expanded to 3148 MTPA by installing Flat Inline Drip Pipe Plant. With this increase in product range, the installed capacity of our Company would be 41674 MTPA for PVC pipes. The estimated details of our various installed capacities for the new products would be as under:

(unit in metric tonnes per annum)	Existing installed capacities	Proposed expansion in installed capacity (MTPA) at Unit 2
Drip in-line pipes	2050	1098
CPVC pipes	Nil	659
DWC pipes	Nil	2031

The total cost of expansion in capacities is Rs. 1132.62 lakhs, details of which are as under:

<b>S. No.</b>	<b>Particulars</b>	<b>Amount (Rs. In lakhs)</b>
a)	Site development	102.88
b)	Buildings	130.15
c)	Plant & machinery	875.14
d)	Electric installations and other fixed assets	24.45
	<b>Total</b>	<b>1132.62</b>



**a) Site development**

We propose to expand our product range at Khasra numbers 107/2, and 107/3, Bahadarpur Road, Burhanpur, Madhya Pradesh (under Unit 2) having a total area of 5.62 hectare. The said lands are registered in the name of our promoters Ms. Rashmidevi Agrawal and Mr. Sanjay Agrawal respectively. We have signed a lease deed dated December 8, 2008 for using the above land, which is valid for a period of 5 years with effect from October 1, 2008. We have necessary approvals for diversion of these lands into industrial use.

As per the letter dated January 13, 2010 from Garhwal & Associates, Burhanpur, the civil and site development work on these lands has been completed at a cost of Rs. 102.88 lakhs.

**b) Building**

- (i) Factory shed: As per the letter dated December 5, 2009 from Interarch Building Products Private Limited, New Delhi, the construction of factory shed admeasuring 60 X 60 M is completed at a cost of Rs. 96.99 lakhs.
- (ii) Other sheds: We also propose to set up vehicle sheds, pipe covering sheds, store room sheds, cooling tank sheds, canteen sheds, store room and cooling tanks at the above mentioned land at an estimated amount of Rs. 33.16 lakhs as per the letter dated August 21, 2009 from Garhwal & Associates, Burhanpur.

**c) Plant and machinery**

The total cost of plant & machinery for the project aggregates to Rs. 875.14 lakhs, the details of which are as under:

(Rs. in lakhs)						
S. No.	Description of equipment / machinery	Name of supplier	Date of quotation	Imported/ Indigenous	Quantity	Amount including duties & taxes
<b>PVC pipes</b>						
a)	Rigid PVC Pipe Extruder No. BEX2-68-28V/4	Kabra Extrusiontechnik Limited	January 12, 2010	Indigenous	05	296.45
b)	SWR Pipe Extruder No. BEX2-65-22V/4	Kabra Extrusiontechnik Limited	January 12, 2010	Indigenous	03	139.83
c)	PVC Suction Hose Pipe Extruder	Sai Machine Tools Indore	November 26, 2009	Indigenous	02	33.50
<b>CPVC Pipes</b>						
a)	CVPC Pipe plant BEX-2-65-18V/4 (upto 120 kg/hr)	Kabra Extrusiontechnik Limited	January 12, 2010	Indigenous	1	70.84
<b>DWC Pipes</b>						
a)	Single screw extruder 60 mm B6.1	Kabra Extrusiontechnik Limited	December 15, 2009	Indigenous	1	30.77
<b>Drip Inline Pipes</b>						
a)	Flat Inline	Suresh Engineering	November	Indigenous	1	303.75

	Drip Pipe Plant	Works, Indore	30, 2009			
	<b>Total (a+b+c)</b>					875.14

**d) Electric installations and other fixed assets**

As per estimates received from Electro Power Services vide letter dated December 4, 2009; the cost electric Installation for 1500 KVA & 950 KVA 33/0 433 KVA Transformer and 33 KV switch yard is Rs 48.90 lakhs. Assuming equal cost for both the sheds, the cost of electric installation for this shed will be Rs. 24.45 lakhs.

**2. Setting up manufacturing facilities for injection mouldings/ fittings & woven sacks**

Injection moulding items / fittings constitutes SWR fittings, plumbing fittings, CPVC fittings, and agri-fittings which are generally required for joining of ducts & pipes, household plumbing, etc. The proposed installed capacity for injection mouldings would be 1328 MTPA. We believe that this expansion would allow our existing customers to source most of their product requirement from single vendor and also enable us to expand our business from existing customers, as well as address a large base of potential new customers.

Further, we also propose to manufacture variety of woven sack bags for packing of various items at an installed capacity 2562 MTPA. Woven sacks are used in fertilizer, cement, sugar, plastic granules, chemical, and agri-products sector.

The total cost for setting up manufacturing facilities for injection mouldings / fittings and woven sacks is Rs. 2206.27 lakhs, details of which are as under:

S. No.	Particulars	Amount (Rs. in lakhs)
a)	Site development	149.61
b)	Buildings	222.04
c)	Plant & machinery	1810.17
d)	Electric installation and other fixed assets	24.45
	<b>Total</b>	<b>2206.27</b>

**a) Site development**

Our Company proposes to set up a manufacturing facility for injection mouldings / fittings at Khasra no 107/1, Bahadarpur Road, Burhanpur, Madhya Pradesh (under Unit 2) admeasuring 1.19 hectare and woven sacks at Khasra no. 109, Bahadarpur Road, Burhanpur, Madhya Pradesh admeasuring 2.01 hectares. The said lands are registered in the names of our Promoters viz. Ms. Rashmidevi Agrawal and Mr. Sanjay Agrawal respectively. We have signed a lease deed December 8, 2008 for a period of 5 years with effect from October 1, 2008, for using the above land. We have necessary approvals for diversion of these lands into industrial use.

As per estimates received from Garhwal & Associates, Burhanpur vide letter dated August 9, 2008, the cost of civil work is estimated at Rs. 132.81 lakhs. In addition to this, the cost of site development i.e. fitting of pavours(blocks) on open grounds including boulder and moorum filling, base etc. at the above mentioned lands, is estimated at Rs. 16.80 lakhs vide letter dated August 21, 2009 from Garhwal & Associates, Burhanpur.

**b) Building**

- (i) Factory shed: As per estimates received from Interarch Building Products Private Limited, New Delhi vide letter dated December 2, 2009, the cost of construction of factory shed admeasuring 60 X 90 M is estimated at Rs. 214.76 lakhs including taxes.
- (ii) Other sheds: We also propose to set up store room and cooling tanks at the above mentioned land at an estimated amount of Rs. 7.28 lakhs as per the letter dated August 21, 2009 from Garhwal & Associates, Burhanpur.

**c) Plant and machinery**

The total cost of plant & machinery for the project aggregates to Rs. 1810.17 lakhs, the details of which are as under:

(Rs. in lakhs)					
S. No.	Description of equipment / machinery	Name of supplier	Date of quotation	Quantity	Amount including duties & taxes
A.	Manufacture of Injection mouldings / fittings				
1	Injection Moulding Machine Sumo Smart 180 R comprising of 60 mm diameter screw	Windsor Machines Limited, Thane	January 12, 2010	2	60.72
2	Injection Moulding Machine Sumo Smart 260 R comprising of 70 mm diameter screw	Windsor Machines Limited, Thane	January 12, 2010	2	77.28
3	Injection Moulding Machine Sumo Smart 350 R comprising of 80 mm diameter screw	Windsor Machines Limited, Thane	January 12, 2010	2	107.09
4	Agri Fittings	Galaxy Moulds & Tools	December 6, 2009	80	369.55
5	SWR Fittings	Galaxy Moulds & Tools	December 6, 2009	31	149.45
6	ASTM SCH80	Galaxy Moulds & Tools	December 6, 2009	81	307.69
	Total (A)				1071.78
B.	Manufacture of Woven sacks				
1	Tape Extrusion Line LOREX E90B.1000	Lohia Starlinger Limited, Kanpur	November 15, 2009	2	223.02
2	Cheese Winders LTW 200C	Lohia Starlinger Limited, Kanpur	November 15, 2009	384	105.99
3	Circular Weaving machine AXL-6	Lohia Starlinger Limited, Kanpur	November 15, 2009	24	190.78
4	Circular Weaving machine LSL-6	Lohia Starlinger Limited, Kanpur	November 15, 2009	30	218.60
	Total (B)				738.39
	Grand Total (A+B)				1810.17

**d) Electric installations and other fixed assets**

As per estimates received from Electro Power Services vide letter dated December 4, 2009; the cost of electric installation for 1500 KVA & 950 KVA 33/0 433 KVA transformer and 33 KV switch yard is Rs 48.90 lakhs. Assuming equal cost for both the sheds, the cost of electric installation for this shed will be Rs. 24.45 lakhs.

**3. Meeting long term working capital requirements**

Presently, our Company enjoys working capital credit limits to the extent of Rs. 2200 lakhs as stated in the paragraph "Our Indebtedness" appearing on page no. 72 of this Red Herring Prospectus under section "Our business". These limits and our internal accruals are adequate to meet our existing working capital requirements. We have estimated our additional working capital requirements based on the additional capacity utilization for the fiscal year 2010-2011 and is calculated as under:

Particulars	F.Y. 2010-2011 (Estimates) (Rs. In Lakhs)	March 31, 2009 (Audited) (Rs. In Lakhs)
<b>Current assets</b>		
Inventories	2648	1260.56
Receivables	3000	1072.22
<b>Total current assets</b>	5648	2332.78
Less : current liabilities	459	163.01
<b>Net working capital requirements</b>	5189	2269.77
<b>Funding pattern:</b>		
Estimated bank finance available	2800	1750.00
Funded through IPO	1000	-
Internal Accruals	1389	519.77
<b>Total</b>	5189	2269.77

The above working capital estimates are based on the following assumptions:

Particulars	Period (In days)
Inventories	76
Receivables	60
<b>Creditors</b>	15

The net working capital for 2008-09 is based on the position of the current assets and current liabilities as per the audited financial position of our Company for the financial year ended 2008-09.

The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table.

On the basis of estimated holding period for the FY 2011, we have projected the bank borrowings for the year 2011 at the level of Rs. 2800 lakhs against the net working capital requirements of Rs. 5189 lakhs. Out of which, we propose to meet Rs. 1000 lakhs from IPO proceeds and balance Rs. 1389 lakhs from internal accruals.

#### 4. General corporate purposes

We, in accordance with the policies set up by the Board will have flexibility in applying the net proceeds of the Issue, after the aforesaid objects are met, for general corporate purposes including, but not restricted to offsetting secured loan borrowings, meeting contingencies for any cost overrun in the expansion project, strategic initiatives, expanding into new geographies, brand building exercise, strengthening of market capabilities, future projects and meeting exigencies which we in the ordinary course may not foresee. As on the date of this Red Herring Prospectus, we have not entered into any commitment for any strategic initiatives. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

#### 5. Meeting the Issue expenses\*

The expenses for this Issue include Issue management fees, underwriting & selling commission, registrars' fee, grading fee, printing and distribution of issue stationery, advertisement and marketing expenses, legal counsel fees and listing fees payable to the Stock Exchanges, among others. The total expenses for this issue are estimated to be Rs. [●] lakhs, details of which are as under:

(Rs. in lakhs)			
Activity	Amount (Rs. in lakhs)	% of total issue size	% of issue expenses
Issue management fees, underwriting & selling commission (including commission to SCSB for ASBA applications) and brokerage	[●]	[●]	[●]
Registrars fees	[●]	[●]	[●]
Fee for legal counsel to the issue	[●]	[●]	[●]
Fee payable to grading agency for grading the Issue	[●]	[●]	[●]
Printing and distribution of issue stationery	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

\*Will be incorporated after finalization of Issue Price

#### Raw Materials

For expansion in product range for PVC & HDPE pipes, we majorily require PVC resin and HDPE granules which are available indigenously as well as from various importing agents based in India. For manufacture of injection mouldings / fittings, we require PVC and HDPE blow moulding grades with tin stabilizers, which are easily available indigenously. In respect of woven sacks, we require HDPE and Polypropylene, which are also indigenously available. As we are already dealing with number of suppliers for our existing requirement, we do not foresee any problem in procurement of raw material for our future expansion. All these raw materials are petrochemical products and are dependent on international crude oil prices.

#### Infrastructural facilities

##### Power

The requirement of power for the proposed expansion at Unit 2 will be 1150 KVA which we propose to source from M.P. Paschim Kshetra Vidyut Vitaran Company Limited at 33 KVA (High Tension Line). M.P. Paschim Kshetra Vidyut Vitaran Company Limited vide their letter dated August 26, 2008 had given their approval for supply of additional power to the extent of 1150 KVA. We have applied

to the concerned authority for change in name since the said approval is in the name of erstwhile partnership firm viz. Shree Mohit Industries.

#### Water

Water is required for manufacturing and general purposes. The water requirement for the expansion project is 5000 litres per day which shall be met by four existing borewells at our existing manufacturing locations.

#### Manpower

The details of additional manpower requirements for the proposed expansion are as follows:-

S. No.	Category	CPVC, DWC & Drip inline pipe plant	Injection moulding / fittings plant	Woven sacks	Total
1	Managerial staff	1	1	1	3
2	Executive staff	3	3	3	9
3	Office assistance	1	1	1	3
4	Supervisors	3	3	3	9
5	Skilled staff	9	45	8	62
6.	Unskilled staff	15	15	30	60
	Total	32	68	46	146

All our existing manufacturing facilities are and those proposed will be located at Bahadarpur Road, Burhanpur, Madhya Pradesh. The additional manpower required will be easily available in this area. Thus, we do not foresee any problem in sourcing the required manpower.

#### Funds deployed till date

The details of the amounts spent by our Company as of December 31, 2009 on projects as part of the "Objects of the Issue" and as certified by our Statutory Auditors, Pankaj Somaiya & Associates, Chartered Accountants vide certificate dated January 9, 2010 are provided in the table below:

(Rs. in lakhs)

Particulars	Amount
<b>Expansion of product range</b>	
a) Site development at Unit 2	102.88
b) Building construction	128.53
<b>Issue expenses</b>	111.77
<b>Total</b>	<b>343.18</b>

(Rs. in lakhs)

Sources of funds	Amount
Internal accruals	343.18
<b>Total</b>	<b>343.18</b>

#### Schedule of implementation

S. No	Activity	Expected month of commencement	Expected month of completion
<b>1. Expansion of product range</b>			
I	Site development		Completed
II	Construction of buildings	Commenced	March, 2010
III	Plant and machinery		

a)	Placement of orders	March, 2010	May, 2010
b)	Delivery and installation	June, 2010	August, 2010
IV	Electric installations & other fixed assets	July, 2010	August, 2010
V	Trial runs	August, 2010	August, 2010
VI	Commercial production	August, 2010	
<b>2. Setting up manufacturing facilities for injection mouldings/ fittings and woven sacks</b>			
<b>a. Injection mouldings/fittings</b>			
I	Site development	April, 2010	May, 2010
II	Construction of buildings	April, 2010	June, 2010
III	Plant and machinery		
a)	Placement of orders	May, 2010	July, 2010
b)	Delivery and installation	August, 2010	September, 2010
IV	Electric installations & other fixed assets	September, 2010	October, 2010
V	Trial runs	October, 2010	October, 2010
VI	Commercial production	October, 2010	
<b>b. Woven sacks</b>			
I	Site development	April, 2010	May, 2010
II	Construction of buildings	April, 2010	June, 2010
III	Plant and machinery		
a)	Placement of orders	June, 2010	July, 2010
b)	Delivery and installation	August, 2010	September, 2010
IV	Electric installations & other fixed assets	August, 2010	September, 2010
V	Trial runs	October, 2010	October, 2010
VI	Commercial production	October, 2010	

### Proposed quarter wise deployment of funds in the project

The quarter -wise break-up of proposed deployment of funds is mentioned below:

(Rs. in lakhs)

Particulars	Already incurred till date	Fiscal year 2009-10	Fiscal year 2010-11			Total
	31.12.2009	Q4	Q1	Q2	Q3	
1. Expansion of product range						
Site development	102.88					102.88
Construction of buildings	128.53	1.62				130.15
Plant and machinery			175.03	700.11		875.14
Electric installations & other fixed assets				24.45		24.45
2. Setting up manufacturing facilities for injection mouldings/ fittings/ woven sacks						
Site development			149.61			149.61
Construction of buildings			222.04			222.04
Plant and machinery			738.37	1071.80		1810.17
Electric installations & other fixed assets				16.00	8.45	24.45
3. Margin money for working				400.00	600.00	1000.00

capital requirements						
4. Public issue expenses	111.77	[•]	[•]			[•]
5. General corporate purposes	-	[•]	[•]			[•]
<b>Total</b>	<b>343.18</b>	[•]	[•]	[•]	[•]	

#### **Interim use of proceeds**

Our Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies approved by the Board from time to time. We confirm that pending utilization of Issue proceeds; we shall not use the funds for any investments in the Equity markets.

#### **Monitoring of utilisation of funds**

The appointment of monitoring agency is not required in accordance with Regulation 16(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. We have therefore not appointed any Monitoring Agency for the purpose of monitoring the utilization of issue proceeds. We will disclose the utilization of the proceeds under a separate head in our Company's balance sheet for the financial year 2010 and 2011 clearly specifying the purpose for which such proceeds have been utilised. We, in our balance sheet for the fiscal 2010 and 2011, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any of such unutilized proceeds of the Issue.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of fund utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilization of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation / adverse comments of the Audit Committee public through advertisement in newspaper.

No part of the issue proceeds, will be paid by our Company, as consideration to Promoters, Directors, Promoter Group Entities, key managerial personnel except in the usual course of business.



**Basic terms of Issue**

Public Issue of 50,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs [●] per Equity Share, aggregating Rs. [●] lakhs (the "Issue"). The Issue comprises a reservation of 1,00,000 Equity Shares of Rs 10/- each aggregating Rs. [●] lakhs for Eligible Employees (the "Employee Reservation Portion"), and net issue of 49,00,000 Equity Shares of Rs 10/- each aggregating Rs. [●] lakhs. The Issue would constitute 44.37% of the fully diluted post issue paid-up capital of our company.

**Price band: Rs. 85 to 90 per Equity Share of face value of Rs 10/- each.**

**The Issue price is 8.50 times the face value at the lower end of the price band and 9.0 times the face value at the higher end of the price band.**

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail individual Bidders</b>	<b>Employee Reservation Portion</b>
Number of Equity Shares available for Allocation*	Not more than 24,50,000 Equity Shares	Not less than 7,35,000 Equity Shares	Not less than 17,15,000 Equity Shares	Up to 1,00,000 Equity Shares
Percentage of Issue Size Available for allocation	Not more than 50% of the Net Issue of which 5% will be available for proportionate allocation to Mutual Funds only. Mutual funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of Net Issue	Not less than 35% of Net Issue	Up to 2% of Issue Size
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares shall be allocated on proportionate basis to Mutual Funds in the Mutual Funds Portion; b. Equity Shares shall be allocated on proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 75 Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	Such number of Equity Shares in multiples of 75 Equity Shares so that the Bid	75 Equity Shares	75 Equity Shares

		Amount exceeds Rs. 1, 00,000.		
Maximum Bid	Such number of Equity Shares in multiples of 75 Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits.	Such number of Equity Shares in multiples of 75 Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits.	Such number of Equity in multiples of 75 Equity Shares so that the Bid amount does not exceed Rs. 1,00,000	Such number of Equity Shares in multiples of 75 Equity Shares so that Bid Amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Allotment Lot	75 Equity Shares and in multiples of one Equity Share thereafter	75 Equity Shares and in multiples of one Equity Share thereafter	75 Equity Shares and in multiples of one Equity Share thereafter	75 Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One	One	One	One
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, 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,	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts and eligible/permitted FII sub-accounts registered with SEBI, which are foreign corporates or foreign individuals bidding under the Non-Institutional Portion.	Individuals including NRIs and HUFs (in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.	Eligible Employees

	provident funds with minimum corpus of Rs. 2500 lakhs, pension funds with minimum corpus of Rs. 2500 lakhs, National Investment Fund and Insurance funds set up and managed by army, navy or air force of the Union of India in accordance with applicable laws.			
Terms of Payment***	Margin Money applicable to QIB Bidders at the time of submission of Bid cum Application Form to the BRLM.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of the bid amount	100% of the bid amount	100% of the bid amount	100% of the bid amount

\* Subject to valid Bids being received at or above the Issue Price.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-Subscription, if any, in the Employee Reservation portion would be included in the Net Issue to the Public and will be allocated in accordance with the description in the section titled "Basis of Allocation" beginning on page no.187 of this Red Herring Prospectus.

Under subscription, if any, in any category would be met with spill over from any of the other category or combination of categories, at the discretion of our Company in consultation with the BRLM.

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

\*\*\* In case of ASBA Bidders, SCSB shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the Bid-cum-ASBA Forms.

### Basis for Issue Price

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and Issue Price is Rs. [●] per Equity Shares and is [●] times the face value.

Investors should read the following summary with the risk factors beginning from page nos. iii of this Red Herring Prospectus and the details about our Company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

#### Qualitative factors

For details in respect of our qualitative factors, please refer to paragraph “Key Business Strengths” appearing on page number 63 of this Red Herring Prospectus.

#### Quantitative Factors:

##### 1. Adjusted Earning Per Equity Share

Period (Financial Year)	Earnings Per Share (Rs.)	Weights Used
April 1, 2009 to October 31, 2009 (7 months)	5.36	
2008-09	7.68	3
2007- 08	7.11	2
2006-07	0.68	1
<b>Weighted Average</b> (considering last 3 completed financial years) <b>6.32</b>		

##### 2. Price / Earning Ratio (P/E)

Particulars	At the lower band of Rs. 85 per equity share	At the upper band of Rs. 90 per equity share
Based on adjusted EPS for the year ended March 31, 2009	11.07	11.72
Based on weighted average EPS	13.45	14.24

##### Industry P/E – Plastic products

S. No	Particulars	Industry P/E
(i)	Highest	92.2
(ii)	Lowest	5.4
(iii)	Average	23.2

(Source: Capital Market dated January 11, 2010 – January 24, 2010)

##### 3. Return on Net worth (RoNW)

Financial year	RoNW (%)	Weights
2006-07	12.34	<b>1</b>
2007-08	45.05	<b>2</b>
2008-09	39.39	<b>3</b>

2009-10 (Seven months period ended October 31, 2009)	37.70	
<b>Weighted Average RONW</b>	<b>36.77</b>	

4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS of Rs. 7.68 are as under:

Particulars	At the lower band of Rs. 85 per equity share	At the upper band of Rs. 90 per equity share
Minimum RoNW for maintaining the above EPS	15.00	14.37

5. Net Asset Value per share (NAV) (in Rs.)

Particulars	Rs.
a. As on March 31, 2009	19.17
As on October 31, 2009	24.27
b. After Issue (At the Upper Band)	53.43
After Issue (At the lower band)	51.21
c. Issue Price	[●]

NAV per share = Paid up share capital + Reserves and surplus - Miscellaneous expenditure not yet written off / number of Equity Shares of the Company outstanding.

6. Comparison with Industry Peers

The comparable ratios of companies, who are in similar line of business and similar size of operations in terms of total income, are given below:

Name of Company (For FY 2008-09)	Face Value (Rs.)	Sales (Rs. in lakhs)	E.P.S. (Rs.)	P/E	Book Value (Rs.)	RoNW (%)
Kisan Mouldings Limited	10	15120.00	3.8	14.7	52.80	8.90
Precision Pipes and Profiles Company Limited	10	12750.00	7.90	12.7	99.80	8.50
Tulsi Extrusions Limited	10	7850.00	1.0	6.2	59.60	1.70
Texmo Pipes and Products Limited	10	6141.07	7.68	-	19.17	39.39

(Source: Capital Market dated January 11 - January 24, 2010)

**Note:** The restated financial information of the industry peers is not ascertainable, the ratios disclosed in the Red herring Prospectus for the purpose of comparison with the accounting ratios of our Company is not based on restated financial statements of the industry peers.

The face value of the shares of our Company is Rs. 10/- per share and the Issue Price of Rs. [●] per share is [●] times of the face value of the Shares of our Company.

The BRLM believes that the Issue price of Rs. [●] is justified in view of the above qualitative and quantitative factors. See the section titled "Risk Factors" and "Financial Statements" beginning on page no iii and 101 of this Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditors Report beginning on page no. 101 for further information.

### Statement of Tax Benefits

**The Board of Directors,  
Texmo Pipes & Products Limited,  
98, Bahadarpur Road,  
Burhanpur (MP) 450331**

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to **Texmo Pipes & Products Limited** (the "Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

The contents of this annexure are based on information/explanations, relevant documents as produced before us and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated by you. 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. The views are exclusively for the use of Texmo Pipes and Products Limited. We will not be liable to any other person in respect of this statement.

**For Pankaj Somaiya & Associates  
Chartered Accountants**

**CA Pankaj Somaiya  
Partner**  
Membership No. 079918  
Place: Burhanpur (MP)  
Date: January 4, 2010

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO TEXMO PIPES & PRODUCTS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS**

**(I) SPECIAL TAX BENEFITS AVAILABLE TO TEXMO PIPES & PRODUCTS LIMITED AND ITS SHAREHOLDERS**

No special tax benefits are available to Texmo Pipes & Products Limited and its shareholders.

**(II) GENERAL TAX BENEFITS AVAILABLE TO TEXMO PIPES & PRODUCTS LIMITED AND ITS SHAREHOLDERS**

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

**1. Dividend exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 1, 2004 is completely exempt from tax in the hands of the Company.

**2. Exemption under Section 10(35)**

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

**3. Exemption of Long Term Capital Gain under section 10(38)**

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

However, income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB.

**4. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**5. Lower Tax Rate under Section 111A on Short Term Capital Gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 15% (plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

**6. Exemption of Long Term Capital Gain under Section 54EC**

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

**7. Preliminary Expenses under Section 35D**

In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

**8. Depreciation under Section 32**

In accordance with and subject to the provisions of section 32 of the Income tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the company, in terms of section 32(1) (iia), shall be entitled to claim depreciation @ 20% of actual cost on new plant and machinery acquired after 31st March, 2005

**9. MAT Credit under Section 115 JAA(1A)**

Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

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

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

**2. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**3. Lower Tax rate under Section 111A on Short Term Capital Gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax 15%(plus applicable surcharge and



education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

**4. Exemption of Long Term Capital Gain under section 10(38)**

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

**5. Exemption of Long Term Capital Gain under Section 54EC**

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

**6. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS**

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

**2. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**3. Lower Tax rate under Section 111A on short term capital gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax 15%(plus applicable surcharge and

education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

#### **4. Options available under the Act**

Where shares have been subscribed to in convertible foreign exchange - Option of taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- i. According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- ii. According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or 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. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- iii. As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- iv. Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- v. As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing 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 with the other provisions of the Act.

#### **5. Exemption of Long term capital gain under section 10(38)**

As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an

equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

**6. Exemption of long term capital gain under Section 54EC**

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

**7. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**8. Tax Treaty Benefits**

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

**BENEFITS AVAILABLE TO OTHER NON-RESIDENTS**

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

**2. Lower Tax Rate under Section 112 on Long Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**3. Lower Tax Rate under section 111A on Short Term Capital Gains**

As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax 15%(plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

**4. Exemption of Long term Capital Gain under section 10(38)**

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

**5. Exemption of Long Term Capital Gain under Section 54EC**

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

**6. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**7. Tax Treaty Benefits**

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

**BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FII')**

**1. Dividend Exempt under Section 10(34)**

Under Section 10(34) to be read with Section 115O of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

**2. Benefits on taxability of capital gain**

In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed 15% (plus applicable surcharge and education cess) as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.

**3. Exemption of Long term Capital Gain under section 10(38)**

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

**4. Exemption under section 54F**

In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38) on the sale of shares in the Company upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

**5. Tax Treaty Benefits**

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

**BENEFITS AVAILABLE TO MUTUAL FUNDS**

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

**BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/FUNDS**

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

**BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957**

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax

**BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958**

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

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 equity shares. Above tax benefits do not include the provisions

of The Direct Taxes Code Bill, 2009 ("DTC"), draft of which was recently released for public scrutiny and comments. Although, the DTC broadly retains the provisions of the current Income-Tax Act, 1961 pre-implementation discussions are still pending on it. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

**For Pankaj Somaiya & Associates**  
**Chartered Accountants**

**CA Pankaj Somaiya**  
**Partner**  
Membership No. 079918  
Place: Burhanpur (MP)  
Date: January 4, 2010

## SECTION IV - ABOUT OUR COMPANY

### Industry Overview

#### Introduction

The Indian Pipe Industry with presence across all categories of pipes viz. Steel pipes, cement pipes and Polyvinyl Chloride (PVC) pipes is among the top three manufacturing hubs after Japan and Europe. India is also becoming a major export hub to countries like USA, Europe and Middle East.

Pipes are essential for transporting fluids like oil, water, etc and gases across the country. Pipe transportation is an economical mode of transport compared to traditional modes of rail, road and sea transport. It helps in saving scarce natural energy resources and time taken for transportation. Despite these advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to global average of 79% in oil and gas transport. The pipeline network of India for oil and gas transport stood at 13,517 kms as on April, 2006. Sanitation levels are also lower at 33% compared to 91% in Srilanka and 100% in France. Of 140 mn hectares of cultivable land, only 40% land is irrigated. The lower penetration levels offer a huge scope for Indian pipe companies.

Consumption of pipes by the oil & gas sector is 50%, by the construction sector is 30% and by the government programmes is 20%. The industry is highly fragmented with large number of players in cement and PVC pipes due to their less-critical applications. This leads to competition and pricing pressures among the players. However, pipe companies catering to oil & gas sector and government orders have limited competition but need to focus on stringent quality norms. The raw material cost forms approximately 70% of the total cost for steel and PVC pipe companies and hence the industry is highly dependent on the raw material availability.

With increasing domestic population and urbanisation, the need for better water supply and sanitation levels have become imperative. This along with the GoI's focus on irrigation to improve agricultural productivity has led to sustainable growth in demand for cement and PVC pipes.

A positive trend in the pipe industry is expected to continue in the coming years on the back of good economic growth, more oil and gas discoveries, infrastructure focus by Government of India (GoI), and low penetration levels. Indian companies with their ability to produce export quality products at competitive price coupled with locational advantage are well poised to cater to the US and Middle East markets.

*(Source: CARE's research report on Indian pipe Industry dated February 2009)*

#### Outlook of Indian pipe Industry

The Indian steel pipe sector is at fulcrum of growth backed by timely expansion and robust order inflows. Domestic and global focus on improving oil & gas transportation infrastructure will lead to robust demand for steel pipes, especially SAW pipes.

Indian companies due to their certifications and accreditations as well as cost and locational advantage have become preferred manufacturers for various oil and gas companies in Middle East, Africa and America. Indian steel pipe companies are expected to corner about 13.30% of the total global demand.

CARE Research estimates the demand for PVC and Cement pipes to increase at a Compounded Annual Growth Rate (CAGR) of 12-14% over the next five years. Revision in the estimated growth rate compared to the previous forecast is due to the unprecedented economic downturn which may lead to lower state government expenditures and slowdown in real estate segment.

Majority of the pipe companies have huge order-book position, with steel pipe companies having higher export orders. These orders are expected to be commissioned by FY10 / Q1 FY11 and will prove favorable against the economic downturn along with decline in commodity prices and freight costs. However, getting new orders in the light of new capacity expansions during this time of economic slowdown needs to be closely tracked.

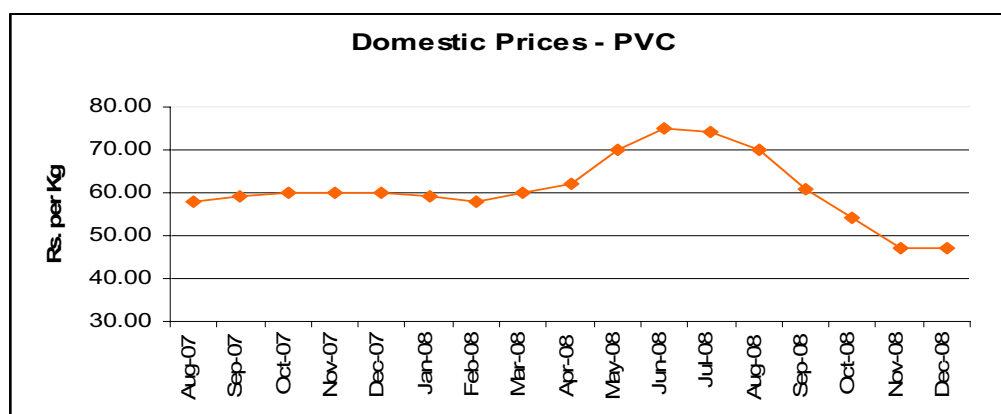
(Source: CARE's research report on Indian pipe Industry dated-February 2009)

### Indian PVC Pipe scenario

PVC pipes are extensively used in the real estate sector for providing water supply & sanitation to the rising population and for irrigation purpose. There has been a considerable amount of slowdown in real estate following the global slowdown and consequentially lower growth rates in India. In spite of a slowdown in the real estate sector, the focus of the GOI on improving sanitation and irrigation facilities will lead to sustained demand for PVC pipes.

The main application of PVC in India is in pipes and fittings and this sector consumes about 69% of PVC. Prices of PVC rose upto June 2008 and have then been declining, in line with the fall in commodity prices. The below table shows the trend of Domestic Prices of PVC from August 2007 to December 2008.

(Source: CARE's research report on Indian pipe Industry dated-February 2009)



Source: CMIE

The below table shows the sales and exports of PVC players in India from FY 2004 to 2008

FY	2004	2005	2006	2007	2008
Total sales (Rs. Crores)	680.55	968.71	1192.05	1289.70	1743.80
Exports (Rs. Crores)	163.61	213.06	291.26	463.93	521.32
Exports as a % of sales	24.04	21.99	24.43	41.42	29.90

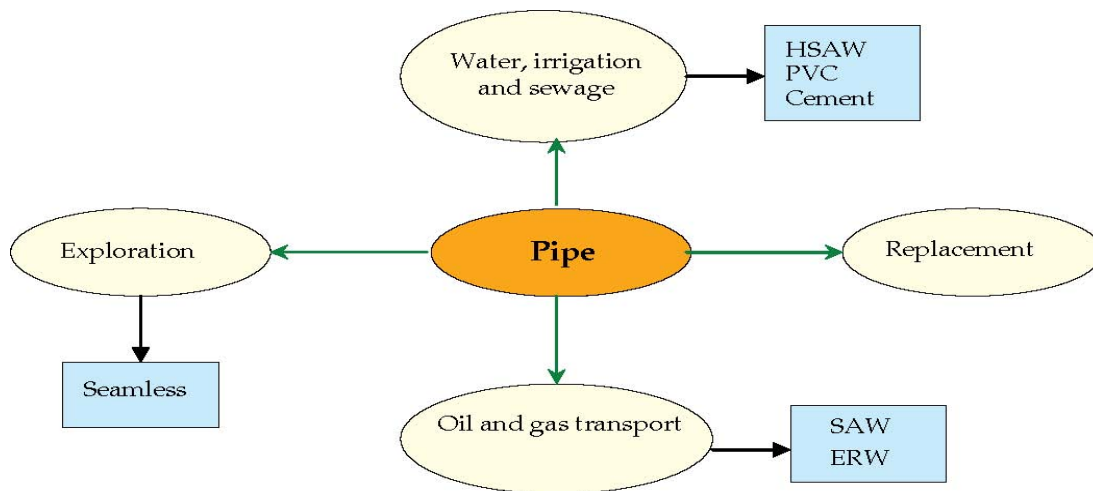
Source: CMIE and Care Research



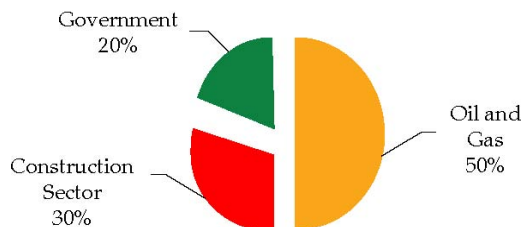
### ***Demand Drivers for the Indian pipe Industry***

Just as highways and roads carry passenger traffic, transmission grids carry power, pipelines are essential for transporting fluids and gases across the country. Pipelines help reduce transportation cost and time and also save scarce natural energy resources. Pipelines are the preferred mode of transportation due to their durability and cost benefits. However, they need to be protected from any kind of damage.

The demand for laying pipes emanates from the need for water supply, sewage disposal, irrigation system, oil & gas supply, exploration, etc. Replacement of ageing pipes is also an important demand driver for the industry.



### ***Break-up of demand drivers for pipe industry***



(Source: CARE's research report on Indian pipe Industry dated February 2009)

### **Demand outlook:**

Due to multiple applications there could be some amount of inter segment substitution of demand in the pipes. Increase in real estate construction due to urbanization and demand for homes and government impetus on increasing the use of irrigational facilities in the farming sector will drive growth in PVC pipes. The Eleventh five year plan aims at adding 11 mn hectares of irrigational facilities thus requiring investment to the tune of Rs. 1,580 bn.

Of all categories of pipes, it is expected that steel pipes to witness robust demand of 22% - 25% in next 3-5 years. The growth in demand will be led by SAW pipes and exports. However, exports could be plagued to a certain extent by slowdown in US economy. Cement and PVC pipes will also sustain growth momentum of 16% - 18%. Demand for cement pipe is highly dependent on government spending on infrastructure as these are widely used in water supply and sewage and sanitation

projects. Demand for PVC pipes is likely to be good on the back of a robust real estate sector and increased irrigation outlays by GoI.

*(Source: CARE's research report on Indian pipe Industry dated February 2008)*

### **SWOT Analysis of the Indian Pipe Industry**

#### **Strengths**

- Cheapest mode of transport for liquid and gases
- Globally cost competitive
- With proper installations, pipes have a very long useful life
- Available in various types and sizes to meet specific end user needs
- Indian companies have won accreditations from major oil and gas companies
- Strong order book position for pipe companies

#### **Opportunities**

- Low pipeline penetration in India compared to developed nations
- GoI's thrust on infrastructure development & water supply
- Rising oil and gas exploration activities
- Oil and gas transport projects
- City gas pipe projects
- Ageing pipelines need replacement
- Higher export market due to proximity to Middle East which accounts for 14% of the global planned projects as per Simdex data

#### **Weaknesses**

- Working capital intensive industryHigher dependency on government spending and by oil & gas companies
- Large number of unorganized players in certain types of pipes

#### **Threats**

- Foreign exchange risk due to high imports and exports
- Slow down in world economy to reduce demand for oil and gas
- Adverse change in GoI regulations
- RM being a key cost component, the industry is sensitive to fluctuations in RM prices.

*(Source: CARE's research report on Indian pipe Industry dated-February 2009)*

## Our Business

### Overview

Our Company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. It was converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008 and received the Certificate of commencement of business on July 28, 2008.

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes having total installed capacity of 2928 MTPA. The various products being manufactured were Rigid PVC pipes, PVC casing & ribbed screen casing pipes, caping casing strips. During 2000-01, the Erstwhile Firm started manufacturing HDPE pipes and increased its installed capacity from 2928 MTPA to 4392 MTPA (including installed capacity of 1464 MTPA for HDPE pipes). The new products introduced by the Erstwhile Firm were plumbing pipe, conduit Pipe and PLB HDPE cable duct. Subsequently in the year 2003 the Erstwhile Firm started manufacturing suction & delivery hose pipe, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), SWR Pipe, column pipe, HDPE plain pipe, sprinkler pipe and drip irrigation system. The installed capacity with this expansion was increased to 4137 MTPA and 2228 MTPA for PVC and HDPE pipes respectively which was further increased to 5933.20 MTPA and 4435.20 MTPA respectively during 2005-06. We have increased the installed capacity of PVC pipes to 6797.20 MTPA during 2006-07 and 7217 MTPA for HDPE pipes during 2007-08. The total installed capacity as approved by District Trade & Industries Centre, Burhanpur, Government of Madhya Pradesh is 44,000 MTPA.

Presently, we are engaged into manufacturing of range of PVC and HDPE pipes viz. suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and ribbed screen casing pipes, SWR pipe, plumbing pipe, conduit pipe, caping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system. We carry out our manufacturing activities at two Units viz. Unit 1 and Unit 2. The pipes manufactured by our Company suits the requirements of application in irrigation, agriculture, potable water supply schemes, sewerage and drainage systems, construction industry, telecom industry, and bore / tube well for underground water suction. The PVC pipes for potable water supplies have measurement ranging from 20 mm diameter to 315 mm diameters and HDPE pipes have measurement ranging from 20 mm to 630 mm diameter. Our Company has marketing presence in the states of Madhya Pradesh, Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh and Rajasthan.

Shree Mohit Industries was accredited with ISO-9001:2000 certification in respect of its quality management systems from SGS United Kingdom Limited in the year 2002. The Erstwhile Firm had also got permission by The Bureau of Indian Standard (BIS) to use the standard mark "ISI" for PVC pipes used in potable water supplies. In the year 2001 Bharat Sanchar Nigam Limited, Bangalore, granted the Erstwhile Firm Technical Specification Evaluation Certificate (earlier termed as Type Approval Certificate) in respect of manufacturing and trading of permanently lubricated HDPE telecom ducts and in 2005, Maharashtra Jeevan Pradhikaran enlisted our firm as an approved manufacturer and supplier of specified PVC pipes. In the year 2006 Government of Maharashtra also enlisted the Erstwhile Firm for supply of specified pipes for Jalswarajya Project. In the year 2007 Gujarat Water Supply and Sewerage Board has approved our Company as the approved manufacturer (vendor) for supply of PVC Casing and ribbed screen casing pipes.

To consolidate our operations, we have signed Business Transfer Agreement (BTA) on August 5, 2008 and August 6, 2008 for purchase of specified assets and liabilities of our three promoter group entities viz. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited. The salient features of the Agreement are disclosed on page no. 81 of this Red Herring Prospectus. After this consolidation, our installed capacity increased to 12211 MTPA for PVC pipes

and 8095 MTPA for HDPE pipes. We have commissioned Unit 2 from September 12, 2008 by manufacturing of PVC pipes of measurement ranging from 20 mm to 315 mm and HDPE pipes having measurement ranging from 20 mm to 630 mm. Unit 2 is having installed capacity of 12883 MTPA for PVC pipes and 2928 MTPA for HDPE pipes and is located at Khasra numbers 107/1, 107/2, 107/3, and 109, Bahadarpur Road, Burhanpur, Madhya Pradesh. Unit 2 is located adjacent to Unit 1. Unit 2 is having total installed capacity as approved by District Trade & Industries Centre, Burhanpur, Government of Madhya Pradesh as 15,000 MTPA. After completion of the proposed expansion, our installed capacity for PVC pipes would be 41674MTPA and 11023 MTPA for HDPE pipes.

### Our operations

#### Location

We have two Units from where we carry on our existing manufacturing operations, the details of these are as under:

Unit	Location	Total Area	Present Installed Capacity (MTPA)		Products manufactured (dimensions)	
			PVC pipes	HDPE pipes	PVC pipes	HDPE pipes
Unit 1	Khasra No. 98, 99 & 100, Bahadarpur Road, Burhanpur, Madhya Pradesh	18344.52 square meter	12211	8095	20 mm to 315 mm diameter	20 mm to 110 mm diameter
Unit 2	Khasra No. 107/1, 107/2, 107/3, and 109 Bahadarpur Road, Burhanpur, Madhya Pradesh	8.82 hectare (approx. 35,605 square meter)	12883	2928	20 mm to 315 mm diameter	20 mm to 630 mm diameter

#### Plant & Machinery

Our manufacturing facilities are located at Bahadarpur Road, Burhanpur, Madhya Pradesh. They are equipped with machinery and equipments required to manufacture pipes, quality inspection & testing of the raw materials, in process material and the finished products to the satisfaction of our customers.

The machineries and equipments installed at our manufacturing units comprise of extrusion machines, pulverisers, grinders, mixtures, cutters, cooling towers and chilling plant, transformer, trolley, compressor, DG sets, socketing machines, lathe machines, slotting machines and any other such machinery for the normal production of PVC & HDPE pipes of different quality and sizes. The units also have an array of dyes that enables the plant to manufacture different sizes of pipes for various purposes.

Testing machines such as hydraulic long term testing machine, tensile testing machines, Impact Testing machine, oxidation Induction testing machine, melt flow index testing machine, and Carbon black content, are also installed in our units which assures the quality output.

### Infrastructural facilities and utilities

#### Raw materials

PVC resin and HDPE granules are the main raw materials required for the products manufactured by our Company and constitute more than 80 % of our total raw material cost. These are sourced from Reliance Industries Limited, GAIL and various importing agents based in India. Other constituents which our Company require includes Calcium carbonate, Silicon, Chlorinated paraffin wax, hydrocarbon wax, steric Acid, lead stabilizers, titanium dioxide, Carbon black, colour pigments, impact modifiers, colour master batch, antioxidants, UV stabilizers, polymer processing aid, plasticizers, Di-Octyl Phthalate, Di-Butyl Phthalate, epoxy and Barium lead stabilizer. These are presently purchased from the domestic market where they are easily available and we intend to buy them indigenously in future also. We do not envisage any difficulty in meeting our raw material requirements.

#### Power

Our Company has sanctioned power load of 350 KVA from M.P. Paschim Kshetra Vidyut Vitaran Company Limited through 33 KV (High Tension Line). In addition, our Company also have two DG Sets of 160 KVA each as stand by arrangement for our power requirements.

#### Water

Our manufacturing process requires water for cooling and chilling purposes and is recycled. Our total requirement of water is around 5000 litres per day which is met by four existing bore-wells at our manufacturing unit.

#### Fuel

Our Company does not require fuel in the manufacturing process except for operating the DG sets, the supply for which is met from the local markets.

#### Manpower

As on the date of this Red Herring Prospectus, our Company has 224 employees, details of which are as under:-

Category of Employees	No of Employees
Managerial Level	16
Executives and Supervisors	19
Assistants	68
Skilled workers	63
Unskilled workers	58
<b>Total</b>	<b>224</b>

#### Our product portfolio

Our Company is engaged into manufacturing of wide range of products which can be categorized into two broad categories viz. PVC pipes and HDPE pipes. PVC pipes are generally categorized under Unplasticized Polyvinyl Chloride pipes (UPVC) by virtue of its features like strength, durability, non-corrosive and high impact resistance.

The various products manufactured in these categories are:

Category	Products	Application
PVC pipes	Suction & Delivery Hose Pipe	Agriculture, potable water supply, gardening and are used by machineries such as engines for suctions and delivery

	Rigid PVC pipes	Supply/ distribution of sewage/ drainage system installation, lift irrigation schemes, drainage of rain water and cable ducting for power and telecommunication companies
	Elastomeric Sealing Ringfit PVC Pipe (Gasket Pipe)	Used for conveyance of water in drip/sprinkler irrigation systems, lift irrigation systems, surface irrigation systems, subsoil drainage system.
	PVC Casing and ribbed screen casing pipes	Suitable for all types of tube / bore wells.
	SWR and plumbing pipe	Drainage systems, discharge of chemical waste and vent lines in drainage systems & mining pits, harnessing the bore wells with submersible jet, hand pumps, potable/ drinking water supply, water connection in the house and water distribution in colonies and villages
	Conduit Pipe/ Casing Strips	Open and concealed wiring in industrial, residential and commercial buildings
HDPE pipes	HDPE plain Pipe	Potable water, sewer, conduit and ducting, DWV (Drain, Waste and Vent) agriculture, and ground drainage uses
	Sprinkler Pipe	Irrigation systems, potable water supply, suction and delivery of pump sets, ducting of power and telecommunication cables, de-watering of mines and chemical & effluent discharge
	PLB HDPE Cable Duct	Laying optical fibre cable, power cable and cable for remote control systems
	Drip Irrigation system	Irrigation

The revenue generated from the PVC and HDPE pipes during the last three years is as under:

Name of the Product	2008-09		2007-2008		2006-2007	
	Amount	% of total sales	Amount	% of total sales	Amount	% of total sales
HDPE pipes	3266.80	47.13	3933.26	59.38%	1041.77	44.03%
PVC pipes	3665.05	52.87	2690.60	40.62%	1324.27	55.97%

#### Suction & Delivery Hose Pipe

The suction and delivery hose pipe are manufactured in the sizes of 20mm, 25mm, 32mm, 40mm, 50mm, 65mm, 75mm and 100mm and are used for agricultural purpose, potable water supply, gardening and are used by machineries such as engines for suctions and delivery.

#### Rigid PVC Pipes

We manufacture four classes of Rigid PVC pipes and their dimensions range from 63 to 315 mm with pressure ratings 4 to 10 Kg/cm<sup>2</sup> (from Class 2 to 5) and from 90 to 180 mm with pressure rating of 2.5 kg/cm<sup>2</sup> (Class 1). Further, we manufacture PVC conduit pipes in light as well as medium grade in sizes from 20 to 63 mm. They conform to the specifications of IS 4985:2000 laid down by the Bureau of Indian Standards in all respects.

With advantages such as light weight, easy handling, low transportation cost, easy installation, less frictional loss, high discharge rate, economical, low maintenance and replacement cost, low conductivity, leak proof joints, resistance to bad weather, smooth flow and durability, Rigid PVC pipes enjoy applications in supply/ distribution of sewage/ drainage system installation, drainage of rain water and cable ducting for power and telecommunication companies.

**Elastomeric sealing ringfit PVC Pipes (gasket pipe)**

The Elastomeric sealing and ringfit pipes are rigid PVC pipes fitted with a rubber ring at one end. This rubber ring acts as a seal, the ring is so tight that it makes any leakage possibility remote. The sealing ring has been designed in such a way that the pipes can be installed with ease & convenience. The rubber ring absorbs linear expansion, leaving the seal intact, even in extreme temperature variations. Advantages of Elastomeric sealing and ringfit pipes include durability, ready to use instantly, joints can be opened and closed whenever required, leak proof, whether resistance, abrasion resistant, non corroding, high strength to weight ratio, fire proof, self extinguishing, withstand pressures and accommodate linear expansion & contraction. We manufacture gasket pipe in the range of 63 mm to 315 mm.

**PVC casing and ribbed screen casing pipes**

PVC casing and screen pipes are made as per IS 12818 standards in the range of 100 mm to 250 mm. PVC casing and screen pipes are long lasting and are ideal for tube wells/ bore wells. These pipes are fast replacing the conventional M.S. Pipes due to its inherent advantages over the M.S. Pipes such as low installation cost, high inflow of water rate due to horizontal opening slot & entrance resistance, increased permeability of water due to rib gravel pack, resistance of slot opening to corrosion and no special equipments are required for fittings and uniform slotting.

**SWR & plumbing pipes**

These pipes are made as per the specifications required by the customer and IS specifications in Type A and Type B. Sizes of these pipes range in 75 mm & 110 mm with standard length of 3 meters designed to withstand continuous pressure.

SWR Pipe Fittings are available in two types, Socket types and 'O' Ring type Socket. The former type have a bell shaped socket at the end and are available in 75mm, 90 mm, 110mm and 160mm whereas the latter have a ring type socket at the end and are available in 75mm, 90mm and 110mm. The rubber ring socket at one end provides easy push-fit type jointing.

Owing to its advantages such as economical, unbreakable, rust proof, resistance to chemicals, durability, ease of installation, rough handling, high impact strength, resistance to harmful micro-organisms, better flow property, non conductivity and fire resistance, the SWR Pipes are an ideal solution for drainage systems, discharge of chemical waste and vent lines in drainage systems & mining pits.

**Conduits/ capping casing**

We manufacture conduit pipes from 20mm to 63mm (light) and 20mm to 63mm (medium) whereas Capping casing strips are manufactured by us in sizes of 20mm, 25mm and 32mm.

Due to the features such as fire resistance, smooth internal surface, quick and easy jointing, weather resistance, flexibility durability, smoke suppressing and shock, conduits/ capping casing are used for open and concealed wiring in industrial, residential and commercial buildings.

### **HDPE plain & sprinkler pipes (Quick Coupled Polyethylene Pipes)**

Polyethylene pipe is a primary alternative to PVC (Poly Vinyl Chloride) pipe for all piping applications and is rapidly gaining market share for potable water, sewer, conduit and ducting, DWV (drain, waste and vent) agriculture, and ground drainage uses.

The HDPE (High Density Polyethylene) pipe and the Sprinkler (Quick coupled Polyethylene) pipe are made from high quality HDPE granules, colour master batch, antioxidants, UV stabilizers and polymer processing aid. We manufacture HDPE pipes of dimensions ranging from 20 mm to 630 mm and sprinkler pipe from 63 mm to 110 mm.

With the salient features such as resistance to chemicals, good flow due to internal surface, resistance to scale deposition and customized lengths these pipes enjoy application in Irrigation systems, potable water supply, suction and delivery of pump sets, ducting of power and telecommunication cables, de-watering of mines and chemical & effluent discharge. The facilities to manufacture HDPE & sprinkler pipes are recently being acquired by us from one of our promoter group entity viz. Shree Padmavati Irrigation Private Limited.

### **PLB HDPE cable duct**

These are manufactured in the length of 200 meters, 500 meters, 1000 meters & in the coil form with the sizes of outer diameter of 12 mm to 50mm. These pipes are made from high quality HDPE granules, colour master batch, antioxidants, UV stabilizers and polymer processing aid. Further to make the permanent lubricating pipe silicon is used in the formulation.

These ducts have the advantage of flexibility, light weight, ductility, toughness, low frictional resistance, availability of long length, resistance to UV and chemicals, resistance to crush and impact, eco friendly, economical, easily repaired and sequential markings on every one meter length. These are used for laying optical fibre cable, power cable and cable for remote control systems. The permanent lubricating ducts are preferred over the non lubricating ducts due to its permanent low friction.

### **Drip irrigation system**

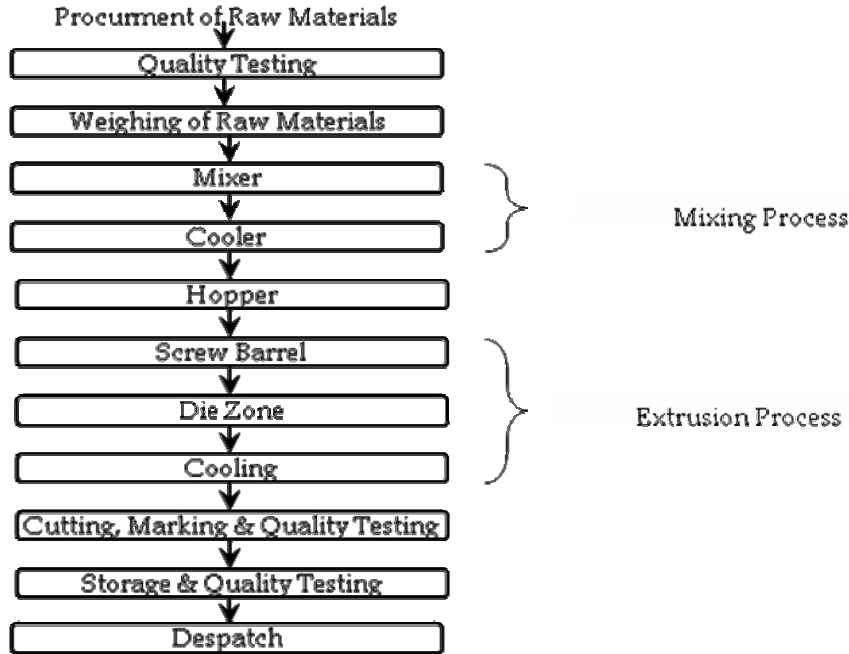
Drip irrigations systems are preferred for efficient use of water, fertilizers and electricity in irrigation of a variety of crops like Banana, Grapes and Oranges etc. With the use of the drip irrigations systems each plant gets water drop by drop near the roots slowly & continuously due to which the soil of the plant always remains wet and moist. This system also leads to better quality of crop; helps in water saving than other traditional or conventional system because here water is gradually circulated up to the roots of the plants; and provides uniform distribution of fertilizers, pesticides & manures proportionally to the plants without wastage of fertilizers, pesticides, manures, water & time.

### **Solvent cement**

It is a colourless, transparent and inflammable solution for joining of PVC pipes and fittings. It is produced by dissolving PVC resin with suitable K-Value in different chemicals. The same is produced as per ASTM-D-2564. The solution is available in 25ml to 5000ml.



### Manufacturing Process for PVC pipes



### Process Flow for manufacturing PVC Pipes

#### Raw Material procurement and quality testing

The major raw material required to manufacture PVC Pipes is PVC Resin. The minor constituents required for the production of PVC pipes are Calcium carbonate, H.C wax, Lead Stabilizers, steric acid, Titanium Dioxide, Carbon Black, colour pigments and Impact Modifiers. The additional minor constituents for plasticized PVC pipes are plasticizers, chlorinated paraffin wax, Di-Octyl Phthalate, Di-Butyl Phthalate, epoxy and Barium lead stabilizer. The raw materials are sourced from various indigenous and foreign suppliers, for details regarding the sourcing of these raw materials please refer to the section titled “Infrastructural Facilities” appearing on page no. 61 of this Red Herring Prospectus.

The raw materials are thoroughly tested as per laid down standards in the In-house laboratory before they are used for production to maintain quality.

#### Mixing Process

As per the requirements the raw materials are weighed and fed to the mixture machine where they are mixed through the high speed rotating blades. The heat generated due to the rotation of the blades melts the raw materials and also leads to evaporation of moisture. The mixture is then transferred to the cooler tank so as to bring down its temperature at par with the room temperature. Thereafter it is screened through vibrating screens before transferring to the extruder.

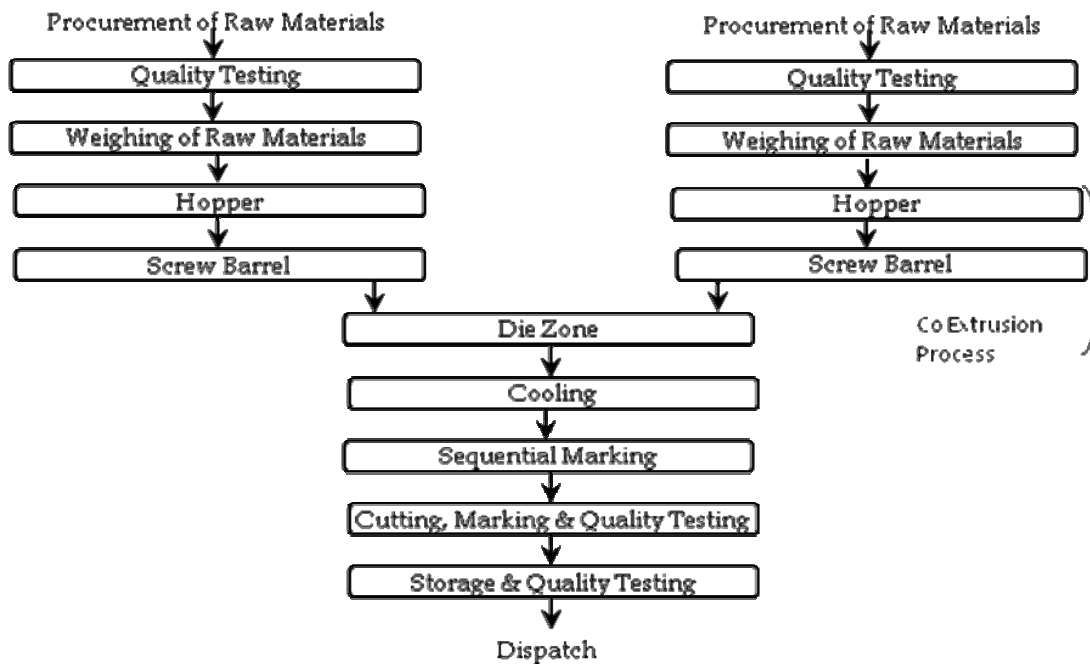
### Extrusion Process

The screened mixture is then passed to the screw barrel through the feeder of extruder known as hopper. The screw barrel is specially designed so as to have zones at different temperatures. The Compound while passing through the zones gets converted into molten form. This cohesive molten material is then passed through the dye zone of the extruder. The size and the shape of the pipe in the dye zone are controlled using the units of dye zone like adapter, restrictor, spider, cavity, mandrel, and sizing sleeve. Passing through all these units, the melt acquires enough mass and appropriate shape for the pipe to be produced. All these parts of extruder, right from the barrel to the cavity, are kept at different pre-determined temperatures that produce enough heat for the compound. The melt in the circular shape that comes out of the extruder is known as extrudate.

### Cutting, Marking, Quality Testing & Storage

The extrudate is then passed through the water tank, which has Spray nozzles. The water cools the extrudate and makes it rigid & solid. The puller or haul-off machine pulls the pipe to keep the process running. The pipe from this haul -off machine then passes through the cutter, which cuts the pipe to the required length. This pipe is then sent to the dispatch department for dispatch after marking and quality inspection.

### Manufacturing Process for HDPE pipes



### Raw Material procurement and quality testing

The major raw material required to manufacture HDPE Pipes is HDPE granules and the other minor constituents are Colour Master Batch, Silicon, Antioxidants, UV Stabilizers and Polymer processing aid. The raw materials are sourced from various petrochemical companies and the importing agents based in India, for details regarding the sourcing of these raw materials please refer to the section titled "Infrastructural Facilities" appearing on page no. 61 of this Red Herring Prospectus.

The raw materials are thoroughly tested as per laid down standards in the In-house laboratory before they are used for production to maintain quality.

### **Co- Extrusion Process**

As per the requirements the raw materials are weighed and fed to the feeder of the extruder which is known as hopper. The mixtures of the Raw materials are then passed to the screw barrel through the feeder of extruder known as hopper. The screw barrel is specially designed so as to have zones at different temperatures. The Compound while passing through the zones gets converted into molten form. In this case two or three extruders are used and they have common dye zone. The cohesive molten materials from the different screw barrels are then passed through the dye zone of the extruder. The size and the shape of the pipe in the dye zone are controlled using the units of dye zone like adapter, restrictor, cavity, mandrel, and sizing sleeve. Passing through all these units, the melt acquires enough mass and appropriate shape for the pipe to be produced. All these parts of extruder, right from the barrel to the cavity, are kept at different pre-determined temperatures that produce enough heat for the compound. The melt in the circular shape that comes out of the extruder is known as extrudate.

### **Cutting, Marking, Quality Testing & Storage**

The extrudate is then passed through the water tank, which has Spray nozzles. The water cools the extrudate and makes it rigid & solid. The puller or haul-off machine pulls the pipe to keep the process running. The sequential marking machine marks the pipe at every meter. The pipe is then passed to the cutter using the haul -off machine, which cuts the pipe to the required length. This pipe is then sent to the dispatch department for dispatch after marking and quality inspection.

### **Quality control & testing**

We have a quality-testing laboratory which has required equipments for checking quality of HDPE and PVC pipes in line with Indian and International standards. The equipments include Tensile testing Machine, Melt Flow Index Tester, Hydraulic Pressure Testing Equipment, Carbon Black content testing machine, Impact Tester and Oxidation Induction Tester.

Our products pass through different quality tests. The objectivity of the quality testing is to avoid defects in the pipes. We emphasize on quality control right from the procurement of raw materials. The raw materials are procured as per the laid down standards. The raw materials pass through various tests such as lead content check, stearate content, filler content, drop melting point, melt flow index, density, specific gravity, K- value, moisture content etc. All materials are supplied along with the test certificates. Godown incharge and production incharge verifies the material on the basis of test certificates. The raw material is processed in high speed mixer at required temperature indicated through digital temperature controllers. Extrusion process is controlled by the extrusion machine operator who records the readings of all the machine parameters hourly in a format & monitored by the production incharge who monitors the entire process. All extruders and downstream are synchronized to produce quality pipes.

Dimensional check of the end product goes continuously throughout the shift & the record is maintained on a format. Test samples of the product drawn at regular interval for laboratory testing to meet the requirements as per the laid down standards. The various tests conducted are impact test, hydrostatic pressure test, reversion test, tensile test, elongation test, internal coefficient of friction test etc. Further periodical inspection is done by Inspector (Bureau of Indian Standards) and they draw samples for independent & factory testing. They check the performance & put their signatures as a witness on quality control records.

The produced pipe is stacked after marking of control unit/batch number on each & every pipe. Dimensional failure pipes are kept at a different place. The lot having satisfied the visual, dimensional & laboratory tests is marked as per the requirement.

Further our Quality management systems are accredited with ISO-9001:2000 Certification and four licences from Bureau of Indian Standards. The quality tests are also specified by Bureau of Indian Standards namely IS: 4985-2000, IS:12818-1992, IS:9537 (part 3):1983 and IS:13592: 1992. Maharashtra Jeevan Pradhikaran has enlisted our firm as an approved manufacturer and supplier of specified PVC pipes, Bharat Sanchar Nigam limited Bangalore has also granted us two Technical Specification Evaluation Certificates (earlier termed as Type Approval Certificate) in the year 2001 and one in 2005 in respect of manufacturing and trading permanently lubricated HDPE telecom ducts and Gujarat Water Supply and Sewerage Board has approved our Company as the approved manufacturer (vendor) for supply of UPVC casing and ribbed screen casing pipes.

### **Key Business Strengths:**

#### ***Existing client relationship***

We believe that we constantly try to address customer needs around a variety of products and services. Our existing client relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We have existing client relationships with telecommunication companies from whom we get repeat orders. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and increasing our business.

Our top 10 clients on the basis of sales made during 2008-09 are as under:

<b>Sr.no.</b>	<b>Name of Customer</b>	<b>Amount (Rs. in lakhs)</b>	<b>% of Sales for FY 2008-09</b>
1	Idea Cellular Limited, Pune	1127.29	16.26
2	K.M. Shah & Sons, Indore	555.27	8.01
3	Tata Communication Limited, Mumbai	514.86	7.43
4	Gopal Machinery Stores, Khargone	227.62	3.28
5	Public Health Engineering Department, Balaghat	110.69	1.60
6	Public Health Engineering Department, Dindori	109.89	1.59
7	Aditya Birla Telecom Limited	109.86	1.58
8	Badkul Hardware Stores, Sagar	108.11	1.56
9	Kamri & Sons, Manawar	90.11	1.30
10	Public Health Engineering Department, Narsinghpur	88.08	1.27
	<b>Total</b>	<b>3041.78</b>	<b>43.88</b>

#### ***Our quality***

Shree Mohit Industries (now Texmo Pipes and Products Limited) was accredited with ISO-9001:2000 certification in respect of our quality management systems by SGS United Kingdom Limited in the year 2002. The current certification is valid till April 14, 2011. In the year 2000, Erstwhile Firm was permitted by The Bureau of Indian Standard to use the standard mark i.e. 'ISI' vide licenses IS 4985/2000 for PVC pipes for potable water supplies, IS12818 for ribbed screen casing and plain casing pipes for bore / tubewell and IS9537 (part 3) for conduits of electric installation. In the year 2001 Bharat Sanchar Nigam Limited, Bangalore granted the firm Technical Specification Evaluation Certificate (earlier termed as Type Approval Certificate) in respect of manufacturing and trading of permanently lubricated HDPE telecom ducts and in 2005, Maharashtra Jeevan Pradhikaran enlisted our firm as an approved manufacturer and supplier of specified PVC pipes. In the year 2006

Government of Maharashtra also enlisted the Erstwhile Firm for supply of specified pipes for Jalswarajya Project. In the year 2007 Gujarat Water Supply and Sewerage Board has approved our Company as the approved manufacturer (vendor) for supply of PVC Casing and ribbed screen casing pipes. In the year 2009, The Bureau of Indian Standard permitted our Company to use the standard mark IS: 13592: 1992 for PVC pipes for inside and outside buildings including ventilation and rain water system.

#### **Marketing and distribution network**

We access direct and indirect sales channel for marketing of our products. Under direct sales, our marketing team approach directly to large end users whereas under indirect sales channel, we have dealers for marketing of our products. Presently, we have 169 exclusive dealers covering 6 states viz. Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, Andhra Pradesh and Gujarat. We are continuously increasing our dealer network and our dealers / distributor network during the last 3 years is as under:

	<b>As on December 31, 2009</b>	<b>2008-09</b>	<b>2007-2008</b>	<b>2006-2007</b>
Number of Dealers	169	146	120	99
Number of Distributors	0	11	9	9
Total	169	157	129	108

#### **Diversified product mix**

Our Company has a product mix to cater to the increasing requirements of our customers. Our product offerings include suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and screen pipes, SWR Pipe, riser and plumbing pipe, conduit Pipe, Casing casing strips, column pipe, HDPE plain Pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system. These products are used in irrigation, telecommunication, industrial, infrastructure and housing sector. We believe that this range of products would allow our existing customers to source most of their product requirements from a single vendor and also enable us to expand our business from existing customers, as well as address a larger base of potential new customers. Further the flexible manufacturing infrastructure helps us change our product mix in response to changes in market demand.

#### **Customer base**

We have a diverse customer base from different industry sector / segment like telecommunication, agriculture, and potable water supply. The sector/segment wise sales during the last 3 years are as under:

<b>Sector / segment wise sales breakup</b>	<b>2006-2007</b>		<b>2007-2008</b>		<b>2008-09</b>	
	<b>Amount</b>	<b>% of total sales</b>	<b>Amount</b>	<b>% of total sales</b>	<b>Amount</b>	<b>% of total sales</b>
Telecom	914.61	38.65	3661.91	55.28	1725.20	24.89
Agriculture (Dealers & Distributors)	1299.07	54.91	2177.71	32.88	3609.20	52.07
Agriculture (Non-Dealers & farmers)	69.51	2.94	83.67	1.26	65.72	0.95
Potable water	32.85	1.39	700.57	10.58	1119.56	16.15

(In Rs Lakhs)

Supply Segment						
Others	49.99	2.11	--	-	412.17	5.94
Total	<b>2366.03</b>	100.00	<b>6623.86</b>	100.00	<b>6931.85</b>	100.00

#### ***Experienced Management Team***

Our company is managed by a team of experienced and professional managers with experience of different aspects of plastic pipe industry including production, quality control, sales, marketing and finance. Our management team includes Chairman & Managing Director, Mr. Sanjay Agrawal who has over 27 years of experience in the industry; Mr. Vijay Prasad Pappu, is having more than 24 years of experience in factory operations.

#### **Our business strategy**

##### ***Expansion of our manufacturing capacities***

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes with total installed capacity of 2928 MTPA and the present installed capacity is 12211 MTPA for PVC pipes and 8095 MTPA for HDPE pipes at our Unit 1. Presently, the installed capacity is 12883 MTPA for PVC pipes and 2928 MTPA for HDPE pipes for Unit 2. The total installed capacity after the proposed expansion would be 41674 MTPA for PVC pipes and 11023 MTPA for HDPE pipes.

##### ***Diversification of business operations***

We propose to diversify our business operations by manufacturing woven sacks and injection mouldings. We also propose to manufacture CVPC pipes, Drip Inline and DWC pipes by which we would be in a position to cater to customers in macro-irrigation sector, sprinkler irrigation, lift-irrigation and construction sector.

##### ***Expand customer base with increase geographical reach***

We plan to increase our customer base in the existing domestic markets by enhancing customer satisfaction and by timely delivery of orders. We also plan to expand our business to new geographic locations viz. Southern India, Bihar, Jharkhand, West Bengal etc. with the help of our marketing team.

##### ***Strengthen relationship with our clients***

Our Company believes in maintaining long term relationships with our clients. Our Company endeavours developing relationship with our clients not only in terms of increased sales but also in terms of varied offerings in our product mix. We aim to achieve this by adding value to our client service through quality, speed and reliability of our product delivery and resolution of various customer queries and complaints.

#### **Capacity and Capacity Utilization**

The present installed capacity, past three years capacity utilisation and proposed capacity utilisation (including existing and proposed under Unit 1 and Unit 2 both) are given as under:-

<b>Installed Capacity - Product-wise (Units in metric tonnes)</b>	<b>Existing</b>					<b>Proposed</b>
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-2012</b>
<b>PVC pipes</b>	6797.20	6797.20	18506*	25094	41674	46468
Capacity Utilization (%)	34.91	66.21	33.70	32.35	32.50	32.60
<b>HDPE pipes</b>	4435.20	7217.00	11023*	11023	11023	11023

Capacity Utilisation (%)	25.74	85.94	24.66	32.35	32.45	32.65
<b>Drip in-line pipes</b>	Nil	Nil	Nil	2050	3148	3514
Capacity Utilisation(%)				26.00	27.50	29.00
<b>CPVC pipes</b>	Nil	Nil	Nil	Nil	659.00	878.00
Capacity Utilisation (%)				-	27.50	28.00
<b>DWC pipes</b>	Nil	Nil	Nil	Nil	2031	2708
Capacity Utilisation (%)				-	28.50	30.00
<b>Injection Mouldings / fittings</b>	Nil	Nil	Nil	Nil	1328	1771
Capacity Utilization (%)				-	25.00	26.50
<b>Woven sacks</b>	Nil	Nil	Nil	Nil	2562	5124
Capacity utilization (%)				-	27.50	29.50

\*This increase in capacity is mainly on account of transfer of businesses of Promoter Group Entities into our Company.

Note: Capacity Utilization (%) are calculated based on single shift basis. It means per hour installed capacity x 305 days in a year x 8 hours per day. Installed Capacity mentioned above indicate total manufacturing capacity of the plant working on three shift basis.

#### Our existing marketing setup

Marketing is an important function of our Company. We access direct and indirect sales channel for marketing of our products. Under direct sales, our marketing team approach directly to large end users whereas under indirect sales channel, we have dealers for marketing of our products. The dealers approach the customers which include corporate houses, contractors, builders, architects etc. The dealers stock our products for distribution to ultimate consumers and to the retailers. Presently, we have 169 exclusive dealers covering Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, Andhra Pradesh and Gujarat. In order to reduce the shipment processing time, timely fulfilment of orders and economical transportation we have four depots at our branch offices in Indore, Jalgaon, Jabalpur and Jaipur. Further, we have a team of experienced marketing personnel who also possess requisite technical knowledge to assist the customers in selecting the right pipes and providing after sales services.

We are continuously increasing our dealer network and our dealers / distributor network during the last 3 years is as under:

	As on December 31, 2009	2008-09	2007-2008	2006-2007
Number of Dealers	169	146	120	99
Number of Distributors	0	11	9	9
Total	169	157	129	108

The break-up of our sales through direct and indirect sales channel during the last 3 years is as under:  
(Rs. In lakhs)

	2008-09		2007-2008		2006-2007	
	Amount	% of total sales	Amount	% of total sales	Amount	% of total sales
Direct Sales	3609.20	52.07	4446.15	67.12	1108.91	46.87
Sales through Dealers and Distributors	3322.65	47.93	2177.71	32.88	1257.13	53.13

### Marketing Strategy

With the proposed expansion and diversification of our business operations, we intend to focus on following marketing strategies:

- Appoint dealers, agents and C&F agents in new states.
- Direct marketing to the agriculture sector through various co-operative institutions formed by the farmer community.
- Increase the sales through the appointment of C&F agents in the existing states.
- Emphasizing on Institutional and Government business
- Increasing competitiveness in the market through reduction in the overall cost of production.
- Sales through direct marketing by our own sales personnel, who approach directly to the large end users which include corporate houses, contractors, builders, architects etc

### Competition

This industry is to an extent localized, fragmented and unorganised. We compete with other pipe manufacturers in organized as well as unorganized sector on the basis of availability of product, product range, product traits, quality and other factors as well as based on price, reputation, customer service and customer convenience. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition. Some of our major competitors are Jain Irrigation India Limited, Kriti Industries India Limited, Kisan Mouldings, Manjushree Extrusions, Precision Pipes, and Nagarjuna Pipes.

To counter further competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

### Our major customers

Our products are used in telecommunication, irrigation, agriculture, industrial, infrastructure and housing sector. Our major customers in telecommunication are IDEA Cellular Limited, Videsh Sanchar Nigam Limited, BSNL and in Irrigation sector are M.P. Laghu Udyog Nigam Limited, and M.P. Agro.

The sector/segment wise sales during the last 3 years are as under:

(Amount Rs. In lakhs)

Sector / segment wise sales breakup	2006-2007		2007-2008		2008-09	
	Amount	% of total sales	Amount	% of total sales	Amount	% of total sales
Telecom	914.61	38.65	3661.91	55.28	1725.20	24.89
Agriculture	1368.58	57.84	2261.38	34.14	3674.92	53.02
Potable water supply segment	32.85	1.39	700.57	10.58	1119.56	16.15
Others	49.99	2.11	--	-	412.17	5.94



Our top 10 clients on the basis of sales made during 2008-09 are as under:

	Name of Customer	Amount (Rs. in lakhs)	% of Sales for FY 2008-09
1	Idea Cellular Limited, Pune	1127.29	16.26
2	K.M. Shah & Sons, Indore	555.27	8.01
3	Tata Communication Limited, Mumbai	514.86	7.43
4	Gopal Machinery Stores, Khargone	227.62	3.28
5	Public Health Engineering Department, Balaghat	110.69	1.60
6	Public Health Engineering Department, Dindori	109.89	1.59
7	Aditya Birla Telecom Limited	109.86	1.58
8	Badkul Hardware Stores, Sagar	108.11	1.56
9	Kamri & Sons, Manawar	90.11	1.30
10	Public Health Engineering Department, Narsinghpur	88.08	1.27
	<b>Total</b>	<b>3041.78</b>	<b>43.88</b>

#### Export obligations

Our Company does not have any export obligations.

#### Our Property

The brief details of our existing properties are as under:-

S. No.	Details of Agreement	Address of the Property/Area	Consideration (Rs. In lakhs)
1	Sale Deed dated September 22, 2008 between Shree Venkatesh Industries and Texmo Pipes and Products Limited	Khasra No 98 & 99, Bahadarpur Road, Burhanpur- 450 331, M.P. Area of 12272.03 Sq. Meters.*	43.68
2	Sale Deed dated September 22, 2008 between Shree Padmavati Irrigation Private Limited and Texmo Pipes and Products Limited	Khasra No 100, Bahadarpur Road, Burhanpur- 450 331, M.P. Area of 6072.49 Sq. Meters.	8.69
3	Sale Deed dated July 15, 2008 between Smt. Priti Shah and Texmo Pipes and Products Limited	Khasra No 92/3 Village Mohammedpur, Burhanpur- 450 331, M.P. Area of 10800 Sq. Meters.**	12.00
4	Sale Deed dated July 15, 2008 between Shree Pranav Kumar Shah and Texmo Pipes and Products Limited	Khasra No 92/1 Village Mohammedpur, Burhanpur- 450 331, M.P. Area of 25000 Sq. Meters.**	28.00
5.	Sale Deed dated October 28, 2009 between Shree Mohammed, Shri Mansoor, Shree Samsher as seller and Texmo Pipes and Products Limited as purchaser	Khasra No 91/2 and 91/3, Village Mohammadpur, District, Burhanpur- 450 331, M.P. Area of 12100 Sq. Meters.***	33.35

\* In respect of Khasra numbers 98 & 99, we have applied for diversion of land use from godown purpose to industrial use vide our application dated December 15, 2008.

\*\* In respect of Khasra numbers 92/1 & 92/3 we have applied for diversion of land use from godown purpose to industrial use vides our application dated December 18, 2009.

\*\*\* In respect of Khasra numbers 91/2 and 91/3, we have applied for diversion of land use from agricultural use to industrial use vides our application dated December 4, 2009.

The land is free from all encumbrances except for the equitable mortgage created in favour of banks that have extended loan facility in the normal course of business.

In addition to the above, we also have following branch offices/ godowns at Indore, Jalgaon, Jabalpur, Mumbai and Jaipur, on lease / leave and license basis, the details of which are as under:-

S. No	Details of the agreement	Address of the Property / Area & purpose	Consideration /Rent (Rs lakhs) per month	Term
1	Leave and License Agreement dated December 1, 2009 between Shree Sati Rubber Industries ("Licensor") and Texmo Pipes and Products Limited ("Licensee")	B-202, Road no 9, Vishavkarma industrial area, Jaipur, Rajasthan  Area: 2550 sq. ft.  Purpose: godown	0.18	December 1, 2009 to October 31,2010
2	Agreement dated June 12, 2009 between Shekh Ambiyabi Abdul Samad ("Licensor") and Texmo Pipes and Products Limited ("Licensee")	House No 5544, Jalgaon Road, Nasirabad, District Jalgaon, Maharashtra  Area: 1500 sq. ft.  Purpose: godown-cum-office	0.06	June 3, 2009 to May 3, 2010
3	Lease Agreement dated June 12, 2009 between Shri Dinesh Singh Rathore ("Lessor") and Texmo Pipes and Products Limited ("Lessee")	11, Manmohan Nagar, Jabalpur, Madhya Pradesh  Area: 700 sq. ft.  Purpose: Office	0.045 for June 2009 and thereafter 0.065	June 4, 2009 to May 3, 2010
4	Leave and License Agreement dated October 10, 2009 between Mr. Sanjay Agrawal ("Licensor") and Texmo Pipes and Products Limited ("Licensee")	Godown no 23 Plot no 2, Khasra No 1169, Mahavir Market, Indore  Area: 540 sq. ft.  Purpose: godown	0.11 for August & September, 2009 and 0.12 thereafter	–August 10, 2009 to July 9, 2010
5	Leave and License Agreement dated October 10, 2009 between Ms. Rashmidevi Agrawal ("Licensor") and Texmo Pipes and Products Limited ("Licensee")	Godown no 22 Plot no 2, Khasra No 1169, Mahavir Market, Indore Madhya Pradesh  Area: 540 sq. ft.  Purpose: godown	0.11 for August & September, 2009 and 0.12 thereafter	August 10, 2009 to July 9, 2010

6.	Leave and License agreement dated October 10, 2009 between Mr. Narendra Kumar Agrawal ("Licensor") and Texmo Pipes and Products Limited ("Licensee")	101, City Plaza, 564, M.G. Road, Near Regal Cinema, Indore  Area: 972 sq. ft.  Purpose: branch office	0.05 for August & September, 2009 and 0.06 thereafter	August 10, 2009 to July 9, 2010
7.	Leave and License Agreement dated November 6, 2009 between Ms. Sangita Baburam Gupta ("The Licensor") and Texmo Pipes and Products Limited ("The Licensee")	503, A Wing, Corporate Avenue, Sona Wala Lane, Goregaon (East), Mumbai  Area: 410 sq. ft.  Purpose: Branch Office	0.27 for first 11 months, 0.29 for second eleven months and 0.32 for last eleven months	November 1, 2009 to July 31, 2012
8.	Leave and License Agreement dated October 16, 2009 between Mr. Madhukar Bonde ("The Licensor") and Texmo Pipes and Products Limited ("The Licensee")	Khasra No. 208, Village Khanapur, Tehsil Raver, District Jalgaon, Maharashtra  Area: 22142.62 sq.ft. Purpose: Office	0.04	October 8, 2009 to September 7, 2010

In addition to the above, we have entered into lease agreements for Unit 2, the details of which are appearing under section "Objects of Issue" from page number 26 of this Red Herring Prospectus.

#### Purchase of Property

Except as stated in section titled "Objects of the Issue" appearing on page no. 26 of this Red Herring Prospectus, there is no property which our Company has purchased or acquired or propose to purchase or acquire which is to be paid wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed as on the date of filing of this Red Herring Prospectus with SEBI, other than property:

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the business, the contract not being made in contemplation of this Issue, nor this Issue in contemplation of the contract; or
- In respect of which the purchase money is not material.

Except as stated in the section titled "Related Party Transactions" appearing on page no. 114 of this Red Herring Prospectus, our Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

#### Insurance

We have taken different insurance policies under Standard fire and special peril policy, machinery breakdown, burglary and vehicles insurance policies, brief details of which are as under:

(In Rs Lakhs)					
S. No.	Particulars/Risk Description/ Address	Nature of the Policy	Sum Insured (Rs. in lakhs)	Period From	To
1	Compressors, air tools, cable blowing MACHIN-	Contractor's Plant &	8.00	December 22, 2009	December 21, 2010

	INGERSOLL- RAND CL – 400 SR. No. 2002-750053 working at M.P. and M.S. STATE.	Machinery Insurance.			
2	Material and finished goods stored in godowns at Nasirabad	Standard Fire and Special Peril Policy	3.00	June 21, 2009	June 20, 2010
3	Stock and stock in process, finished goods and raw materials at our factory at Burhanpur	Standard Fire and Special Peril Policy	200.00	June 20, 2009	June 19, 2010
4	Stock and stock in trade in godowns at Nasirabad	Burglary Policy	3.00	June 21, 2009	June 20, 2010
5	Furniture, fixtures, fittings, stock in process, building and plant & machinery at factory at Burhanpur	Standard Fire and Special Peril Policy	2300.00	October 1, 2009	September 30, 2010

We have received a sum of Rs. 2.81 lakhs on account of machinery breakdown against our claims of Rs. 14.25 lakhs on account of loss caused to building due to natural calamity and machinery breakdown during March and December, 2006. Further, we have in September and December, 2008 claimed a sum of Rs. 15-17 lakhs and Rs. 1.50 lakhs respectively from insurance company on account of machinery breakdown. The said claims were rejected vide letters dated March 3, 2009 and April 24, 2009 respectively.

### Intellectual Property Rights

The trademark “Texmo” is registered in the name of Shree Balaji Industries, a Promoter Group entity, with trademark number 478498 under Class 17.

We are using the aforesaid trademark of Shree Balaji Industries during the course of our business as we have entered into Trademark License Agreement dated October 10, 2008 with them, salient features of which are disclosed on page no. 82 of this Red Herring Prospectus.

Subsequent to registration of the above trademark by Shree Balaji Industries, M/s. Aqua Pump Industries has filed rectification application, vide rectification no. BOM – 171964, to Registrar of Trade Marks in year 2005, for removal of said registered trade mark from register maintained by Registrar of Trade Marks. Consequently, Shree Balaji Industries, a promoter group entity, has filed their counterstatement to Registrar of Trade Mark, Mumbai, in year 2006. Subsequent to said counterstatement, Aqua Pump Industries filed evidence in support of rectification dated March 1, 2007. Thereafter, Shree Balaji Industries filed evidence in support of registration on May 3, 2007, to Registrar of Trade Marks, Mumbai. The matter is pending with the Trademarks Registry, Mumbai as on date.

In addition to the above, Aqua Pump Industries challenged the use of “Texmo” brand registered in the name of Shree Balaji Industries and pleaded for injunction to use of “Texmo” as trade mark by the Company in the High Court, Madras. The Court had earlier passed ex-parte interim injunction in favour of Aqua Pump Industries vide its order dated April 30, 2009 which was vacated by the said High Court on the basis of representation of the Company vide its order dated August 14, 2009 which was further amended vide its order dated August 28, 2009. The Hon’ble High Court directed our Company to print or project in a prominent manner in the publications or advertisements etc. concerning the public issue of 50 lakhs equity shares of Rs. 10 each, that our Company and our right

to use the trade mark "TEXMO", is having nothing to do with Aqua Pump Industries or its trade mark "TEXMO AQUA". The case has to come up for trial and final disposal. The matter is pending with the High Court, Madras as on date.

Further we have applied to Trade Marks Registry, Mumbai for registration of five trademarks viz. "Dhara", "Tapti", "Tiru-Flex", "Turbo " and corporate logo. The details of which are as under:

Trademark	Number	Date of application	Class No.	Party Name	Status
'Dhara'	01731029	September 12, 2008	17	Texmo Pipes and Products Limited	Pending. The necessary advertisement before acceptance has been made.
'Tapti'	01731030	September 12, 2008	17	Texmo Pipes and Products Limited	Pending. The necessary advertisement before acceptance has been made.
Corporate logo	01742189	October 10, 2008	17	Texmo Pipes and Products Limited	The application was objected by Trade Marks Registry, Mumbai on January 13, 2009 and our Company had filed its reply for the said objection on February 23, 2009. In the event, objection proceedings are successful; the Registrar of Trademarks will not grant a certificate of registration to our Company.
Corporate logo	01742190	October 10, 2008	35	Texmo Pipes and Products Limited	Pending. The necessary advertisement before acceptance has been made.
"Tiru-Flex "	01745997	October 21, 2008	17	Texmo Pipes and Products Limited	Pending. The necessary advertisement before acceptance has been made.
"Turbo "	01810341	April 23, 2009	17	Texmo Pipes and Products Limited	Pending. The necessary formalities have been completed.

#### Our Indebtedness

Our Company at present is enjoying following cash credit and term loan facilities from State Bank of India, details of which are as under:

Name of the Bank	Type of the loan facility	Amount (Rs In lakhs)	Interest/ Commission & Repayment terms	Security
State Bank of India	Cash Credit	2200.00	11.25% (SBAR i.e. 11.75 % less 0.50%) repayable in 12 months	Hypothecation of stocks of Raw material, Stores and spares including goods in transit, book debts and all current asset of the Company

	Term Loan	725.00	11.25 % (SBAR i.e. 11.75% less 0.50%) on monthly rests repayable in 55 months	Exclusive charge on the fixed assets (immovable and movable) of the Company located at Burhanpur, (M.P.) and at such other places as approved by the bank time to time.
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In addition, we have taken vehicle loan & Motor Car loan from HDFC Bank Limited and Bank of India for an aggregate amount of Rs. 14.00 lakhs and Rs. 5 lakhs respectively.

## **Regulations and Policies**

*The following description is a summary of the relevant regulations and policies as prescribed by the Central and State Governments. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain. The content set out below is by way of an illustration and is not an exhaustive list of all statutes applicable to our Company's operations.*

### **KEY INDUSTRY REGULATIONS**

We are engaged in the business of manufacturing of PVC pipes and products.

Under the provisions of various Central Government and State Government statutes/legislations, our Company is required to obtain and regularly renew certain licenses/registrations and/or to seek statutory permissions to conduct our business and operations.

The various statutes under which material registrations/licenses/consents /permissions are required to be obtained by us are set out below:

1. The Indian Stamp Act, 1899
2. The Workmen Compensation Act, 1923
3. The Payment of Wages Act, 1936
4. The Central Excise Act, 1944
5. The Factories Act, 1948
6. The Employees State Insurance Act, 1948
7. The Industries Development and Regulations Act, 1951
8. The Employee's Provident Funds and Miscellaneous Provisions Act, 1952
9. The Companies Act, 1956
10. The Central Sales Tax Act, 1956
11. The Maternity Benefit Act, 1961
12. The Income Tax Act, 1961
13. The Payment of Bonus Act, 1965
14. The Water (Prevention and Control of Pollution) Act, 1974
15. The Hazardous Waste ( Management and Handling) Rules, 1989
16. The Environment Impact Assessment Notification, 1994
17. Payment of Gratuity Act, 1972;
18. Shops and Commercial Establishments Acts,
19. The Custom Tariff Act, 1975
20. The Air (Prevention and Control of Pollution) Act, 1981
21. The Environment (Protection) Act, 1986
22. The Foreign Trade (Development & Regulation) Act, 1992
23. The Finance Act, 1994
24. Foreign Exchange Management Act, 1999
24. M.P. Professional Tax Act, 1995
25. The Trade Marks Act, 1999
26. Value Added Tax legislations in various states

### **LABOUR LAWS**

There are various legislations in India which have defined 'employee' and 'workman' based on factors which inter-alia include nature of work and remuneration. People who come under the

definition of workman or employee are entitled to various statutory benefits including bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workman', the Industrial Disputes Act, 1947, sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

### **The 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. The Factories Act defines a 'factory' to cover any premises, which employs ten or more workers and in which manufacturing processes are carried on with the aid of power, and to cover any premises, where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories.

### **Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948 (the "**ESI Act**") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### **Employees Provident Fund and Miscellaneous Provisions Act, 1952**

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory provident funds, pension funds and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

### **The Maternity Benefit Act, 1961**

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

### **The Payment of Bonus Act, 1965**

Under the Payment of Bonus Act, 1965, an employee in a factory who has worked for at least 30 working days in a year is eligible to be paid bonus. The minimum bonus to be paid to each employee is the higher of 8.33% of the salary or wage or Rs.10 and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of twenty per cent of such salary or wage. 'Allocable surplus' is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit of the Company.



## ENVIRONMENTAL LAWS

Manufacturing units must ensure compliance with environmental legislation, such as the Water (Prevention and Control of Pollution) Act 1974 ("**Water Act**"), the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**"), and the Environment Protection Act, 1986 ("**EPA**"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

### **The Water (Prevention and Control of Pollution) Act, 1981**

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

### **The Air (Prevention and Control of Pollution) Act, 1981**

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. The State PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State Board shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

### **The Hazardous Wastes (Management and Handling) Rules, 1989**

The Hazardous Wastes (Management and Handling) Rules, 1989 require that the occupier and the operator of the facility that treats hazardous wastes, must properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, they must take steps to ensure that persons working on the site are provided adequate training and equipment for performing their work. When an accident occurs in a hazardous site or during transportation of hazardous wastes, then the relevant State PCB has to be immediately alerted. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility must pay the necessary remedial expenses.

## REGULATION OF FOREIGN INVESTMENT

### **The Foreign Exchange Management Act, 1999**

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**"), which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial

Policy and Promotion ("**DIPP**"), Government of India which is regulated by the Foreign Investment Promotion Board ("**FIPB**").

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for Foreign Direct Investment ("**FDI**") under the "automatic route" within the specified sectoral caps. In respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

For further information on the aforementioned registrations, please refer to the section titled 'Government/ Statutory and Other Approvals' on page no. 135 of this Red Herring Prospectus.

## **FOREIGN TRADE**

### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, is to provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from India and for matters connected therewith or incidental thereto.

## History and certain corporate matters

### Overview

Our Company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. The constitution of the partnership firm was changed from time to time and in the year 2008, the partners as on that date viz. Ms Rashmidevi, Mr. Sanjay Agrawal, Mr. Vijay Prasad Pappu, Mr. Mohanlal Shah, Mr. Rajesh Agrawal, Mr. Mehmood Khan and Mr. Ananda Nago Umale agreed to convert the business of the firm into a public limited company under the name and style of Texmo Pipes and Products Limited under Section 566 of the Companies Act, 1956. A fresh certificate of incorporation and Certificate of Commencement of business was issued on July 3, 2008 and July 28, 2008 respectively by Registrar of Companies, Madhya Pradesh & Chhattisgarh.

To consolidate our operations, we have signed Business Transfer Agreement (BTA) on August 5, 2008 and August 6, 2008 for purchase of specified assets and liabilities of our three promoter group entities viz. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited. The salient features of this Agreement are disclosed on page no. 81 of this Red Herring Prospectus.

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes viz. rigid PVC pipes, PVC casing & screened pipes and capping and casing pipes. In the financial year 2001 it started manufacturing riser and plumbing pipe, conduit pipe and PLB HDPE Cable Duct. Subsequently in the year 2003 they started manufacturing suction & delivery hose pipe, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), SWR Pipe, HDPE plain pipe, sprinkler pipe and drip irrigation system.

Presently, we are engaged into manufacturing of wide range of PVC, HDPE and suction hose pipes viz. suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and screen pipes, SWR pipe, riser and plumbing pipe, conduit pipe, capping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system. The pipes manufactured by our Company suits the requirements of application in agriculture, potable water supply schemes, sewerage and drainage systems, construction industry, telecom industry, bore well for underground water suction, etc., ranging in sizes from 20 mm diameter to 315 mm diameters in all pressure ratings.

### Major events of our Company

Financial Year	Event
1999- 2000	Started as a partnership firm under the name Shree Mohit Industries. The partnership deed was signed on May 13, 1999 between Ms. Rashmidevi Agrawal, Mr Sanjay Agrawal and Master Mohit Agrawal
	Started manufacturing Rigid PVC pipes, PVC Casing and Screen pipes and capping casing pipes
	The partnership deed dated May 13, 1999 was dissolved and a new partnership deed dated August 1, 1999 was signed between Mr. Sanjay Agrawal, Ms. Abhadevi, Ms. Rashmidevi Agrawal and Master Mohit Agrawal.
2000- 2001	Received our first ISI licenses from The Bureau of Indian Standard to use the standard mark i.e. 'ISI'.
2001- 2002	Started manufacturing Riser and Plumbing pipe, Conduit Pipe, PLB HDPE Cable Duct
	The partnership deed dated August 1, 1999 was dissolved and a new partnership deed dated April 1, 2001 was signed between Ms. Rashmidevi

	Agrawal, Mr. Sanjay Agrawal and Master Mohit Agrawal
	Accredited with ISO-9001:2000 certification in respect of our quality management systems from SGS United Kingdom Limited
	Our permanently lubricated HDPE were approved by Bharat Sanchar Nigam Limited, Bangalore.
2003- 2004	Started manufacturing suction & delivery hose pipe, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), SWR pipe, HDPE plain pipe, sprinkler pipe and drip irrigation system
2005- 2006	Maharashtra Jeevan Pradhikaran enlisted our firm as an approved supplier of specified PVC pipes
2006- 2007	Government of Maharashtra enlisted our firm for supply of specified pipes for Jalswarajya Project
2007- 2008	Gujarat Water Supply and Sewerage Board approved our Company as the approved manufacturer (vendor) for supply of UPVC Casing and Screen pipes.
2008- 2009	The partnership deed dated April 1, 2001 was dissolved and a new partnership deed dated June 25, 2008 was signed between Ms Rashmidevi Agrawal, Mr. Sanjay Agrawal, Mr. Vijay Prasad Pappu, Mr. Mohanlal Shah, Mr. Rajesh Agrawal, Mr. Mehmood Khan and Mr. Ananda Nago Umale
	Converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008
	Received Certificate of Incorporation
	Received the Certificate of Commencement of Business on July 28, 2008
	Taken over the specified assets and liabilities of Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited through Business Transfer Agreement
	Commissioning of Unit 2 at Bahadarpur Road, Buharanpur, Madhya Pradesh

#### Changes in Registered Office of our Company

Since incorporation there has been no change in the Registered Office of our Company.

#### Main Objects of our Company

1. To establish, own, run, manage and to carry on the business as manufacturers, producers, developers, traders, buyers, sellers, exporters, importers, operators, engineers, fabricators, contractors, sub contractors, brokers, assemblers, packers, re-packers, jobbers, designers, laminators, merchants, resellers, dealers, distributors, converters, recyclers and/or in any other capacity in which the business may be carried on all kinds of goods used for the purpose of irrigation, water transportation, sanitary systems, drainage system, cable ducting or for any other purpose wherein it can be used conveniently such as pipes, tubes, hoses, sprinklers, Polyethylene pipes for sprinkler irrigation system, drippers, accessories, fittings HDPE material for moulding and extrusion and all other ancillary and auxiliary materials or derivatives or articles or things which can be made of by using rigid PVC, polythene, LDPE, HDPE, PP, LLDPE, plastic resins, plastic granules, polymers, monomers, polypropylene, thermoplastics, foam, adhesives, synthetic resins, emulsions, fiberglass, PVC Compound, PVC Dryblend, PVC Premix and the like by whatever name called or their derivatives/mixtures and to do all incidental acts and things necessary for the attainment of the above objects.
2. To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including water supply projects, irrigation projects, inland water ways and inland ports, water

treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature; any project for generation and/or distribution of electricity or any other form of power and any project for providing telecommunication services.

3. To manufacturing, processing, spinning, weaving, selling, buying, importing, exporting or otherwise to deal in low and high density polythene polypropylene high molecular, high density polythene film, Sacks, Woven Sacks, bags, HDPE Bags, sheeting, laying of flat tubings and or to convert any of the polythene polypropylene HM/HDPE products into any size or shape for use in packing and wrapping of all varieties of goods and to print all plastic, high density/low density polythene, polypropylene HM/HDPE products whether rigid or flexible for packing wrapping and for use as stationery articles, publicity and display and for daily domestic or commercial/industrial use
4. To carry on the business as manufacturers, importers, exporters, dealers (both wholesalers and retailers) processors, stockiest, agents, distributors, traders in all kinds of PVC, HDPE, LLDPE, PLB Cable, Duct Pipe, Hose Pipe, PVC Pipe fittings, sanitary items, tiles made from granite, marbles, ceramic, partition, panel rods, plywood doors, windows made from aluminum, PVC wood, rails, grills, door closures, mirrors, fitting glasses, sanitary fittings, basin, shower, commode, pipe fittings, tap fittings, geysers, water filters, electric fittings and accessories fans, lamps, security items and sanitary items.

#### Changes in Memorandum of Association

Except as stated below there has been no change in the Memorandum of Association of our Company since Inception:

(Rs. in lakhs)			
Date	Increased from	Increased to	Remarks
August 21, 2008	1,250.00	1,500.00	Authorised Capital Increase from Rs. 1,250 lakhs divided into 1,25,00,000 equity shares of Rs. 10 each to Rs. 1,500 lakhs divided into 1,50,00,000 equity shares of Rs. 10 each

#### Subsidiaries of our Company

Our Company does not have any subsidiary.

#### Shareholders Agreement

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

#### Strategic partners

Presently, our Company does not have any strategic partners.

#### Financial partners

Presently, our Company does not have any financial partners.

## Other Agreements

### 1. Business Transfer Agreement

*No independent valuation was done for the partnership firm viz. 'Shree Mohit Industries' before converting it into a public limited company and the same was done as per the own estimates of the management.*

All the assets and liabilities were recorded at Book Value as required under Part IX of the Companies Act, 1956. However, before signing 'Business Transfer Agreement' for transfer of specified assets and liabilities, independent valuation of promoter group entities viz. Shree Padmavati Irrigations Private Limited, Shree Balaji Industries and Shree Venkatesh Industries were carried out.

We have signed three separate Business Transfer Agreement on August 5, 2008 and August 6, 2008 for purchase of specified Assets and Liabilities from our promoter group entities viz. Shree Balaji Industries (August 5, 2008), Shree Padmavati Irrigation Private Limited (August 5, 2008) and Shree Venkatesh Industries (August 6, 2008), salient features of which are as under:

Sr.No.	Particulars	Details
1.	Date of Agreement	August 5, 2008 (For Shree Balaji Industries and Shree Padmavati Irrigation Private Limited) August 6, 2008 (for Shree Venkatesh Industries)
2.	Parties	Texmo Pipes and Products Limited with (a) Shree Balaji Industries (b) Shree Padmavati Irrigation Private Limited (c) Shree Venkatesh Industries
3.	Objective	Parties have agreed to consolidate the business in order to achieve higher scale of business efficiency and for strategic planning to cut down the cost of production and common administrative cost.
4.	Transfer of Business	Upon fulfilment of the conditions precedent (viz. relevant approvals, creditor's, corporate, partners, shareholders and other permissions, licenses, consents, registrations and authorizations to render the agreement legal, valid binding, enforceable, and to enable the parties to perform their obligations) the Parties shall complete the sale and purchase of the Transferred Assets and assumption of the Assumed obligations. The Seller will sell, assign and transfer the Transferred Assets and transfer the Assumed Obligations to the Purchaser and the Purchaser will purchase, acquire and accept the Transferred Assets and assume the Assumed Obligations from the Seller, free and clear of all encumbrances.
5.	Transferred Assets	(a) <u>Shree Balaji Industries</u> : Plant and machinery, vehicle, computers and other tangible property owned by the Seller and primarily used for the business. (b) <u>Shree Padmavati Irrigation Private Limited</u> : Land and building, plant and machinery, vehicle, investment and other tangible property owned by the Seller and primarily used for the business. (c) <u>Shree Venkatesh Industries</u> : Plant and machinery,

		land and building, equipment, computer machinery, computer hardware and other tangible property owned by the Seller and primarily used for the business.
6.	Transfer consideration	<p>(a) <u>Shree Balaji Industries</u>: Rs. 14.377 lakhs by way of demand draft or cheque</p> <p>(b) <u>Shree Padmavati Irrigation Private Limited</u>: Consideration of purchase of plant &amp; machinery and land transferred assets shall be Rs. 36.22 lakhs as per valuation report and for purchase of other transferred assets shall be Rs. 64.58 lakhs by way of demand draft or cheque.</p> <p>(c) <u>Shree Venkatesh Industries</u>: Consideration of purchase of plant &amp; machinery and land transferred assets shall be Rs. 88.16 lakhs as per valuation report and for purchase of other transferred assets shall be Rs. 40.19 lakhs by way of demand draft or cheque.</p> <p>The valuation for land and building was done by Mr. Shailesh S. Agrawal, a Government Registered Valuer and for other fixed assets by Mr. Shashibhushan S. Agrawal, a Government Registered Valuer. The valuation in respect of current assets was done by Pankaj Somaiya &amp; Associates, Statutory Auditors.</p>

All these specified assets and liabilities under these above agreements have already been transferred and considerations have duly been paid to the respective promoter group entities. These Business Transfer Agreements alongwith their respective valuation reports are forming part of material documents for inspection.

## 2. Trademark License Agreement

Shree Balaji Industries, a partnership firm of our promoter group, own the rights in the Trademark "Texmo" (hereinafter referred to as the "said Trademark") registered in the Office of Trade Mark Registry, Mumbai, under applicable provisions of the Trade and Merchandise Marks Act, 1999. As we desire to use the said trademark, we have entered into Trademark License Agreement with Shree Balaji Industries, salient features of which are as under:

Sr.No.	Particulars	Details
1.	Date of Agreement	October 10, 2008
2.	Parties	Our Company (User) and Shree Balaji Industries (Licensor)
3.	Permission to use the said Trademark	Licensor, to the extent they can lawfully do so, granted the User during the term of the Agreement, and the User accepted, a non-exclusive, non-transferable, non-assignable and revocable right and license to use the said Trademark, solely in connection with the marketing and sales of the product manufactured by the User for its Business. User shall not grant any sublicenses to use the said Trademark.
4.	Royalty	In consideration of the rights granted to User under the agreement, licensor shall not charge any trademark licensing fee from the user during the tenure of the

		agreement.
5.	Tenure	<p>(a) The Agreement shall be valid for an initial period of 10 years unless sooner terminated, without cause at any time by giving a written notice of termination to the User of at least one month in advance of the effective date of such termination.</p> <p>(b) At the end of the initial 10 years, the Parties would be at liberty to extend the agreement on suitable terms of agreement for a period as mutually agreed by both the parties.</p>
6.	Termination	Either party may terminate this agreement by a written notice of termination given to other party not less than one month before such termination.



### Our Management

Under the Article 134 of the Articles of Association of our Company, we cannot have less than three and more than twelve Directors. At present we have 5 Directors on our Board out of which 3 are Independent Directors.

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

Name, designation, father's name, address, DIN and occupation	Date of appointment	Age	Other directorships / interests
<b>Mr. Sanjay Agrawal</b> <i>Chairman and Managing Director</i> S/o Late Shri Chhagan Lal Agrawal Address: Chowk Bazar, Near City PS., Burhanpur, Madhya Pradesh  DIN: 00316249  Business	July 3, 2008  Appointed as Managing Director w.e.f. September 1, 2008 for 5 years	45	<b>Partner:</b> 1. Shree Balaji Industries 2. Shree Venkatesh Industries <b>Director:</b> Shree Padmavati Irrigations Private Ltd.
<b>Mr. Vijay Prasad Pappu</b> <i>Whole Time Director</i>  S/o Mr. P.M.B. Rao  Address: 50, Adarsh Colony, Burhanpur, Madhya Pradesh  DIN: 02066748  Service	July 3, 2008  Appointed as Whole Time Director w.e.f. September 1, 2008 for 5 years  Term: Retires by rotation	50	NIL
<b>Mr. Shanti Lal Badera</b> <i>Independent Director</i>  S/o Mr. Gendalalji Badera  Address: 4, Surana Nagar, Barwah, Distt. Khargone, Madhya Pradesh  DIN: 02295033  Retired	August 14, 2008  Appointed as Non Executive Independent Director  Term: Retires by rotation	64	NIL
<b>Mr. Rajesh Selot</b> <i>Independent Director</i>  S/o Mr. Bherulal Selot	August 14, 2008  Appointed as Non Executive Independent Director	44	<b>Director:</b> 1. Care Management Consultants Private Limited

<b>Address:</b> 170, Gumasta Nagar, Indore, Madhya Pradesh  DIN: 00050044  Service	Term: Retires by rotation		2. Arihant Tradwin Private Limited  <b>Partner:</b> 1. Bafna Jain & Co.
<b>Mr. Chakradhar Bharat Chhaya</b> <i>Independent Director</i>  S/o Late Shri Bharat Kantilal Chhaya  <b>Address:</b> Flat No.9, Sangeeta, 1st Floor, 22A, Linking Road Extension, Santacruz (West), Mumbai - 400 054  DIN: 00968966  Profession: Practising Cost Accountant	August 14, 2008  Appointed as Non Executive Independent Director  Term: Retires by rotation	66	<b>Director:</b> 1. Credila Financial Services Private Limited 2. Aries Agro Limited

### Brief biography of our Directors

#### Mr. Sanjay Agrawal

Mr. Sanjay Agrawal, Chairman and Managing Director, aged 45 years, is one of the promoters of our Company. He is a commerce graduate and LLB. He completed his Bachelor of Commerce from Doctor Harisingh Gour Vishwavidyalaya, Madhya Pradesh in 1984 and Bachelor of Law from Doctor Harisingh Gour Vishwavidyalaya, Madhya Pradesh in the year 1987. He has more than 27 years of experience. He started his career in 1982 with Shree Venkatesh Cotton Company, a family business involved in cotton ginning and pressing. He was involved in the implementation of project related to cotton pressing. He was responsible for cotton purchasing in the same company from 1985 to 1987.

In 1988, he joined Shree Balaji Industries, a partnership firm as Manager Administration where he was responsible for activities related to strategic planning, restructuring, operations, import and export, marketing, international business relationship etc. He joined the firm as a Partner on December 1, 1995. In 1991, he started Tirupati Industries and involved in the manufacturing of suction hose pipes. It was wound up in the year 2000 on account of consolidation and all its assets and liabilities were transferred to Shree Mohit Industries (which was converted into Texmo Pipes and Products Limited). In 1995, he set up Shree Venkatesh Industries, a partnership firm and in 1998; he promoted Shree Padmavati Irrigations Private Limited. He as Chairman and Managing Director of our Company now actively involved in the affairs of our Company and is playing a key role in the growth of our Company with his inputs in strategic planning and business development.

#### Mr. Vijay Prasad Pappu

Mr. Vijay Prasad Pappu, aged about 50 years is the Director of our Company since incorporation. He has more than 24 years of experience in factory operations. He completed his Bachelor of Science from University of Indore in the year 1979. He completed his Master of Arts in Social Works from

University of Indore in the year 1982. He began his career with National Textile Corporation M.P. Limited, a Government of India Undertaking, Ministry of Textiles in the year 1985 as Trainee Executive. In the year 1996, he joined Shree Venkatesh Industries and on July 3, 2008 he has been shifted to our Company. He is now supervising the entire factory operations and matters relating to corporate affairs.

**Mr. Shanti Lal Badera**

Mr. Shanti Lal Badera, aged about 64 years is the Independent Director of our Company and has more than 37 years of experience in the field of technical education. He completed his Bachelor of Mechanical Engineering from Indore University in the year 1968. He completed his Master of Technical Education from Barkatullah University, Bhopal in the year 1993. He began his career in the year 1972 with Government Polytechnic College, Sanawad. He also worked with Government Polytechnic College, Burhanpur as Principle. He retired from his services as Principle, Government Polytechnic College, Sanawad in March, 2007.

**Mr. Rajesh Selot**

Mr. Rajesh Selot, aged about 44 years is the Independent Director of our Company and has more than 22 years of experience in the field of finance, accounts, auditing and management consultancy. He qualified as a Chartered Accountant in 1987. He began his career in the year 1987 by starting his own practice and later on during 2003, he joined Bafna Jain & Co., Chartered Accountants, as a partner where he is involved as a financial advisor and Tax consultant. He has conducted various statutory audits and stock audits for banks and other companies.

**Mr. Chakradhar Bharat Chhaya**

Mr. Chakradhar Bharat Chhaya, aged about 66 years is the Independent Director of our Company and has more than 45 years of experience in the field of banking and finance. He completed his Bachelor of Commerce from University of Bombay in the year 1963. He is a Fellow of Institute of Cost and Works Accountants of India. He is also a CAIIB (Certified Associate of Indian Institute of Bankers). He began his career in the year 1964 with Bank of Baroda. He worked at various positions before retiring as Managing Director of BOBCARDS Limited, a subsidiary of Bank of Baroda in 2003. The various designations held by him during his career were Zonal Head and Convener of State Level Bankers' Committee of Rajasthan and Nagar Rajbhasha Samiti of Jaipur (Banks), Deputy General Manager - Corporate Banking, Assistant General Manager - Central Inspection Division, Regional Manager - Jamnagar / Junagadh & Rajkot regions and Principle Officer for Sultanate of Oman Territory. At present, he is practicing as a Cost Accountant and undertakes corporate and NBFC advisory assignments.

**Details of borrowing powers of Directors**

The borrowing powers of our Directors are regulated by Articles 86 of the Articles of Association of our Company. For further details, kindly refer section titled "Main Provisions of Articles of Association" beginning on page no. 196 of this Red Herring Prospectus.

As per the members' resolution passed in the extra ordinary general meeting of our Company held on August 21, 2008, the directors of our Company are hereby authorized to borrow from time to time, any sum or sums of money from any person(s) or bodies corporate (including its holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board may deem fit, for the purpose of the Company's business, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amounts

already borrowed and outstanding shall not, at any time, exceed Rs. 4000.00 lakhs pursuant to provisions of Section 293(1) (d) of the Companies Act, 1956.

#### **Details of compensation of Whole time Directors**

The following compensation has been approved for Whole Time Director, in the Extra Ordinary General Meeting dated August 21, 2008 and Board meeting dated August 14, 2008:

#### **Mr. Sanjay Agrawal, Chairman & Managing Director:**

He was appointed as Managing Director for a period of 5 years w.e.f. September 1, 2008

##### *Salary & Allowances*

- Salary of Rs 3.00 lakhs per month
- In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisite and allowance like accommodation (furnished or otherwise) or house rent in lieu thereof, house maintenance allowance together with reimbursement of expense or allowance for utilities such as water, electricity, gas, furnishing, repairs, servants, salaries, medical/accident insurance, medical reimbursement, leave travel concession for managing director and his family, club fees and such other perquisites and allowance in accordance with the rule of the Company or as may be agreed to by the Board of Directors and the Managing Director, such perquisites and allowances will be subject to schedule XIII of the Companies Act, 1956 and Income Tax Act, 1961.

#### **Mr. Vijay Prasad Pappu, Whole time Director:**

He was appointed as Whole time Director for a period of 5 years w.e.f. September 1, 2008

##### *Salary & Allowances:*

- Salary of Rs 1.00 lakhs per month
- In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisite and allowance like accommodation (furnished or otherwise) or house rent in lieu thereof, house maintenance allowance together with reimbursement of expense or allowance for utilities such as water, electricity, gas, furnishing, repairs, servants, salaries, medical/accident insurance, medical reimbursement, leave travel concession for whole time director and his family, club fees and such other perquisites and allowance in accordance with the rule of the Company or as may be agreed to by the Board of Directors and the Managing Director, such perquisites and allowances will be subject to schedule XIII of the Companies Act, 1956 and Income Tax Act, 1961.

#### **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 (ICDR) Regulations 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. Currently our Board has 5 Directors, of which the Chairman is the Executive Director and in compliance with the requirements of Clause 49 of the listing agreement, our Company has 3 independent directors and 2 non-independent directors on its Board.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements.

**Audit committee:**

The Audit Committee evaluates internal audit policies, plans, procedures, performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

The Audit Committee was constituted at our Board meeting held on August 14, 2008.

Name of Director	Status in committee	Nature of directorship
Mr. Rajesh Selot	Chairman	Non Executive and Independent
Mr. Shanti Lal Badera	Member	Non Executive and Independent
Mr. Chakradhar Bharat Chhaya	Member	Non Executive and Independent

There were four audit committee meetings held on September 1, 2008, January 8, 2009, June 30, 2009 and August 14, 2009 since its constitution

**Remuneration committee:**

The objective of Remuneration Committee is to assess remuneration payable to our Managing Director/Whole Time Directors; sitting fee payable to our Non Executive Directors; remuneration policy covering policies on remuneration payable to our senior executives.

The Remuneration Committee was constituted at our Board Meeting held on August 14, 2008.

Name of Director	Status in committee	Nature of directorship
Mr. Rajesh Selot	Chairman	Non Executive and Independent
Mr. Shanti Lal Badera	Member	Non Executive and Independent
Mr. Chakradhar Bharat Chhaya	Member	Non Executive and Independent

**Shareholders'/Investors' Grievance Committee:**

The Shareholders'/Investors' Grievance Committee has been formed to redress the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of declared dividend etc.

The Shareholders'/Investors' Grievance Committee was constituted at our Board Meeting held on August 14, 2008.

Name of Director	Status in committee	Nature of directorship
Mr. Chakradhar Bharat Chhaya	Chairman	Non Executive and Independent
Mr. Shanti Lal Badera	Member	Non Executive and Independent
Mr. Sanjay Agrawal	Member	Chairman and Managing Director

**Shareholding of our directors**

As per our Articles, our Directors are not required to hold any qualification shares in our Company. Details of shareholding of our Directors as on the date of filing of this Red Herring Prospectus are as under:

Name of the Director	Number of shares	% of pre issue shareholding
Mr. Sanjay Agrawal	30,07,500	47.97
Mr. Vijay Prasad Pappu	1,200	0.02

### Interest of our Directors

Except as stated in "Related Party Transactions" beginning on page no. 114 of this Red Herring Prospectus, to the extent of shareholding in our Company either by themselves or shareholding of companies in which they are interested, the Directors do not have any other interest in our Company. Our Directors (excluding Mr. Sanjay Agrawal, who is also Promoter of our Company) do not have any interest in any property acquired by our Company in a period of two years before filing this Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Red Herring Prospectus with SEBI. In respect of interest of Mr. Sanjay Agrawal, please refer to paragraph "Interest of Promoters" appearing on page number 94 of this Red Herring Prospectus.

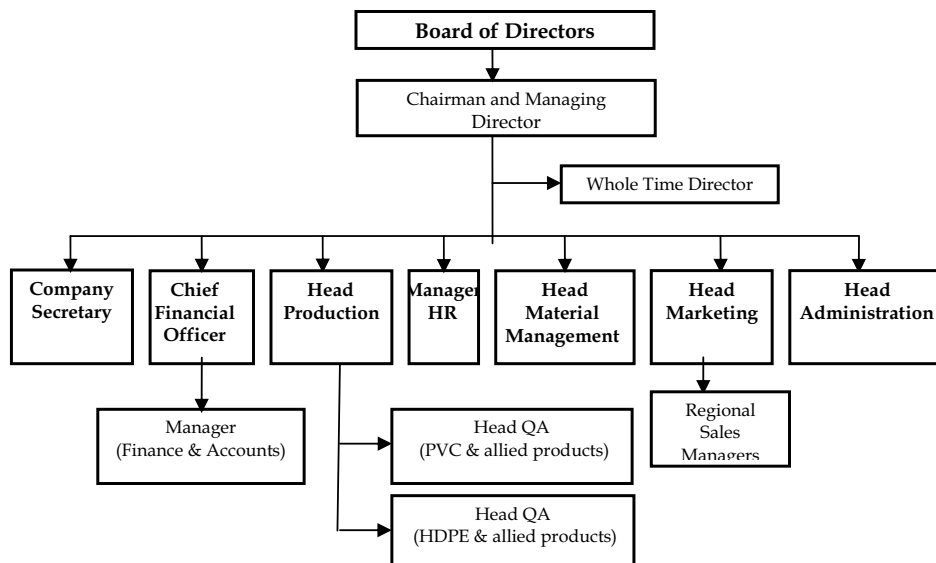
### Changes in Board of Directors in the last three years

The changes in the Board of Directors of our Company in the last three years are as under:

Name of the Director	Date of appointment	Date of resignation	Reasons for change
Mr. Sanjay Agrawal	July 3, 2008	-	Appointment
Ms. Rashmidevi Agrawal	July 3, 2008	August 14, 2008	Resignation
Mr. Vijay Prasad Pappu	July 3, 2008	-	Appointment
Mr. Shanti Lal Badera	August 14, 2008	-	Appointment
Mr. Rajesh Selot	August 14, 2008	-	Appointment
Mr. Chakradhar Bharat Chhaya	August 14, 2008	-	Appointment

### Organisation Chart

The following chart depicts our Management Organization Structure:



**Key managerial personnel**

Name	Age	Date of joining	Academic qualification	Designation	Overall experience (in years)	Previously employed
Mr. Sanjay Dalal	45	February 1, 2009	B.Com., M.Com., C.A. (Intermediate)	Chief Financial Officer	20	PNP Polytex Private Limited
Mr. Rishabh Kumar Jain	30	August 1, 2008	BBA(Hons.), LLB (Hons.), CS	Company Secretary	3	Erawat Pharma Limited
Ms. Awantika Garg	24	October 12, 2009	B.Sc., MPM	Manager (Human Resource)	Nil	Nil
Mr. Lokesh Bhagat	33	July 3, 2008	B. Com	Head (Administration & Marketing)	10	Shree Balaji Industries
Mr. Santosh Ratnakar	66	October 18, 2005	B. Com	Head (Material Management)	42	Shree Padmavati Irrigation Private Limited
Mr. Aman Vijayvargiya	39	December 4, 2005	B. Com, LLB	Head (Marketing)	16	Shree Balaji Industries
Mr. Hitesh Mehta	43	July 3, 2005	B.Sc., M.Sc. (Chemistry)	Head (Quality Assurance - PVC & allied products)	19	Shree Venkatesh Industries
Mr. Jitendra Bhavsar	38	April 1, 2005	B. Sc.	Head (Production)	14	Shree Balaji Industries
Mr. Manoj Bari	37	July 3, 2008	Diploma in Industrial Electronics	Head (Quality Assurance - HDPE & Allied Products)	14	Shree Venkatesh Industries

1. All the persons named as our Key Managerial Personnel are the permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. None of the above mentioned Key Managerial Personnel are related to each other.

**Brief profile of key managerial personnel****Mr. Sanjay Dalal**

Mr. Sanjay Dalal, aged 45 years, is the Chief Financial Officer of our Company. He completed his Bachelor of Commerce and Master of Commerce from Doctor Hari Singh Gour Vishwavidyalaya, Sagar, Madhya Pradesh in the year 1984 and 1993 respectively. He passed his C.A. Intermediate exam in the year 1998. He has an overall experience of 25 years in the field of accounts, finance, taxation and working capital and funds management. He started his career with Sharma, Dawar & Vinod, Chartered Accountancy firm at Mumbai in the year 1984 as Accounts Assistant. From 1994 till January, 2009 he had worked with Jagdish Textiles, Shree Mohit Industries (now Texmo Pipes and Products Limited), Shalimar Housing and Finance Limited and PNP Polytex Private Limited. He again joined our Company on February 1, 2009 and is responsible for audit, finance, finalisation of accounts and taxation. He was paid a remuneration of Rs. 0.60 lakhs for two months during FY 2008-09.

**Mr. Rishabh Kumar Jain**

Mr. Rishabh Kumar Jain, aged 30 years, is the Company Secretary of our Company. He completed his Bachelor of Business Administration (Hons.) from Doctor Hari Singh Gour University, Sagar in the year 1999. He completed his Bachelor of Law from DAVV (Devi Ahilya Vishwa Vidyalaya), Indore in the year 2004. He is a qualified Company Secretary. He has an overall experience of 3 years in the field of secretarial, compliance and legal matters. He started his career with Erawat Pharma Limited, Indore in the year 2006 as an assistant to Company secretary cum internal auditor. He joined our Company on August 1, 2008 and is responsible for secretarial, compliances and legal work. He was paid a remuneration of Rs. 1.26 lakhs during FY 2008-09.

**Ms. Awantika Garg**

Ms. Awantika Garg, aged 24 years, is the Manager (Human Resource) of our Company. She completed her Bachelor of Science from Government Model Autonomous Holkar Science College, Indore in the year 2006. She completed her Masters in Personnel Management from University of Pune in the year 2009. She joined our Company on October 12, 2009 and is responsible for activities related to recruitment, workforce management, induction, training and compensation & benefits. She has not been paid any remuneration during financial year 2008-09 since she joined in October 2009.

**Mr. Lokesh Bhagat**

Mr. Lokesh Bhagat, aged 33 years, is the Head (Administration & Marketing) of our Company. He completed his Bachelor of Commerce from Devi Ahliya Vishwavidhyalya, Indore in the year 1998. He has an overall experience of 10 years in the pipe industry. He started his career with Shree Balaji Industries in 1999 as Incharge of logistics and later on shifted to our Company in July, 2008. He is presently looking after marketing, periodic work review, supervision, maintenance of records and other administrative activities. He paid a remuneration of Rs. 1.32 lakhs during FY 2008-09.

**Mr. Santosh Ratnakar**

Mr. Santosh Ratnakar, aged 66 years, is the Head (Material Management) of our Company. He completed his Bachelor of Commerce from University of Saugar, Madhya Pradesh in the year 1967. He has an overall experience of 42 years in the field of material management. He started his career with Newton Chickly Collieries in 1967 as coal supervisor. In 1972, he joined Poddar Services Limited as an accountant. In 1976, he joined Hope Textiles Limited as Local Purchase Officer and in 1985, he joined Haryana Petro Chemicals Limited as Manager Purchase. He joined Shree Padmavati Irrigations Private Limited in August, 1999 as Manager – Purchase and later on shifted to Shree Mohit Industries (now Texmo Pipes and Products Limited) in October, 2005. He is responsible for material management related activities like inventory management, regularising purchase policies, vendor development, machine purchase etc. He was paid a remuneration of Rs. 1.30 lakhs in the financial year 2008-09.

**Mr. Aman Vijayvargiya**

Mr. Aman Vijayvargiya, aged 39 years, is the Head Marketing of our Company. He completed his Bachelor of Commerce from Vikram University, Ujjain in the year 1989. He completed his Bachelor of Law from Vikram University, Ujjain in the year 1993. He has an overall experience of 16 years in the field of marketing. He started his career in the year 1993 as an entrepreneur to deal in manufacturing and trading of plastic poly bags. From 1996 to 1998, he started his own agency business and worked as agent for various companies namely Enbee Plantations Limited, Greengold Horticulture Limited, Cell-rich Organic Fertilizer, Meghdhan Organic Fertiliser and Hoechst Agrevo. He joined Shree Balaji Industries on January 11, 2000 as Marketing Manager and later on shifted to Shree Mohit Industries in 2005. He is responsible for handling all corporate marketing related activities, checking performance of supplied products and looking for new opportunities to sell the products in India. He was paid a remuneration of Rs. 2.11 lakhs in the financial year 2008-09.



**Mr. Hitesh Mehta**

Mr. Hitesh Mehta, aged 43 years, is the Head (Quality Assurance - PVC & allied products) of our Company. He completed his Bachelor of Science in 1986 and Masters of Science (Chemistry) in 1988. He has an overall experience of 19 years in various fields of factor operations. He started his career with Shree Balaji Plastics, Khandwa in 1990 as Production supervisor. He joined Shree Venkatesh Industries in 1996 and was responsible for technological aspects for improvement in production. Later on he has been shifted to our Company in July, 2005 and is now responsible for testing of raw materials as well as finished products and quality control related to PVC & allied products. He has been paid a remuneration of Rs. 0.91 lakhs during 2008-09.

**Mr. Jitendra Bhavsar**

Mr. Jitendra Bhavsar, aged 38 years, is the Head (Production) of our Company. He completed his Bachelor of Science from Doctor Harisingh Gour Vishwavidyalaya, Sagar in the year 1994. He has an overall experience of 14 years in the field of production and quality control. He started his career by joining our promoter group entity viz. Shree Balaji Industries in 1995 as Quality Control Incharge. He has been shifted to Shree Mohit Industries (now Texmo Pipes and Products Limited) on April 1, 2005 and is now responsible for overall factory operations and production of our Company. He was paid a remuneration of Rs. 1.70 lakhs in the financial year 2008-09.

**Mr. Manoj Bari**

Mr. Manoj Bari, aged 37 years, is the Head (Quality Assurance - HDPE & allied products) of our Company. He completed his Diploma in Industrial Electronics from Board of Technical Examinations, Maharashtra State in the year 1994. He has an overall experience of 14 years in the field of quality control. He started his career with Shree Venkatesh Industries in the year 1995 as Quality Control Incharge. He joined our Company, Shree Mohit Industries (now Texmo Pipes and Products Limited) on July 3, 2008 and is responsible for testing of raw materials as well as finished products and quality control related to HDPE & allied products. He was paid a remuneration of Rs. 1.70 lakhs during FY 2008-09.

**Changes in the key managerial personnel in last three years**

There have been no changes in the Key Managerial Personnel in our Company during the last three years except as stated below

Name of the Key Managerial Person	Designation	Date of Appointment	Date of Resignation	Reason
Ms. Awantika Garg	Manager (Human Resource)	October 12, 2009	-	Appointment
Mr. Sanjay Dalal	Chief Financial Officer	February 1, 2009	-	Appointment
Mr. Biswajit Kumar Kar	Chief Financial Officer	August 28, 2008	February 10, 2009	Appointment & Resignation
Mr. Rishabh Kumar Jain	Company Secretary	August 1, 2008	-	Appointment
Mr. Manoj Bari	Head (Quality Assurance - HDPE & allied products)	July 3, 2008	-	Appointment
Mr. Lokesh Bhagat	Head (Administration & Marketing)	July 3, 2008	-	Appointment
Ms. Smita Hajary	Head (Human Resource)	December 27, 2007	September 10, 2009	Appointment & Resignation

**Details of shareholding of our key managerial personnel in our Company**

None of the key managerial personnel in our Company hold any shares of our Company as on the date of filing of this Red Herring Prospectus.

**Interest of key managerial personnel**

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Bonus or profit sharing plan for the key managerial personnel**

Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.

**Employees Share Purchase Scheme / Employees Stock Option Scheme to Employees**

Presently, we do not have ESOP/ESPS scheme for our employees.

**Other benefits to our key managerial personnel**

There is no other benefit payable to our Key Managerial Personnel other than listed above.

## Our Promoters and their Background

### Mr. Sanjay Agrawal



<b>Permanent Account Number</b>	ADAPA0132C
<b>Driving License Number</b>	S-1120/83
<b>Voter Identification Card Number</b>	BZF0318360

For details of Mr. Sanjay Agrawal, please refer to section titled “Our Management” beginning on page no. 84 of this Red Herring Prospectus.

### Ms. Rashmidevi Agrawal



<b>Permanent Account Number</b>	ADAPA0125H
<b>Driving License Number</b>	MP12L004825/08
<b>Voter Identification Card Number</b>	BZF0318378

Ms. Rashmidevi Agrawal, aged 42 years is the wife of our promoter Mr. Sanjay Agrawal. She is an Arts graduate from Nagpur University. She is a Whole Time Director in our promoter group company, Shree Padmavati Irrigations Private Limited since 1998 where she is responsible for forming the policies relating to Marketing and Human Resource Development. She is also partner in our promoter group entities, Shree Balaji Industries and Shree Venkatesh industries.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of all the above Promoters have been submitted to Bombay Stock Exchange Limited and The National Stock Exchange of India Limited at the time of filing of this Red Herring Prospectus with them.

### Interest of Promoters

Our Promoters viz. Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal are interested to the extent of their shareholding in our Company. Further, Mr. Sanjay Agrawal, our Promoter, is also the Chairman and Managing Director of our Company may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to him.

Further, Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal are also partners and Director in our Promoter Group entities and they may be deemed to be interested to the extent of payments made by our Company, if any, to these Promoter Group entities. For the transactions with our Promoter Group entities, please refer to section titled “Related Party Transactions” on page 114 of this Red Herring Prospectus.

Further, our Promoters viz. Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal are also partners in Shree Venkatesh Industries and Directors in Shree Padmavati Irrigations Private Limited, from whom we have entered into Business Transfer Agreement and purchased specified assets and liabilities, and subsequently land bearing Khasra number 98, 99 & 100, Bahadarpur Road, Burhanpur was registered through sale deed dated September 22, 2008.

Further, our Promoters may be deemed to be interested in the monthly rental receivable on account of use of properties viz. Khasra number 107/1, 107/2, 107/3 and 109 located at Bahadarpur Road, Burhanpur, Madhya Pradesh and properties located at godown no. 22, 23, plot no. 2, Khasra no. 1169, Mahavir Market, Indore, Madhya Pradesh for use of godown.

Except as mentioned hereinabove, our Promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Red Herring Prospectus or proposed to be acquired by us as on date of filing the Red Herring Prospectus with RoC.

Except as stated in "Related Party Transactions" beginning on page no. 114 of Red Herring Prospectus, and as stated herein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

#### **Payment or benefit to Promoters of Our Company**

No amount or benefit has been paid or given or is intended to be paid or given to any of the Promoter or Promoter Group within the two years preceding the date of filing the Draft Red Herring Prospectus except as stated under:

<b>Name of the Promoter</b>	<b>Nature of Transaction</b>	<b>Volume of Transaction during the period 01.04.09 to 31.10.09</b>	<b>Volume of Transaction during the period upto 31.03.09</b>	<b>Volume of Transaction during the period upto 02.07.08</b>	<b>Volume of Transaction during the Year 2007-08</b>
Shri Sanjay Agrawal	Loan Taken (Including Interest Accrued)	-	105.03	201.60	-
	Loan Repaid (Including TDS Paid)	-	302.66	3.97	-
	Directors Remuneration	21.00	22.78		
	Rent Paid	1.95	1.77		
Smt Rashmi Devi Agrawal	Loan Taken (Including Interest Accrued)	-	92.07	97.23	-
	Loan Repaid (Inclgd TDS Paid)	-	189.30		-
	Rent Paid	1.36	1.27		

Except as stated in the section "Related Party Transactions" on page no. 114 of the Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors.

### Our Promoter Group

In addition to the Promoters named above, the following natural persons are part of our Promoter Group.

(A) As per Regulation 2 (1)(zb)(ii) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following natural persons form part of our Promoter Group:

Name	Relationship
<b>Relatives of Mr. Sanjay Agrawal</b>	
Ms. Rashmidevi Agrawal	Wife
Master Mohit Agrawal	Son
Master Vasu Agrawal	Son
Ms. Ruchika Agrawal	Daughter
Ms. Sulochana Agrawal	Mother
Mr. Narendra Agrawal	Brother
Ms. Sunita Agrawal	Sister
Ms. Sudha Agrawal	Sister
Ms. Tara Chand Khemuka	Father of spouse
Ms. Meera Devi Khemuka	Mother of spouse
Mr. Sailendra Khemuka	Brother of spouse
Ms. Arti Tirpude	Sister of spouse
<b>Relatives of Ms. Rashmidevi Agrawal</b>	
Mr. Sanjay Agrawal	Husband
Master Mohit Agrawal	Son
Master Vasu Agrawal	Son
Ms. Ruchika Agrawal	Daughter
Ms. Tara Chand Khemuka	Father
Ms. Meera Devi Khemuka	Mother
Mr. Sailendra Khemuka	Brother
Ms. Arti Tirpude	Sister
Ms. Sulochana Agrawal	Mother of spouse

(B) In addition, the following natural persons also form part of Promoter Group as per Regulation 2 (1)(zb)(v) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

1. Mr. Vijay Prasad Pappu
2. Mr. Mohanlal Shah
3. Mr. Rajesh Agrawal
4. Mr. Mehmood Khan
5. Mr. Ananda Nago Umale

### Entities forming part of our Promoter Group

The details of the entities which are part of our Promoter Group are as follows:

- 1) Shree Padmavati Irrigations Private Limited
- 2) Shree Balaji Industries
- 3) Shree Venkatesh Industries

**Shree Padmavati Irrigations Private Limited**

<b>Nature of Activity</b>	Manufacturing and trading of plastic, PVC pipes, fittings, granules etc.		
<b>Date of Incorporation</b>	January 21, 1998		
<b>Registered Office address</b>	P.B. No 35, Bahadarpur Road, Burhanpur, Madhya Pradesh		
<b>Name of the Directors</b>	Mr. Sanjay Agrawal Ms. Rashmidevi Agrawal		
<b>Shareholding Pattern</b>	<b>Name of the Shareholder</b>	<b>No of Shares</b>	<b>% of Shareholding</b>
	Mr. Sanjay Agrawal	1,24,560	53.08
	Ms. Rashmidevi Agrawal	1,10,100	46.92
	<b>Total</b>	<b>234660</b>	<b>100</b>
<b>Audited Financial Information</b>	<b>2008-09</b>	<b>2007- 2008</b>	<b>2006- 2007</b>
	<b>(Rs. in lakhs)</b>		
Sales	520.99	163.09	98.03
Other Income	25.86	0.80	1.95
Profit after Tax	3.00	14.44	0.43
Equity Capital	23.47	23.47	23.47
Reserve & Surplus	20.15	17.15	2.70
Earning per Shares (EPS) (Rs.)	1.28	6.16	0.18
Net Asset Value (NAV) (Rs.)*	18.59	17.31	11.14

\* NAV is calculated as NAV= ((share capital + reserves & surplus) - Miscellaneous expenditure)/ No of equity shares

Shree Padmavati Irrigations Private Limited is neither listed at any Stock Exchange nor does it have any subsidiary. It has not come out with any public or right issue in the preceding three years. It has not become a sick company within the meaning of SICA and is not under winding up.

**Partnership Firms****Shree Balaji Industries**

<b>Nature of Activity</b>	Manufacturing of PVC pipes and related items		
<b>Date of Formation</b>	July 27, 1987		
<b>Registered Address</b>	Bahadarpur Road, Burhanpur, (Madhya Pradesh)		
<b>Name of the partners / profit / loss sharing ratio</b>	<b>Name of the Partners</b>	<b>Profit/Loss sharing Ratio (%)</b>	
	Mr. Sanjay Agrawal	50	
	Ms. Rashmidevi Agrawal	50	
	<b>Total</b>	<b>100</b>	
<b>Financial Information</b>	<b>2008-09 (Unaudited)*</b>	<b>2007- 2008 (Unaudited)*</b>	<b>2006- 2007 (Unaudited)*</b>
	<b>(Rs. in lakhs)</b>		
<b>Partner's Capital</b>	45.64	50.37	73.43
<b>Sales</b>	NIL	NIL	14.91
<b>Other Income</b>	6.29	5.80	19.97
<b>Net Profit / (Loss)</b>	0.79	2.06	1.77

\*Not required to be audited under any law for the time being enforce in India.

In October 1997, Shree Balaji Industries received an award from Mukesh Ambani owned Reliance Industries for 'Large Offtake Customer- Central India' for purchasing 1, 00,000 MT of PVC.

### Shree Venkatesh Industries

<b>Nature of Activity</b>	Manufacturing and trading of PVC pipes, fittings, suction hose pipes etc.		
<b>Date of Formation</b>	July 22, 1995		
<b>Registered Address</b>	P.B. No 35, Bahadarpur Road, Burhanpur, (Madhya Pradesh)		
<b>Name of the partners / profit / loss sharing ratio</b>	<b>Name of the Partners</b>	<b>Profit/Loss sharing Ratio (%)</b>	
	Mr. Sanjay Agrawal	50	
	Ms. Rashmidevi Agrawal	50	
	<b>Total</b>	<b>100</b>	
<b>Audited Financial Information</b>	<b>2008-09</b>	<b>2007- 2008</b>	<b>2006- 2007</b>
	<b>(Rs. in lakhs)</b>		
<b>Partner's Capital</b>	144.07	14.07	59.49
<b>Sales</b>	149.85	189.66	182.27
<b>Other Income</b>	9.96	42.97	20.02
<b>Net Profit / (Loss)</b>	1.54	0.32	0.82

Our Company has entered into a Business Transfer Agreement dated August 5, 2008 for take over of the specified assets and liabilities of our Promoter Group entities viz. Shree Padmavati Irrigations Private Limited, Shree Balaji Industries and Shree Venkatesh Industries. For details please refer to the section titled "History and Certain Corporate Matters" appearing on page no. 81 of this Red Herring Prospectus.

### Details of entities from which Promoters have disassociated

Our Promoters viz. Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal promoted Texmo Pipes Private Limited in February 16, 2007 with an objective to corporatize the "Texmo" brand and consolidate all manufacturing facilities under one entity. The promoters subsequently decided to consolidate manufacturing and business operations by conversion of existing partnership firm as per the provisions of the Companies Act, 1956. Therefore, promoters disassociate themselves from Texmo Pipes Private Limited with effect from February 28, 2007.

### Details of Promoter group companies whose names have been struck off from Registrar of Companies

We do not have any Promoter Group Company whose name has been struck off by any RoC in India.

### Undertaking/ confirmations

Our Promoters and promoter group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other Government authority. Additionally, there are no violations of securities laws committed by them in the past or are pending against them and none of our promoters or persons in control of body corporate forming part of our Promoter Group have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

### Common Pursuits/Conflict of Interest

Our Promoter Group Entities viz. Shree Padmavati Irrigations Private Limited, Shree Balaji Industries and Shree Venkatesh Industries have principle business similar to our line of business. To this extent

there may be a potential conflict of interest in the entities of the group. Except for this there are no common pursuits amongst the entities in the promoters' group.

There are no transactions relating to sales or purchases between our Company and any of our Promoter Group entities exceeding 10% of the sales or purchases of our Company.



### **Dividend Policy**

The declaration and payment of dividend if any, will be recommended by the Board of Directors and declared the shareholders of our Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition.

Our Company has not declared any dividend during the last five years.

## SECTION V - FINANCIAL STATEMENTS

### AUDITORS REPORT

To,  
**The Board of Directors,**  
**Texmo Pipes and Products Limited**  
98, Bahadarpur Road,  
Burhanpur (MP) 450331

Dear Sirs,

- 1) We have examined the attached financial information of Texmo Pipes and Products Limited (Erstwhile Shree Mohit Industries-Partnership Firm) (hereinafter referred to as 'the Company') as approved by Board of Directors of the Company, prepared in term of the requirements of Paragraph B(1) of Part II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 10th November 2009 in connection with the proposed Initial Public Offer of equity shares of the Company.
- 2) This information have been extracted by the Management of the Company from the audited financial statement of the Company for the financial year ended on 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008, for the period April 1, 2008 to July 2, 2008, July 3, 2008 to March 31, 2009 and April 1, 2009 to October 31, 2009 audited by us. Accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information.
- 3) We have also examined the restated financial information of the Company for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.
- 4) We report that:
  - a) The Restated Statement of Assets and Liabilities of the Company for the year/period that ended on 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008, 2nd July 2008 (i.e. for the period April 1, 2008 to July 2, 2008), 31st March 2009 (i.e. for the period July 3, 2008 to March 31, 2009) and 31st October 2009 (i.e. for the period April 1, 2009 to October 31, 2009) are as set out in Annexure-1 to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Financial Information as set out in Annexure-3 to this report.
  - b) The Restated Statement of Profit and Loss of the Company for the year/period that ended on 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008, 2nd July 2008 (i.e. for the period April 1, 2008 to July 2, 2008), 31st March 2009 (i.e. for the period July 3, 2008 to March 31, 2009) and 31st October 2009 (i.e. for the period April 1, 2009 to October 31, 2009) are as set

out in Annexure-2 to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to the Restated Financial Information as set out in Annexure-3 to this report.

- 5) We have examined the following financial information relating to the Company for the year/period that ended on 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008, 2nd July 2008 (i.e. for the period April 1, 2008 to July 2, 2008), 31st March 2009 (i.e. for the period July 3, 2008 to March 31, 2009) and 31st October 2009 (i.e. for the period April 1, 2009 to October 31, 2009) proposed to be included in the Red Hearing Prospectus, as prepared and approved by the Board of Directors and annexed to this report:
  - a. Statement of Break up of Other income as appearing in Annexure 4 to this report;
  - b. Details of loans and advances showing the same with the Related Parties as appearing in Annexure 5 to this report;
  - c. Accounting Ratios as appearing in Annexure 6 to this Report;
  - d. Capitalization Statement as at 31st October 2009 as appearing in Annexure 7 to this report;
  - e. Statement of tax shelters as appearing in Annexure 8 to this report;
  - f. Statement of restated Cash flow as appearing in Annexure 9 to this report;
  - g. Statement of Related Party transactions enclosed as Annexure 10 to this report;
  - h. Statement showing age wise analysis of Debtors enclosed as Annexure 11 to this report;
  - i. Statement of Unsecured Loans including that from related parties as Annexure 12 to this report;
  - j. Statement of Secured Loans taken as Annexure 13 to this report; and
  - k. Statement of Dividend declared/distributed as Annexure 14 to this report.
- 6) In our opinion the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-3 have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations.
- 7) We further state that:
  - i. There are no incorrect accounting practices or failures to make provisions or other adjustments to restated accounts which resulted in audit qualifications for which adjustment or rectification was required.
  - ii. There have been no material amounts relating to adjustments for previous years/periods in arriving at the profits of the years/periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred except for adjustments related to previous year which for the purpose of restated accounts has been adjusted in the respective years as stated in Point No. B (a) & (b) to Notes to Accounts forming part of Annexure 3.
  - iii. There has been no change in accounting policy in the profits or losses of the earlier years/periods except for change in accounting policy as stated in Point No. A (a), (b), (c) & (d) to Notes to Accounts forming part of Annexure 3.
  - iv. There has been no incorrect accounting policy which needs recomputation in the financial information.

- 8) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
- 9) This report is intended solely for use of the management and for inclusion in the Offer document in connection with the Proposed Initial Public Offer of the Company and should not be used or referred to or distributed for any other purpose without our prior consent in writing.

**For Pankaj Somaiya & Associates**  
**Chartered Accountants**

**CA Pankaj Somaiya**  
**Partner**  
Membership No. 079918  
Place: Burhanpur (MP)  
Date: January 5, 2010

**TEXMO PIPES AND PRODUCTS LIMITED**  
**(Erstwhile Partnership Firm Shree Mohit Industries)**

**Annexure 1**

**STATEMENT OF AUDITED PROFIT AND LOSS AS RESTATED**

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09(i.e. period from 01.04.09 to 31.10.09)	31.03.09*	02.07.08*	31.03.08	31.03.07	31.03.06	31.03.05
<b>Income</b>							
Sales							
-Manufactured Goods	4192.80	4838.35	2067.75	6623.86	2366.05	2556.39	1538.29
-Traded Goods	17.05	25.74	-	-	-	-	1.80
Less: Excise Duty	312.32	538.07	252.70	880.83	328.67	333.53	206.10
<b>Net Sales</b>	3897.53	4326.02	1815.05	5743.03	2037.38	2222.86	1333.99
Other Income	7.15	114.98	14.09	70.71	5.40	3.74	2.98
Increase/Decrease in Stocks	404.85	261.76	-4.07	94.35	5.18	21.96	30.32
<b>Total Income</b>	4309.53	4702.76	1825.07	5908.09	2047.96	2248.56	1367.29
<b>Expenditure</b>							
Raw Material Consumed	3027.46	3204.92	1493.74	4459.14	1628.48	1615.63	1034.68
Cost of Traded Goods	15.56	23.83	-	-	-	-	1.68
Employees Cost	97.76	71.26	15.70	49.76	35.94	34.57	35.04
Other Manufacturing Expenses	255.50	253.78	60.96	255.21	136.21	150.98	112.68
Administrative, Selling and Distribution Expenses	172.97	315.57	160.54	431.61	134.01	315.01	91.14
Interest/Financial Charges	176.82	177.85	32.12	98.05	35.10	33.47	23.60
Depreciation	44.50	46.96	9.18	30.15	23.43	21.97	21.04
<b>Total Expenditure</b>	3790.57	4094.17	1772.24	5323.92	1993.17	2171.63	1319.86
<b>Net Profit Before Tax, Amortization &amp; Extraordinary Item</b>	518.96	608.58	52.83	584.18	54.79	76.93	47.43
Preliminary Expenses Written off	1.35	2.31	-	-	-	-	-
<b>Net Profit Before Tax &amp; Extraordinary Item</b>	517.61	606.27	52.83	584.18	54.79	76.93	47.43
Provision for Taxation	171.30	144.98	12.67	151.54	15.44	25.67	12.02
Provision for Fringe Benefit Tax	0.00	1.08	0.19	0.54	0.46	0.72	0.00
Provision for Deferred Tax	9.93	27.29	-0.57	5.71	-1.77	-7.80	2.01
<b>Net Profit After Tax but before Extraordinary Item</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40
Extraorndinary Item	-	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Extraordinary Item</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40
Earlier Year Adjustment	-	-	-	-	-	-	-
<b>Net Profit as Restated</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40

\*Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 post its conversion into public limited company.

**Annexure 2****STATEMENT OF AUDITED ASSETS AND LIABILITIES AS RESTATED***(Rupees in Lakhs)*

YEAR/PERIOD ENDED	31.10.09(i.e. period from 01.04.09 to 31.10.09)	31.03.09* (i.e. period from 03.07.08 to 31.03.09)	02.07.08*	31.03.08	31.03.07	31.03.06	31.03.05
<b>A. Fixed Assets</b>							
Gross Block	1416.18	1156.83	444.77	390.43	271.02	257.74	247.64
Less: Depreciation	255.91	211.41	166.13	156.95	127.07	103.64	81.66
Net Block	1160.27	945.42	278.64	233.48	143.95	154.10	165.98
Less: Revaluation Reserve	-	-	-	-	-	-	-
Net Block after Adjustment of Revaluation Reserve	1160.27	945.42	278.64	233.48	143.95	154.10	165.98
<b>B. Investments</b>	-	-	-	-	-	-	-
<b>C. Current Assets, Loans &amp; Advances</b>							
Inventories	1898.07	1260.57	294.87	451.94	176.02	156.50	143.75
Receivables/Sundry Debtors	1330.01	1072.22	1376.00	1291.62	393.25	338.05	282.10
Cash & Bank Balances	114.62	151.71	107.65	69.19	29.80	202.70	15.66
Loans & Advances	302.52	545.92	297.17	386.76	159.33	76.27	58.78
Deferred Tax Assets	-	-	-	-	4.19	2.42	-
<b>TOTAL</b>	4805.48	3975.83	2354.32	2432.99	906.54	930.04	666.27
<b>D. Liabilities &amp; Provisions</b>							
Secured Loans	2292.58	1798.68	922.39	976.42	333.21	308.00	112.63
Unsecured Loans	296.37	487.34	294.86	-	147.33	166.93	132.82
Current Liabilities & Provisions	656.68	459.68	527.42	508.69	96.51	145.91	140.14
Deferred Tax Liability	38.17	28.24	0.95	1.52	-	-	5.38
<b>TOTAL</b>	3283.80	2773.93	1745.62	1486.63	577.05	620.84	390.97
<b>E. Net Worth [ A+B+C-D]</b>	1521.68	1201.90	608.70	946.36	329.49	309.20	275.30
<b>F. Represented By</b>							
Share Capital	627.00	627.00	600.00	946.36	329.49	309.20	275.30
Reserves & Surplus	994.01	657.62	8.70	-	-	-	-
Less: Miscellaneous Expenditure to the extent not written off	99.32	82.72	-	-	-	-	-
<b>Net Worth</b>	1521.68	1201.90	608.70	946.36	329.49	309.20	275.30

\*Figures for the period from April 1, 2008 to July 2, 2008 pertains to the partnership firm prior to its conversion under Part IX of the Companies Act, 1956 and figures for the period from July 3, 2008 to March 31, 2009 post its conversion into public limited company.

Note: The status of the Company upto July 2, 2008 was partnership firm and accordingly share capital disclosed upto July 2, 2008 represent total of balance in Partner's Capital Account as on the respective dates.

### **Annexure- 3**

**Significant Accounting Policies and Notes on Accounts for the period ending 31<sup>st</sup> October 2009 (i.e. from April 1, 2009 to October 31, 2009), 31<sup>st</sup> March 2009 (i.e. from July 3, 2008 to March 31, 2009), 2<sup>nd</sup> July 2008 (i.e. April 1, 2008 to July 2, 2008) and for the four financial years ending 31<sup>st</sup> March 2005, 2006, 2007 and 2008**

#### **BACKGROUND**

Texmo Pipes and Products Limited was formed as a Partnership Firm by the name M/s Shree Mohit Industries on 13<sup>th</sup> May 1999 and was subsequently converted and incorporated as a Public Limited Company in July 2008 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh. The Partnership Firm was converted into Company under Part IX of the Companies Act, 1956 under the name of Texmo Pipes and Products Limited having Certificate of incorporation dated 3<sup>rd</sup> July 2008.

#### **Significant Accounting Policies:**

##### **1. Basis of Preparation of Financial Statements**

- a. The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and are in consonance with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- b. The Company follows the mercantile systems of accounting and recognizes income and expenditure on an accrual basis except stated otherwise.

##### **2. Revenue Recognition**

- a. Sales are recognized when goods are supplied and are recorded net of sales return, rebates, trade discounts, VAT/Central Sales Tax and excise duty.
- b. Income from Services rendered are booked based on agreements/arrangements with the concerned parties and recognized on Completed service contract method.

##### **3. Use of estimates**

The preparation of financial statements is in conformity estimates and assumptions are required to be made which affect the reported amounts of assets/liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

##### **4. Fixed Assets**

Fixed Assets are stated at historical cost. Cost includes freight, installation cost, duties, taxes, and incidental expenses but net of Excise duty (CENVAT) and VAT (ITR).

**5. Depreciation**

Depreciation is charged on Straight Line Method at the rate prescribed under Schedule XIV of the Companies Act, 1956.

**6. Borrowing Cost**

Borrowing Cost attributable to acquisitions and construction of assets are capitalized as a part of cost of such assets up to the date when such assets are ready for its intended use and other borrowing cost are charged to Profit & Loss Account.

**7. Inventories**

- a. Raw Materials and Stores & Spares at Cost.
- b. Finished Goods are valued at cost or net realizable value whichever is lower. Reusable Waste is valued at net realizable value.
- c. Raw Material and Finished goods are valued net of excise duty.
- d. Cost comprises cost of purchase, cost of conversion and other cost incurred in bringing the inventory to present location and condition. Cost is arrived at weighted average basis.

**8. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**9. Retirement Benefits**

- a. Gratuity liability is accounted for on accrual basis on the actual liability calculated as per the Payment of Gratuity Act, 1972 as at the Balance Sheet date.
- b. Contributions to Provident Fund and ESIC are deposited with respective Government Authorities.

**10. Taxation**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

Fringe Benefit Tax is accounted for on estimated value of fringe benefits for the year ended 31<sup>st</sup> March as per provisions of the Income Tax Act.

**11. Provisions and Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a permanent obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.



**12. Miscellaneous Expenditure**

Preliminary and Preoperative Expenditure is amortized over a period of 5 years.

**Notes to Accounts:****1. Adjustments**

**Statement of Adjustment in Profit & Loss Account arising out of Changes in accounting Policies and material adjustments relating to previous years/periods:**

<i>(Rupees in Lakhs)</i>							
YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
<b>Profit After Tax &amp; Extraordinary Items</b>	338.29	439.06	40.43	483.31	52.46	57.40	41.94
Adjustments - Increase / ( Decrease )							
1. Provision for Deferred Tax	-	(0.70)	-	(2.68)	(2.80)	7.80	(2.01)
2. Provision for Income Tax	12.30	(11.03)	0.11	(0.68)	0.07	(0.67)	(12.02)
3. Provision for Fringe Benefit Tax	-	(0.06)	-	-	(0.30)		
3. Profit/(Loss) on Sale of Fixed Assets	-	-	-	(0.26)	-	-	-
4. Prior Period Item	(14.21)	5.65	-	7.27	-	1.29	-
5. Extraordinary Items (Depreciation Written Back)	-	-	-	(60.58)	-	-	-
6. Depreciation - Change from Income Tax to Company Law	-	-	-	-	(8.77)	(7.48)	5.49
Net Total (Decrease)/Increase due to Adjustments	(1.91)	(6.14)	0.11	(56.93)	(11.80)	0.94	(8.54)
<b>Net Profit as per Restated Profit and Loss</b>	336.38	432.92	40.54	426.38	40.66	58.34	33.40

**A. Adjustments on account of changes in accounting policies:**

The status of the Company till July 2, 2008 was that of a partnership firm and it was incorporated as a Company under Companies Act, 1956 on July 3, 2008.

**a) Depreciation:**

Depreciation on Fixed Assets till 31<sup>st</sup> March 2007 has been provided using the Written Down Value method at the rates and in the manner specified in the Income Tax Act, 1961. For the year ended March 31, 2008 Depreciation has been charged using Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

For this purpose of restated financial statement, depreciation has been recalculated for all the respective financial years/periods on the basis of straight line method in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

**b) Profit/(Loss) on sale of Fixed Assets:**

The status of the Company up to July 2, 2008 was of partnership Firm, profit/(loss) on sale of fixed assets was not determined and amount realized for sale of fixed assets was reduced from

block of fixed assets in accordance with Income Tax Act, 1961. For the purpose of restated financial statements, profit/(loss) on sale of Fixed Assets has been recalculated for all the respective financial years/periods necessary adjustment has been carried out in the respective years/periods.

**c) Current Tax & fringe benefit tax:**

No provision or provision of inappropriate amount was made for income tax and fringe benefit tax in the accounts of the firm till 31<sup>st</sup> March 2008. Accordingly, for the purpose of restated financial statements, provision for income tax and fringe benefit tax has been made for earlier periods/years on the basis of rates applicable to the entity for the respective periods/years.

**d) Deferred Tax expenses:**

As the Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India was not applicable to enterprises other than companies up to the financial year ended 31<sup>st</sup> March 2007. Hence no provision was made by the erstwhile firm in its books. Accordingly, for the purpose of restated financial statements, provision for deferred tax has been made in the earlier period/years on the basis of rates applicable to the entity for the respective periods/years.

**B. Material adjustments relating to previous year/period:**

**a) Prior Period Item:**

Prior Period Items which are recorded by the erstwhile firm during the accounting year of settlement/ finalization, for the purpose of restated financial statements the effect of these items have been given in the respective period of origination. In view of said adjustment we had restated Sales Tax Refund of FY 2005-06 received in FY 2007-08 of Rs. 1.29 lakhs, Interest Subsidy of FY 2008-09 received in period ended 31<sup>st</sup> October 2009 of Rs. 5.65 lakhs and Additional Duty (Import) Cenvat Credit of FY 2007-08 received in FY 2009-10 of Rs. 8.56 lakhs.

**b) Tax adjustment of earlier years**

The erstwhile firm has recorded tax adjustments of earlier years on completion of assessments made by the Income tax authorities. Accordingly, the effect of these items has been adjusted in the period to which the tax was related in the Restated Financial information.

**2. Material regroupings**

The balances of Fixed Deposits with Banks have been regrouped in the restated financial statements with Cash & Bank Balances under the head Current Assets, Loans and Advances.

3. In the opinion of the Board of Directors the current assets, loans and advances have a value of realisation in ordinary course of business at least equal to the amount at which they are stated and the provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

4. The Company is engaged mainly in production of pipes and as such is the only reportable segment as per Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India. The geographical segmentation is not relevant as there is no export turnover.

**5. Deferred Tax**

In accordance with AS-22 issued by ICAI, the Company has accounted for Deferred Taxes during the year ended March 31, 2005, 2006, 2007, 2008, for the period ended July 2, 2008, March 31, 2009 and October 31, 2009:

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
On account of Depreciation	38.22	28.30	0.79	1.36	0.19	2.66	5.18
On account of Profit/(Loss) on Sale of Fixed Assets	(0.10)	(0.10)	0.12	0.12	0.20	0.20	0.20
On account of allowance/disallowance under provisions of Sec 40(a)(ia) of the Income Tax Act,1961	0.04	0.04	0.04	0.04	(4.58)	(5.28)	-
Net Liability/(Assets)	38.17	28.24	0.95	1.52	(4.19)	(2.42)	5.38

**6. Contingent Liabilities not provided for in respect of:**

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Disputed Entry Tax Demand	-	-	-	-	-	14.23	14.23
Disputed Income Tax Demand	4.95	6.13	5.11	5.11	5.11	-	-
Bills Discounted with Banks	-	-	-	21.86	-	-	-
Guarantees Invoked by Buyer not provided in Books	-	-	64.98	64.98	-	-	-
Import Letter of Credits issued by Company's Bankers	171.23	64.00	-	-	-	-	-
Guarantees given by Company's Bankers in normal course of Business	206.86	36.70	70.85	59.47	65.36	110.13	23.22
Total	383.04	106.83	140.94	151.42	70.47	124.36	37.45

7. Figures of previous periods/years have been regrouped/ rearranged wherever considered necessary.

**Annexure 4****Statement of Breakup of Other Income ( If more than 20% of Net Profit Before Tax )**

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Profit before Tax & extraordinary items	517.61	606.27	52.83	584.18	54.79	76.93	47.43
20% of Net Profit Before Tax	103.52	121.25	10.57	116.84	10.96	15.39	9.49
<b>Other Income for the Year/Period</b>	7.15	114.98	14.09	70.71	5.40	3.74	2.98
Other Income Details							
<b>A. Recurring From Business Activities</b>							
Delivery Charges		7.19	1.63	8.38	2.84	2.00	2.07
Blowing Charges		104.07	12.29	47.82	-	-	-
<b>Total ( A )</b>	0.00	111.26	13.92	56.20	2.84	2.00	2.07
<b>B. Recurring From Financing Activities</b>							
Interest on Loans & Advances/ Deposits	7.15	3.72	0.17	14.51	2.56	1.74	0.91
<b>Total ( B )</b>	7.15	3.72	0.17	14.51	2.56	1.74	0.91
<b>Total ( A+B )</b>	7.15	114.98	14.09	70.71	5.40	3.74	2.98

**Annexure 5****Details of Loan & Advances***(Rupees in Lakhs)*

Particulars	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Security Deposits	41.04	36.44	17.19	14.27	12.03	11.44	19.17
Advances Recoverable in Cash or kind or value to be received	53.95	61.04	62.75	42.90	20.22	6.83	5.10
Advance Tax & TDS	6.24	42.71	61.74	61.72	12.48	32.50	18.58
Advances to Suppliers	150.18	299.43	66.87	29.57	90.59	3.69	11.29
Balances with Tax Authorities- Customs Duty, Excise, VAT etc	51.11	106.30	29.30	9.84	19.64	3.40	1.03
Other Loans & Advances	-	-	59.32	228.47	4.37	18.41	3.61
<b>Total</b>	<b>302.52</b>	<b>545.92</b>	<b>297.17</b>	<b>386.77</b>	<b>159.33</b>	<b>76.27</b>	<b>58.78</b>

**1. The Other Loans & Advances includes the following receivable from related parties:***(Rupees in Lakhs)*

Particulars	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Shree Balaji Industries	-	-	0.01	-	-	-	-
Shree Venkatesh Industries	-	-	-	93.00	3.49	18.08	-
Shree Padmavati Irrigation P Ltd	-	-	-	81.42	-	-	-
	-	-	0.01	174.42	3.49	18.08	-

**Annexure 6****Statement of Restated Accounting Ratios**

Particulars	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
<b>Basis of Accounting Ratios</b>							
Net Profit After Tax but before Extraordinary Item	336.38	432.92 {473.46}#	40.54	426.38	40.66	58.34	33.40
Weighted average number of Equity Shares outstanding during the year/period	6270000	6270000	6000000	6000000	6000000	6000000	6000000
Net Worth	1521.68	1201.90	608.70	946.36	329.49	309.20	275.30
<b>Accounting Ratios</b>							
Basic/Diluted Earning per share (EPS) (Rs.)	5.36	9.27 {7.68}#	2.65	7.11	0.68	0.97	0.56
Net Asset Value (NAV) (Rs. per Share)	24.27	19.17	10.14	15.77	5.49	5.15	4.59
Return on Net Worth (RONW) (%)	37.70%	48.34% {39.39}#	26.14%	45.05%	12.34%	18.87%	12.13%

# These figures represent are for the period April 1, 2008 to 31st March 2009.

Notes:

Earning per Share (Rs.) = Net Profit after tax/Weighted average number of Equity Shares outstanding during the year

Net Asset Value per Share (in Rs.) = Net Worth/Number of Equity Shares outstanding at the end of the year

Return on Net Worth (%) = Net Profit after tax X 100/Net Worth Excluding Revaluation Reserve

1. The above ratios have been computed on the basis of the Restated Financial Information for the respective year/period.
2. The EPS and Return on Net Worth for the period upto 2nd July 2008 and 31st March 2009 is calculated on annualised basis.
3. The Status of the Company prior to 3rd July 2008 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/years by considering the number of shares outstanding as at 3rd July 2008.
4. Earnings per Share is computed in accordance with Accounting Standard (AS) 20 " Earning Per Share" issued by the Institute of Chartered Accountants of India.

**Annexure 7**

(Rupees in Lakhs)

**Capitalisation Statement**

Particulars	Pre issue As At 31.10.2009	Post Issue
<b><u>Borrowings</u></b>		
Short Term Debts	2343.42	*
Long Term Debts	245.52	
<b>Total Debts</b>	2588.94	*
<b><u>Shareholders Funds</u></b>		
Share Capital		
-Equity	627.00	*
Reserves & Surplus	994.00	*
Less : Miscellaneous expenditure not written off	99.32	*
<b>Total Shareholders' fund</b>	1521.68	*
Long term Debts / Equity Ratio	0.16	*

[\*] Share Capital and Reserves & Surplus, post issue can be calculated on the conclusion of the Book Building process.

**Annexure 8****Tax Shelter Statement**

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Tax Rate ( Including Surcharge & Education Cess.)	33.99%	33.99%	30.90%	33.99%	33.66%	33.66%	36.59%
MAT Rate ( Including Surcharge & Education Cess.)	11.22%	11.22%	11.22%	11.22%	11.22%	8.42%	7.84%
Profit / (Loss) as per books of accounts	517.61	606.27	52.83	584.18	54.79	76.93	47.43
<b>Notional Tax Payable ( A ) (Income Tax/MAT)</b>	175.94	206.07	16.32	198.56	18.44	25.90	17.35
Timing Differences							
1. Difference Between Book & IT depreciation	(29.20)	(80.93)	1.86	(3.46)	7.34	7.48	(5.49)
2. Profit/(Loss) on Sale of Fixed Assets	-	0.63	-	0.26	-	-	-
3. Disallowance/ Allowance u/s	-	-	-			15.70	-

40(a)(ia)				(13.60)	(2.10)		
4. Gratuity Disallowed	-	2.71					
<b>Total of B</b>	(29.20)	(77.59)	1.86	(16.80)	5.24	23.18	(5.49)
Permanent Differences							
1. Deduction u/s 80 IB	-	(129.92)	(13.67)	(140.02)	(15.01)	(24.71)	(10.53)
<b>Total of C</b>	-	(129.92)	(13.67)	(140.02)	(15.01)	(24.71)	(10.53)
<b>Net Adjustments ( B+C )</b>	(29.20)	(207.51)	(11.81)	(156.82)	(9.77)	(1.53)	(16.02)
Tax savings thereon	(9.93)	(70.53)	(3.65)	(53.30)	(3.29)	(0.51)	(5.86)
Net Tax for the year / Period	166.01	135.54	12.67	145.26	15.15	25.38	11.49

Notes:

1. The figures in the above statement for the period ended October 31, 2009 are provisional and would be finalised at the year end.

2. The figures for all other periods/years are as per the Returns of Income filed.

## Annexure 9

### Statement of Restated Cash Flow Statement

(Rupees in Lakhs)

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
<b>A) Cash Flow from Operating Activities</b>							
Net Profit before tax & Extraordinary Items	517.61	606.27	52.83	584.18	54.79	76.93	47.43
<b>Adjustments for -</b>							
Depreciation	44.50	46.96	9.18	30.15	23.43	21.97	21.04
(Profit)/Loss on sale of Fixed Assets	-	0.63	-	0.26	-	-	-
Interest Income	(7.15)	(3.72)	(0.17)	(14.51)	(2.56)	(1.74)	(0.91)
Interest & Financial Expenses	176.82	177.85	32.12	98.05	35.10	33.46	23.60
<b>Operating profit before working capital changes</b>	<b>731.78</b>	<b>828.00</b>	<b>93.96</b>	<b>698.13</b>	<b>110.76</b>	<b>130.62</b>	<b>91.16</b>
<b>Adjustments for -</b>							
1. Decrease/(Increase) in Debtors	(257.79)	303.78	(84.38)	(898.37)	(55.21)	(55.95)	(117.96)
2. Decrease/(Increase) in Inventories	(637.50)	(965.70)	157.08	(275.92)	(19.53)	(12.75)	(21.37)
3. Decrease/(Increase) in Loans & Advances	206.93	(267.78)	89.60	(178.19)	(103.08)	(3.56)	(9.56)
4. Increase/(Decrease) in Current Liabilities & Provisions	185.29	(61.72)	5.88	275.99	(30.04)	(8.61)	11.61
<b>Cash generated from operations</b>	<b>228.72</b>	<b>(163.41)</b>	<b>262.14</b>	<b>(378.36)</b>	<b>(97.10)</b>	<b>49.75</b>	<b>(46.12)</b>
Direct Taxes Paid (net)	123.13	133.04	0.02	65.15	15.23	25.95	5.80
<b>Cash flow before extraordinary item</b>	<b>105.59</b>	<b>(296.45)</b>	<b>262.12</b>	<b>(443.51)</b>	<b>(112.33)</b>	<b>23.80</b>	<b>(51.92)</b>
Extraordinary Item	-	-	-	-	-	-	-
<b>Net Cash From Operating Activities</b>	<b>105.59</b>	<b>(395.89)</b>	<b>262.12</b>	<b>(443.51)</b>	<b>(112.33)</b>	<b>23.80</b>	<b>(51.92)</b>
<b>Cash Flow from Investing Activities</b>							
1. Purchase of Fixed Assets	(259.35)	(712.06)	(54.34)	(120.24)	(13.28)	(10.09)	(11.66)
2. Sale of Fixed Assets	-	(2.32)	-	0.31	-	-	-
3. Interest Received	7.15	3.72	0.17	14.51	2.56	1.74	0.91

4. Misc Expenditure	(16.60)	(82.72)					
<b>Net Cash (Used in)/From Investing Activities</b>	<b>(268.80)</b>	<b>(793.38)</b>	<b>(54.17)</b>	<b>(105.42)</b>	<b>(10.72)</b>	<b>(8.35)</b>	<b>(10.75)</b>
<b>Cash Flow from Financing Activities</b>							
1. Interest & Finance Charges Paid	(176.82)	(177.85)	(32.12)	(98.05)	(35.10)	(33.46)	(23.60)
2. Proceed from short term borrowings	293.85	650.48	(57.99)	495.88	5.61	229.48	(26.10)
3. Proceeds from Long Term borrowings	9.09	418.28					
4. Proceeds from Net Capital Introduced	-	243.00	-	190.49	-	-	14.89
5. Withdrawals of Capital (Net)	-	-	(79.38)	-	(20.36)	(24.44)	-
<b>Net Cash (Used in)/From Financing Activities</b>	<b>126.12</b>	<b>1,133.91</b>	<b>(169.49)</b>	<b>588.32</b>	<b>(49.85)</b>	<b>171.58</b>	<b>(34.81)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(37.10)</b>	<b>(44.06)</b>	<b>38.46</b>	<b>39.39</b>	<b>(172.90)</b>	<b>187.03</b>	<b>(97.48)</b>
<b>Cash &amp; Cash Equivalents at the Start of the Period</b>	<b>151.71</b>	<b>107.65</b>	<b>69.19</b>	<b>29.80</b>	<b>202.70</b>	<b>15.66</b>	<b>113.14</b>
<b>Cash &amp; Cash Equivalents at the Close of the Period</b>	<b>114.61</b>	<b>151.71</b>	<b>107.65</b>	<b>69.19</b>	<b>29.80</b>	<b>202.70</b>	<b>15.66</b>

**Notes:**

1. The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Figures in brackets represent cash outflow.

**Annexure 10****Related Party Transactions**

As per Accounting Standard (AS-18) on Related Party Disclosures Issued by ICAI , The Disclosures of Transaction with the related Parties are as Follows-

<b>Party</b>	<b>Relationship</b>
Sanjay Agrawal	Director-Key Management Personnel
Rashmi Devi Agrawal	Director-Key Management Personnel
M/s Shree Padmavati Irrigations Pvt. Ltd.	Related Party-Common Control Exists
M/s Shree Venkatesh Industries	Related Party-Common Control Exists
M/s Shree Balaji Industries	Related Party-Common Control Exists
Shri Sanjay Agrawal ( HUF)	Relative of Key Mangement Personnel
Ku. Ruchika Sanjay Agrawal	Relative of Key Mangement Personnel
Master Vasudev Agrawal	Relative of Key Mangement Personnel
Vijay Prasad Pappu	Key Management Personnel
Shri Narendra Kumar Agrawal	Relative of Key Mangement Personnel

S. No	Name of the Party	Relation ship	Nature of Transaction	Volu me of Transa ction during the period 01.04.0 9 to 31.10.0 9	Amount Outstan ding on 31.10.09	Volu me of Transa ction during the period upto 31.03.0 9	Amount Outstan ding on 31.3.09	Volu me of Transa ction during the period upto 02.07.0 8	Amount Outstan ding on 02.07.08	Volu me of Transa ction during the Year 2007-08	Amount Outstan ding on 31.03.08	Volu me of Transa ction during the Year 2006-07	Amount Outstan ding on 31.03.07	Volu me of Transa ction during the Year 2005-06	Amount Outstan ding on 31.03.06	Volu me of Transa ction during the Year 2004-05	Amount Outstan ding on 31.03.05
1	M/s. Shree Padmavati Irrigations P Ltd	Related Party- Common Control Exist	Rent Paid Purchase of Goods  Blowing Charges  Sales of Goods Coiling/Decoilin g  Loan Given Loan Received Back Loan Taken (Inclgd Interest Accrued)  Loan Repaid (Inclgd TDS Paid)  Freight Received  Interest Received  Interest Paid Delivery Charges Paid Purchase of Business	- - - 17.16 - - - 295.50 509.62 - - 23.16 0.56 -	- - - 63.27 - - - 273.21 - - - - -	- 24.00 - 376.89 - - - 1,070.01 - - - 11.79 1.52 100.80	- - - 156.53 - - - 487.33 - - - - -	- - - - - 10.95 92.38 - - - 0.60 - -	- - - - - 100.99 19.57 - - 1.20 0.59 0.72 - -	- - - - 81.42 - - - - - - - -	1.20 - - - - - - 11.05 26.40 0.18 - - - -	- - - - - - - 1.20 - - - - -	1.20 - - 0.80 15.70 - - 29.90 14.13 0.35 - - - -	- - - - - - - 16.55 - - - - -	1.20 3.45 - 0.69 - - 0.80 0.80 5.55 4.77 - - - -	- - - - - - - 0.78 - - - - -	
2	M/s. Shree Venkatesh	Related Party-	Rent Paid	-	-	-	-	0.30	0.30	1.20	-	-	-	0.44	-	0.44	-



Texmo Pipes and Products Limited

Industries	Commo n Control Exist	Pipe Socketing Paid Coiling/Decoilin g Purchase of Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Sales of Goods	63.50	21.01	51.11	15.57	-	-	-	-	-	-	-	-	-	-	-	-
		Blowing Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Loan Given	-	-	-	-	29.39	-	-	93.00	223.42	3.49	232.19	18.08	-	-	-	-
		Loan Received Back	-	-	-	-	122.39	-	-	-	238.00	-	214.12	-	-	-	-	-
		Loan Taken (Inclgd Interest Accrued)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29.94	0.95
		Loan Repaid (Inclgd TDS Paid)	-	-	-	-	-	-	-	-	-	-	0.95	-	-	100.22	-	-
		Freight Received Delivery	-	-	-	-	0.70	-	-	1.04	0.23	-	-	-	-	-	-	-
		Charges Paid Purchase of Business	1.36	0.53	1.32	-	-	-	-	-	-	-	-	-	-	-	-	-
		Interest Received	-	-	-	-	-	-	-	9.96	3.01	-	0.80	-	-	-	-	-
M/s. Shree Balaji Industries	Related Party- Commo n Control Exist	Interest Paid Purchase of Goods	-	-	-	-	-	-	-	2.32	4.65	-	4.69	-	-	2.35	-	-
		Trade Mark Electricity Charges	-	-	-	-	-	-	-	-	3.08	-	4.01	4.01	-	6.55	6.21	-
		R & D Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	2.40	2.35	-
		Loan Given	-	-	-	-	0.35	-	-	-	-	-	-	-	-	4.85	4.60	-
		Loan Received Back	-	-	-	-	0.35	-	-	-	-	-	-	-	-	-	-	-
		Loan Taken (Inclgd Interest	-	-	-	-	-	-	-	2.97	45.69	22.23	100.31	42.45	60.45	-	-	40.40

[illegible]

Texmo Pipes and Products Limited

8	Mas Vasudeo Agrawal	Relative of KMP	Interest Paid Loan Taken (Incl'dg Interest Accrued)	-	-	-	-	-	-	3.60	-	-	3.55	-	3.21	-	1.93	-
			Loan Repaid (Incl'dg IDS Paid)	-	-	-	-	-	-	36.41	-	-	0.36	-	0.32	-	0.20	-
9	Shri Narendra Kumar Agrawal	Relative of KMP	Rent Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Shri Vijay Prasad Pappu	KMP	Directors Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Annexure 11****Statement Showing Analysis of Sundry Debtors***(Rupees in Lakhs)*

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
<b>Debts outstanding exceeding six months</b>							
Considered Good	132.11	267.66	152.03	145.64	60.86	99.08	96.98
Considered Bad	-	-	-	-	-	-	-
<b>Other Debts</b>							
Considered Good	1197.9	804.56	1223.97	1145.98	332.39	238.97	185.12
Considered Bad	-	-	-	-	-	-	-
<b>Total</b>	1330.01	1072.22	1376.00	1291.62	393.25	338.05	282.10

Note: Sundry Debtors includes debts due by following firms/ Company in which Director is a Partner/ Director/ Member:

*(Rupees in Lakhs)*

Particulars	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
Shree Venkatesh Industries	21.10	15.57	-	-	-	-	-
Shree Padmavati Irrigation P Ltd	63.27	156.53	-	-	-	-	-
<b>Total</b>	84.37	172.10	-	-	-	-	-

**Annexure 12****Details of Unsecured Loans***(Rupees in Lakhs)*

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
From Group Firms & Companies	296.37	487.34		-	22.23	42.45	42.13
From Directors & Relatives of Partners/Directors			294.86	-	59.62	58.12	47.23
From Others	-	-	-	-	65.48	66.36	43.46
<b>Total</b>	296.37	487.34	294.86	-	147.33	166.93	132.82

Notes:

1. No terms and conditions as to repayment and interest are stipulated in respect of the loans.
2. The said loans are repayable on demand.

**Annexure 13****Statement of Secured Loans***(Rupees in Lakhs)*

YEAR/PERIOD ENDED	31.10.09	31.03.09	02.07.08	31.03.08	31.03.07	31.03.06	31.03.05
<b>Term Loan</b>							
Vehicle Loan from HDFC Bank Ltd.	9.88	5.48	20.51	7.61	-	-	3.04
Motor Car Loan from Bank of India	3.73	4.72					
Machineries Loan from SBI/IDBI BK	241.79	236.11					

<b>Working Capital Loan</b>							
SBI/IDBI Bank (Previously The United Western Bank Ltd)-CC Limit	2037.17	1552.36	901.88	968.81	333.21	308.00	109.59
Total	2292.57	1798.67	922.39	976.42	333.21	308.00	112.63

#### Principal Terms of Secured Loans and Assets Charged as Security

1. The Term Loan from HDFC Bank is taken for purchase of Trucks (Swaraj Mazda) against the Hypothecation of Trucks financed and which are charged in favour of the Bank. The Term Loan is repayable in Equity Monthly Installments and is repayable within 13 Months
2. The Term Loan from Bank of India is taken for purchase of Motor Car (Scorpio) against the Hypothecation of Motor Car financed and is charged to the Bank.
3. The Term Loan from State Bank of India is taken over from IDBI Bank which was utilized for acquisition of Plant & Machineries against the Primary security of Plant & Machineries acquired and common collateral securities as for working capital finance mentioned below.

#### 4. Working Capital finance from State Bank of India

Name of the Bank	Type of the Loan Facility	Amount (Rs In lakhs)	Amount out-standing As on 31.10.09	Interest	Security
State Bank of India Commercial Branch INDORE	Cash Credit	2200.00	2037.17	11.25% p.a. on monthly rests (50pbs below SBAR) repayable in 12 months	Hypothecation of Inventory and book debts

#### Collateral Security:

- Residual value of the fixed assets of the company.
- Land and building situated at Khasra No. 107, New No. 107/3 situated at Mohalla Mohammedpura admeasuring 0.81 Hectares of N.A. Land (87156 SFT) belonging to Mr. Sanjay Agrawal.
- Land and building situated at Mahaveer Market, Loha Mandi, Indore admeasuring 540 sq. ft. alongwith construction of 1960 sq. ft. belonging to Mr. Sanjay Agrawal.
- Land and building situated at Mohalla Mohammadpura, Burhanpur admeasuring 45,364 sq. ft. at Khasra No.109 belonging to Mr. Sanjay Agrawal.
- Land and building at plot no. HIG H/26 and H/27 situated at Indira Nagar, Burhanpur admeasuring 157.50 sq. meter each belonging to Mr. Sanjay Agrawal.
- Land and building situated at Mohalla Mohammadpura, admeasuring 0.81 hectares land, at Khasra No. 107, New No. 107/2 (87156 SFT) belonging to Smt. Rashmi Devi Agrawal.
- Land and building situated at Mahaveer Market, Loha Mandi, Indore admeasuring 540 sq. ft. alongwith construction of 1960 sq. feet consisting of ground and 1st floor belonging to Smt. Rashmi Devi Agrawal.
- Land and building situated at Gram Mohammadpura, admeasuring 1.19 hectares land at Khasra No. 107/1 (136652SFT) belonging to Smt. Rashmi Devi Agrawal.
- Land and building at Plot No. HIG H/24 and H/25 situated at Indira Nagar, Burhanpur, admeasuring 157.50 sq. meter each belonging to Smt. Rashmi Devi Agrawal.
- Land and building situated at Khasra No. 221/6 at Mohammadpur Burhanpur admeasuring 0.30 hectare (32508sq. Ft.) belonging to Shree Balajee Industries.

**Guarantor:****Personal Guarantee:**

Shri Sanjay Agrawal, Smt. Rashmi Devi Sanjay Agrawal, Shree Balajee Industries, Sharee Venkatesh Industries.

**Corporate Guarantee:**

Shree Padmavati Irrigations Pvt. Limited

**Annexure 14****Statement of Dividend Paid**

*(Rupees in Lakhs)*

YEAR/PERIOD ENDED	31.10.09*	31.03.09*	02.07.08*	31.03.08	31.03.07	31.03.06	31.03.05
Dividend ( Interim & Final )	nil	nil	nil	nil	nil	nil	nil
Dividend (%)	nil	nil	nil	nil	nil	nil	nil

**Note:**

The status of the Company prior to 3rd July 2008 was that of a partnership firm. The Profit of the Partnership firm for prior years and upto period 25th June 2008 was distributed to partners in their profit/(Loss) Sharing ratio.

## **Management's Discussion and Analysis of Financial Condition and Results of Operations**

You should read the following discussion of our financial condition and results of operations together with our audited financial statements (as restated) for the five financial years ended March 31, 2009 and seven months ended October 31, 2009, including the schedules, annexure and notes thereto and the reports thereon, which appear in the section titled "Financial Statements" beginning on page no. 101 of this Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page no. iii of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and restated as described in Auditors' Report of Pankaj Somaiya & Associates dated January 5, 2010.

The following discussions are based on our restated financial statements for the five financial years ended March 31, 2009 and seven months ended October 31, 2009 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and on information available from other sources. Our fiscal year ends on March 31 each year, so all references to a particular year are to the twelve-month period ended on March 31 of that year.

### **Indian Plastic industry**

The Indian Pipe Industry with presence across all categories of pipes viz. Steel pipes, cement pipes and PVC pipes is among the top three manufacturing hubs after Japan and Europe. India is also becoming a major export hub to countries like USA, Europe and Middle East.

Pipes are essential for transporting fluids like oil, water, etc and gases across the country. Pipe transportation is an economical mode of transport compared to traditional modes of rail, road and sea transport. It helps in saving scarce natural energy resources and time taken for transportation. Despite these advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to global average of 79% in oil and gas transport. The pipeline network of India for oil and gas transport stood at 13,517 kms as on April 06. Sanitation levels are also lower at 33% compared to 91% in Srilanka and 100% in France. Of 140 mn hectares of cultivable land, only 40% land is irrigated. The lower penetration levels offer a huge scope for Indian pipe companies.

A positive trend in the pipe industry is expected to continue in the coming years on the back of good economic growth, more oil and gas discoveries, infrastructure focus by Government of India (GoI), and low penetration levels. Indian companies with their ability to produce export quality products at competitive price coupled with locational advantage are well poised to cater to the US and Middle East markets.

Consumption of pipes by the oil & gas sector is 50%, by the construction sector is 30% and by the government programmes is 20%. The industry is highly fragmented with large number of players in cement and PVC pipes due to their less-critical applications. This leads to competition and pricing pressures among the players. However, pipe companies catering to oil & gas sector and government orders have limited competition but need to focus on stringent quality norms. The raw material cost forms approximately 70% of the total cost for steel and PVC pipe companies and hence the industry is highly dependent on the raw material availability.

With increasing domestic population and urbanisation, the need for better water supply and sanitation levels have become imperative. This along with the GoI's focus on irrigation to improve agricultural productivity has led to sustainable growth in demand for cement and PVC pipes.

### **Overview of Our Company's business**

Our Company started as a partnership firm under the name Shree Mohit Industries on May 13, 1999. It was converted into a Public Limited Company under the name Texmo Pipes and Products Limited on July 3, 2008 and received the Certificate of commencement of business on July 28, 2008.

Shree Mohit Industries started its operations in the financial year 1999-2000 with manufacturing of PVC pipes having total installed capacity of 2928 MTPA. The various products being manufactured were Rigid PVC pipes, PVC casing & ribbed screen casing pipes, capping casing strips. Over a period of time, the installed capacity was increased to 12211 MTPA for PVC pipes and 8095 MTPA for HDPE pipes. We have commissioned Unit 2 from September 12, 2008 by manufacturing of PVC pipes of measurement ranging from 20 mm to 315 mm and HDPE pipes having measurement ranging from 20 mm to 630 mm. Unit 2 is having installed capacity of 12883 MTPA for PVC pipes and 2928 MTPA for HDPE pipes and is located at Khasra numbers 107/1, 107/2, 107/3, and 109, Bahadarpur Road, Burhanpur, Madhya Pradesh.

Presently, we are engaged into manufacturing of range of PVC and HDPE pipes viz. suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and ribbed screen casing pipes, SWR pipe, plumbing pipe, conduit pipe, capping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system.

### **Factors affecting results of our operations**

Our results of operations could potentially be affected by the following factors:

- Volatility in the prices of raw materials
- Timely execution of projects;
- Timely payment from customers;
- Dependence on few customers
- Competition in our business
- Government policy including taxes and duties
- Compliance with necessary regulatory norms
- Ability to maintain product quality consistently and offer same at competitive pricing to face stiff competition
- Slow down in the world economy

### **Income**

Our total income comprises of income from operations, which includes:

- income from sale of products manufactured by our Company viz. PVC & HDPE pipes
- income from trading activities
- other income



***Income from sale of products manufactured by Our Company***

We are manufacturing and selling PVC & HDPE pipes

***Trading of products***

We traded in financial year 2003-04 and 2004-05 in PVC pipes, HDPE pipes, casing caping and solvent cement.

***Other Income***

Other Income include delivery charges, blowing charges, interest on fixed deposits, loans and advances, and profit on sale of asset. Some of these incomes may be recurring in nature.

***Expenditure***

Our total expenditure is accounted for under the following heads:

***Cost of material:***

Our raw material mainly constitutes PVC & HDPE resin, LLDPE, compounds, chemicals and calcium carbonate.

***Other Manufacturing expenses***

Other manufacturing expenses include factory expenses, packing material, machinery repairs & maintenance, stores & spares, electric charges and testing expenses.

***Administrative, Selling & Distribution Costs***

Our administrative, selling & distribution cost include expenses incurred on advertisement, branch expenses, commission, consignment, freight, sales promotion, travelling, sales tax, conveyance, turnover discounts / sales incentives, insurance, building repair & maintenance, auditors' fees, legal charges and other miscellaneous expenditure.

***Interest and financial charges:***

The finance charges incurred by us include interest payable by us for short term and long term loans including working capital loans, interest on unsecured loans, loan processing charges, bank guarantees, commission etc.

***Depreciation:***

This includes depreciation on plant & machinery, factory building, testing equipments, dyes and moulds, office equipments, motor vehicles, furniture & fixtures and computers.

***Taxation:***

Income taxes are accounted for in accordance with AS-22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise current tax, deferred tax and fringe benefit tax.

***Analysis on results of financial operations***

(Rs. In lakhs)

YEAR/PERIOD ENDED	31.10.2009	31.03.2009	31.03.08	31.03.07	31.03.06
<b>Income</b>					
Sales					
-Manufactured Goods	4192.80	6906.10	6623.86	2366.05	2556.39
-Traded Goods	17.05	25.74	-	-	-
Less: Excise Duty	312.32	790.77	880.83	328.67	333.53
<b>Net Sales</b>	3897.53	6141.07	5743.03	2037.38	2222.86
Other Income	7.15	129.07	70.71	5.40	3.74

Increase/Decrease in Stocks	404.85	257.69	94.35	5.18	21.96
<b>Total Income</b>	4309.53	6527.83	5908.09	2047.96	2248.56
<b>Expenditure</b>					
Raw Material Consumed	3027.46	4698.66	4459.14	1628.48	1615.63
Cost of Traded Goods	15.66	23.83	-	-	-
Employees Cost	97.76	86.96	49.76	35.94	34.57
Other Manufacturing Expenses	255.50	314.74	255.21	136.21	150.98
Administrative, Selling and Distribution Expenses	172.97	476.11	431.61	134.01	315.01
Interest/Financial Charges	176.82	209.97	98.05	35.10	33.47
Depreciation	44.50	56.14	30.15	23.43	21.97
<b>Total Expenditure</b>	3790.57	5866.41	5323.92	1993.17	2171.63
<b>Net Profit Before Tax, Amortisation &amp; Extraordinary Item</b>	518.96	661.41	584.18	54.79	76.93
<b>Less: Preliminary Expenses</b>	1.35	2.31	-	-	-
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	517.61	659.10	-	-	-
Provision for Taxation	181.23	185.64	157.79	14.13	18.59
<b>Net Profit After Tax but before Extraordinary Item</b>	336.38	473.46	426.38	40.66	58.34
Extraordinary Item	-	-	-	-	-
<b>Net Profit After Tax &amp; Extraordinary Item</b>	336.38	473.46	426.38	40.66	58.34

#### Comparison of FY 2008-09 with 2007-08

##### *Sales*

The sales during 2008-09 increased by 4.26% to Rs. 6906.10 lakhs as compared to Rs. 6623.86 lakhs during 2007-08 primarily due to increase in dealer network, increase in customer base, increase in overall growth in agricultural and telecom sector leading to increase in our order book position.

##### *Raw materials consumption*

The raw materials consumption increased by 5.37% to Rs. 4698.66 lakhs during 2008-09 as compared to Rs. 4459.14 lakhs in the previous year, mainly on account of increased sales, increase in finished goods inventory in major segments and raw material price volatility during the year. The raw material prices were adversely affected due to high petroleum prices.

##### *Other manufacturing expenses*

The other manufacturing expenses increased by 23.33% to Rs. 314.74 lakhs during 2008-09 as compared to Rs. 255.21 lakhs in the previous year, mainly due to the increased level of activity and increase in prices of fuel & power and increase in repair and maintenance expense after takeover of machines of related concerns.

##### *Administrative, selling & distribution expenses*

The Administrative, selling & distribution Expenses increased by 10.31% to Rs. 476.11 lakhs during 2008-09 as compared to Rs. 431.61 lakhs in the previous year mainly on account of increase in rent rates and taxes and directors remuneration.

***Interest & finance charges***

The interest & finance charges increased by 114.15% to Rs. 209.97 lakhs during 2008-09 as compared to Rs. 98.05 lakhs in the previous year, on account of increased component of interest on term loan on vehicle and machinery and increased working capital loan.

***Depreciation***

The depreciation during F.Y. 2008-09 was Rs. 56.14 lakhs as compared to Rs. 30.15 lakhs in F.Y. 2007-08 showing an increase of 86.20% due to increase in assets to the extent of Rs. 766.40 lakhs.

***Profit before tax and Extraordinary Item***

The Profit before taxation and extraordinary item was Rs. 659.10 lakhs during 2008-09 as compared to Rs. 584.18 lakhs during 2007-08 and this increase was mainly on account of increased sales and sales of our products to the sector with better margins.

***Fixed Assets***

Gross block increased by Rs. 766.40 lakhs to Rs. 1156.83 lakhs in FY 2008-09 than previous year Rs 390.43 lacs, mainly due to expansion in capacity and expenditure on modernization of plant.

***Sundry Debtors***

The decrease in debtors is mainly on account of better collection of receivables. Sundry debtors in terms of number of days has come down to 58 days during 2008-09 as compared to 71 days during 2007-08 mainly on account of improved cash management and collections.

**Comparison of FY 2007-08 with 2006-07**

***Sales***

The sales during 2007-08 increased by 179.95% to Rs. 6623.86 lakhs as compared to Rs. 2366.05 lakhs during 2006-07 primarily due to increase in dealer network, increase in customer base, increase in overall growth in agricultural and telecom sector leading to increase in our order book position. We have received major orders from Idea Cellular Limited and Videsh Sanchar Nigam Limited. Our sales to Idea Cellular Limited and Videsh Sanchar Nigam Limited during 2007-08 constituted 17.70% and 11.64% of total sales respectively. Further, our total revenue in domestic sales has increased by 65% to Rs. 2343.40 lacs in 2007-08 from Rs. 1423.20 lacs in 2006-07. The revenue in government sales has increased by 99.8% to Rs. 1775.53 lakhs in 2007-08 from Rs. 888.24 lakhs in 2006-07. The revenue in corporate sales has increased by 85% to Rs. 2745.80 lakhs in 2007-08 from Rs 1483.75 lacs in 2006-07.

***Raw materials consumption***

The raw materials consumption increased by 173.82% to Rs. 4459.14 lacs during 2007-08 as compared to Rs. 1628.48 lakhs in the previous year, mainly on account of increased sales, increase in finished goods inventory in major segments and raw material price volatility during the year. Raw material prices were adversely affected due to high petroleum prices.

***Other manufacturing expenses***

The other manufacturing expenses increased by 87.36% to Rs. 255.21 lakhs during 2007-08 as compared to Rs. 136.21 lakhs in the previous year, mainly due to the increased level of production.

***Administrative, selling & distribution expenses***

The Administrative, selling & distribution Expenses increased by 222.07% to Rs. 431.61 lakhs during 2007-08 as compared to Rs. 134.01 lakhs in the previous year mainly on account of increase in outward freight and commission on sales.

***Interest & finance charges***

The interest & finance charges increased by 179.34% to Rs. 98.05 lakhs during 2007-08 as compared to Rs. 35.10 lakhs in the previous year, mainly due to higher utilization of working capital loan on account of increased sales.

***Depreciation***

The depreciation during F.Y. 2007-08 was Rs. 30.15 lakhs as compared to Rs. 23.43 lakhs in F.Y. 2006-07 showing an increase of 28.68% due to increase in assets to the extent of Rs. 119.41 lacs.

***Profit before tax and Extra Ordinary Item***

The Profit before taxation and extra ordinary item was Rs. 584.18 lakhs during 2007-08 as compared to Rs. 54.79 lakhs during 2006-07 and this increase was mainly on account of increased sales and sales of our products to the sector with better margins.

***Fixed Assets***

Gross block increased by Rs. 119.41 lakhs to Rs. 390.43 lakhs in FY 2007-08 than previous year Rs. 271.02 lacs, mainly due to expansion in capacity and expenditure on modernization of plant.

***Sundry Debtors***

The increase in debtors is mainly on account of increase in sales. Sundry debtors in terms of number of days sales has gone up to 71 days during 2007-08 as compared to 61 days during 2006-07 mainly on account of change in product mix e.g. higher sales mix of PVC Pipes & HDPE Pipes in total sales which has longer collection cycle.

***Comparison of FY 2006-07 with 2005-06***

***Sales***

During FY 2006-07 the sales of our Company declined by 7.45% to Rs. 2366.05 lakhs from Rs. 2556.39 lakhs during FY2005-06 mainly on account of limited availability of working capital during 2006-07, implementation of VAT in the State and change of accounting policy of excluding VAT from sales as per law.

***Raw materials consumption***

The cost of raw material consumption during the year 2006-07 was Rs. 1628.48 lakhs as compared to the previous F.Y. 2005-06 to Rs. 1615.63 lakhs on account of reduced capacity utilization.

***Other Manufacturing expenses***

The other manufacturing expenses decreased by 9.78 % to Rs. 136.21 lakhs as compared to Rs. 150.98 lakhs in the previous year, mainly due to the decrease production level.

***Administrative, selling & distribution expenses***

Administrative, selling & distribution expenses decreased to Rs. 134.01 Lakhs during 2006-07 as compared to Rs. 315.01 lakhs in the previous year mainly due to decrease of production level, higher freight payment due to distance sales. Further, it was decreased on account of implementation of VAT in the State and change of accounting policy of excluding VAT from Sales as per law.

***Interest & finance charges***

The interest & finance charges increased by 4.87% to Rs. 35.10 lakhs as compared to Rs. 33.47 lacs in the previous year, on account of increase in interest rates on working capital loan & un secured loans.

***Depreciation***

The depreciation during F.Y. 2006-07 was Rs 23.43 lakhs as compared to Rs. 21.97 lacs showing a marginal increase of 6.65% due to increase in assets of Rs 13.28 lacs.

***Profit before tax and Extra Ordinary Item***

The Profit before taxation and extra ordinary item was Rs. 54.79 lakhs during 2006-07 as compared to Rs. 76.93 lakhs during 2005-06 and this decrease in profits was mainly due to decrease in sales.

***Fixed Assets***

Gross block increased to Rs. 271.02 lakhs during 2006-07 from Rs. 257.74 lakhs during 2005-06 due to addition of fixed assets of Rs. 13.28 lakhs.

***Sundry Debtors***

Sundry debtors in terms of number of days sales has gone up to 61 days during 2006-07 as compared to 48 days during 2005-06, mainly on account of supplies to various government & corporate sectors which has longer collection cycle.

***Other Matters***

***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected our business.

***Significant economic changes that materially affected or are likely to affect income from continuing operations***

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in government policies including changes in tax structure.

***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Our raw materials are by-products of petroleum; any fluctuation in the international prices of crude oil affects the price and supply of our raw materials and therefore, the prices of our raw materials have shown a volatile trend in the past. As a sequel to increase / decrease in prices of raw materials in future, the end product prices tend to move up or come down in the same direction if not in the same proportion.

Apart from the above, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" appearing on page no. 122 of this Red Herring Prospectus, to Company's knowledge.

***Future changes in relationship between costs and revenues***

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages iii and 122 respectively of this Red Herring Prospectus and elsewhere in this 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.

***Increases in net sales or revenue and introduction of new products or services or increased sales prices***

Increases in revenues are by and large linked to increases in orders executed by our Company. Other than as described in this Red Herring Prospectus, we do not have any new products or business segment.

***Total turnover of each major industry segment in which the Company operated***

The Company presently operates significantly in only one Industry Segment i.e. plastic pipe products. For details, please refer to section titled "Industry Overview" on page no. 50 of this Red Herring Prospectus.

***Status of any publicly announced New Products or Business Segment***

We have not announced any new products or business segment other than as described in this Red Herring Prospectus.

***Seasonality of business***

Our overall production is generally affected due to frequent power failures and absenteeism of manpower during July-September quarters due to southwest monsoons, which affects most part of India. Further projects relating to laying of pipes in telecom, irrigation and agriculture sector are also affected by heavy monsoon / extreme weather, which adversely affect our business.

***Dependence on a single or few suppliers or customers***

We source our raw materials from a number of suppliers and do not have excessive dependence on any single supplier. We do depend on few customers for selling our products since our top ten customers account for approximately 43.88 % of our sales during 2008-09.

***Competitive conditions***

We believe that on account of our competitive strengths we are well positioned to enhance our position in the sector in which we operate.

***Details of material developments after the date of last balance sheet***

No circumstances have arisen since the date of the last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

## SECTION VI - LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

There are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, overdues to banks and financial institutions, defaults against bank and financial institutions except the following and there are no outstanding debenture, bond, fixed deposit or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, our Directors or Promoter Group.

Further there is no show-cause notices/claims served on our Company, our Promoters, our Directors or Promoter Group from any statutory authority/revenue authority that would have a material adverse affect on our business except the one below mentioned hereinafter.

#### 1. Cases filed by / against our Company

##### a) Case No. 2675/06 filed in Metropolitan Magistrate, at Burhanpur, Madhya Pradesh

The above case was filed in the said court under Section 138 of Negotiable Instruments Act by Shree Mohit Industries (now Texmo Pipes and Products Limited) against Mr. P.K.U. Menon for dishonour of cheque due to insufficiency of fund in account of drawer of such cheque for an aggregate amount of Rs. 25.20 lacs. Shree Mohit Industries has supplied 250 K.M. of PLB HDPE pipe to the contractor Mass Media Communication, Mumbai for and on behalf of L&T and Central Railway. Against the said supplies, partial payment was made by the contractor amounting to Rs. 68.24 lakhs out of the total amount of Rs. 93.44 lacs and for the remaining outstanding payment of Rs. 25.20 lacs, a cheque bearing no. 805907 drawn on ICICI Bank, Malad (West), Mumbai was issued by the drawer but the same could not be cleared and dishonoured on account of insufficient fund and thus, for dishonor of the cheque, the firm has filed a complaint under section 138 of Negotiable Instruments Act, 1881. The evidence of complainant has been filed by way of affidavit. The evidence of defendant is yet to be recorded; the said matter is pending for evidence of defendant. The next date of hearing is yet to be notified.

##### b) Original Application No. 464 of 2009 in Civil Case No. 395 of 2009 filed with the High Court, Madras, by Aqua Pump Industries and Aqua Sub Engineering in respect to use TEXMO trade mark.

Aqua Pump Industries and its associate Aqua Sub Engineering have filed above civil case in the Hon'ble High Court, Madras, for injunction to restrain the Company and its associates to use trademark TEXMO. The Hon'ble High Court has passed ex-parte interim injunction vide its order dated April 30, 2009, restraining the Company and its associate to use TEXMO as its trademark.

In response to the above order, the Company has filed its written reply. The Company has also referred the earlier order of the Hon'ble High Court, Madras, dated October 10, 2004 ("**the said Order**") in its above written reply. On representation of the Company, the Hon'ble High Court has terminated the above ex-parte interim injunction in its order dated August 14, 2009 which was further amended vide its order dated August 28, 2009. The Hon'ble High Court referring to the said Order of the Hon'ble High Court, Madras, pointed out that the said Order is not a mere

precedent cited by the Company but the Company herein derived right as a licensee under the said Shree Balaji Industries who enjoys the benefit of the said Order.

The Hon'ble High Court had also laid down that as such, what all the protection, as of now, Shree Balajee Industries is enjoying, the same protection, the Company herein should also enjoy. The Hon'ble High Court has not granted injunction but directed our Company to print or project in a prominent manner in the publications or advertisements etc. concerning the public issue of 50 lakhs equity shares of Rs. 10 each, that our Company and our right to use the trade mark "TEXMO", is having nothing to do with Aqua Pump Industries or its trade mark "TEXMO AQUA". The above case has to come up for trial and final disposal. The next date of hearing is yet to be notified.

**c) Appeal filed before Income Tax Appellate Tribunal, Indore**

Shree Mohit Industries (now Texmo Pipes and Product Limited) had filed five appeals before Income Tax Appellate Tribunal, Indore, against five different orders (four dated September 12, 2008 and one dated August 26, 2008) of the Commissioner of Income Tax (Appeals) II, Indore, under applicable provisions of the Income Tax Act, 1961. These said orders relate to five Assessment Years i.e. from Assessment Year 2001-02 to Assessment Year 2005-06 against disallowance of certain expenses. The amount of dispute is yet to be ascertained. The five appeals have been filed on November 20, 2008 and are yet to be numbered and taken up for hearing.

**d) Complaint No. 2888/09 filed with the Civil Court, Burhanpur, Madhya Pradesh**

The Company had filed the above complaint with the First Class Magistrate, Civil Court, Burhanpur, for dishonour of cheque drawn on Axis Bank by Mr. Naresh Gehlot for Rs. 0.50 lakh for purchase of product of the Company. The next date of hearing is fixed on January 19, 2010.

**e) Complaints No. 3023/09 and 3540/09 filed with the Civil Court, Burhanpur, Madhya Pradesh**

The Company had filed two complaints with the First Class Magistrate, Civil Court, Burhanpur, for dishonour of cheque, drawn on State Bank of Bikaner & Jaipur by Mr. Sheoraj Singh Meena as per details given below for purchase of products of the Company from time to time:

S. No.	Case No.	Cheque No	Amount (Rupees in Lakh)
1	3023/09	878318	1.00
2	3540/09	878319	1.00
		Total	2.00

The next date of hearing for both the cases has been fixed for January 19, 2010.

**f) Complaint No. 2887/09 filed with the Civil Court, Burhanpur, Madhya Pradesh.**

The Company had filed the above complaint with the First Class Magistrate for dishonour of a cheque bearing no. 943001 drawn on State Bank of Bikaner & Jaipur by M/s Sachin Electrical for Rs. 2.40 lakh for purchase of products of the Company. The next date of hearing has been fixed for January 19, 2010.



## **2. Cases filed by/against our Promoter / Promoter Group entities**

### **a) Complaint No. 287/08 at District Consumer Disputes Redressal Forum, Ujjain, Madhya Pradesh.**

The above complaint was filed by Babulal Son of Kashiram Patidar against Shree Venkatesh Industries and others. The complainant has filed the said complaint for compensation of Rs. 1.07 lakhs on ground of deficiency in product included other issues. Shree Venkatesh Industries has filed their reply on August 7, 2008. The matter was decided against Shree Venkatesh Industries.

Further Shree Venkatesh Industries filed appeal with the State Consumer Disputes Redressal Forum, Bhopal, Madhya Pradesh. The said State Forum has dismissed the appeal stating that the order of District Consumer Disputes Redressal Forum, Ujjain, Madhya Pradesh is not relating to Shree Venkatesh Industries. In response to the order of the State Forum, Shree Venkatesh Industries had filed revision application with District Consumer Disputes Redressal Forum, Ujjain. The hearing was held on January 4, 2010. The Forum has not passed any order. The matter is still pending for next hearing.

### **b) Writ Appeal No. 634/2008 in High Court of Judicature at Jabalpur, Madhya Pradesh**

The Madhya Pradesh State Electricity Board (MPSEB) during its surprise visit to Shree Balaji Industries in March 2000 alleged tampering of seals and excess usage of electricity. Subsequently MPSEB has also lodged first information report in police station, Burhanpur.

MPSEB sent supplementary bill for Rs. 23.98 lakhs against which Shree Balaji Industries have filed a writ petition before the Hon'ble High Court, Jabalpur. The petition disposed of for settlement before MPSEB central level dues settlement committee. Accordingly application was filed before central level dues settlement committee. The committee sustained with the orders of payment of Rs. 23.98 lakhs. Aggrieved by the order of this committee, Shree Balaji Industries have filed an appeal before member level committee. This Committee has ruled out our plea and sustained the orders of central level dues settlement committee. Once again aggrieved with the orders of Central level dues settlement committee, Shree Balaji Industries filed a writ petition before Hon'ble High Court, Jabalpur vide W.P. No. 3826/2007 dated June 30, 2007. The Hon'ble High Court, Jabalpur on April 10, 2008 dismissed the petition of Shree Balaji Industries. MPSEB has levied surcharge and interest over the billing amount which has now accrued to Rs. 126 lacs up till February 2008. Against this dismissal, Shree Balaji Industries filed writ appeal no. 634 of 2008 dated June 26, 2008 before the bench of Hon'ble High Court, Jabalpur wherein the Hon'ble High Court admitted the appeal for hearing and asked Shree Balaji Industries on July 2, 2008 to deposit a sum of Rs. 10 Lacs and also ordered MPSEB not to proceed towards recovery of balance amount nor would disconnect the electric supply for non-deposit/non-payment of the dues in dispute. The matter was listed for hearing on June 16, 2008. The Hon'ble High Court had passed order to Shree Balaji Industries to deposit Rs. 12.50 lakhs to MPSEB and to submit a representation before the MPSEB for an amicable settlement. The Company has deposited the above said amount and submitted its report to MPSEB. The next date of hearing is not yet known.

### **c) The Case No. 47/A/07 dated September 21, 2007**

Shree Venkatesh Industries has applied to the Superintendent Engineer, Madhya Pradesh State Electricity Board (MPSEB), for enhancement of existing load of 250 KVA to 350 KVA but the requisition was refused on the pretext of being an associate entity of Shree Balaji Industries, where already an outstanding due of Rs. 126 lacs is still pending. Shree Venkatesh Industries defended the same by stating that both the units are independent having different sets of registrations/licenses and as well as having different setup on different plots. Moreover, the

electrical connections of both the entities are also separate. Simply because the partners are common, both the firms can not be regarded as one entity. In spite of all these contentions, MPSEB has not accepted application of enhancement of load from Shree Venkatesh Industries. Aggrieved by the rejection of application, Shree Venkatesh Industries filed a petition before the District Court, Burhanpur. The status of the case is pending for writing statement of MPSEB.

Further Shree Venkatesh Industries has filed application dated December 05, 2008 for withdrawal of the said case. The Hon'ble Court is yet to take the same on its record and pass necessary order.

**d) Writ Petition No. 2795/2008 in High Court of Judicature at Jabalpur, Madhya Pradesh**

Madhya Pradesh State Electricity Board (MPSEB) has filed this writ petition on February 29, 2008 in the High Court, Jabalpur. In this petition, MPSEB has prayed for setting aside the order of Civil Court dated February 11, 2008. Earlier, MPSEB has asked extension of time to file written submission in respect of Civil Case No. 47/A/07, filed by Shree Venkatesh Industries in the Civil Court, Burhanpur which was disallowed by the Hon'ble Civil Court, vide order dated February 11, 2008. The Hon'ble High Court, Jabalpur, vide order dated March 05, 2008, stayed the proceeding of the above said civil case no. 47/A/07 till the next date of listing and the matter is yet to be listed in the Hon'ble Civil Court as on date.

**e) Application for Rectification No. BOM-1717964 filed by M/s. Aqua Pump Industries to registered Trademark No. 478498 in class 17 in the name of Shree Balaji Industries.**

Registrar of Trade Marks vide certificate no. 184008 dated July 15, 1992, registered the trade mark 'TEXMO' under class 17, bearing trade mark no. 478498, in the name of partners of Shree Balaji Industries. Subsequent to said registration, M/s. Aqua Pump Industries has filed rectification application, vide rectification no. BOM - 171964, to Registrar of Trade Marks in year 2005, for removal of said registered trade mark from register maintained by Registrar of Trade Marks.

Consequently, Shree Balaji Industries, a promoter group entity, has filed their counterstatement to Registrar of Trade Mark, Mumbai, in the year 2006. Subsequent to said counter-statement, Aqua Pump Industries filed evidence in support of rectification dated March 1, 2007. Thereafter, Shree Balaji Industries filed evidence in support of registration on May 3, 2007, to Registrar of Trade Marks, Mumbai. The matter is pending with the Trademarks Registry, Mumbai as on date and the next date of hearing is not yet known.

**f) Complaint no. 3024/09 filed with the Civil Court, Burhanpur, Madhya Pradesh**

Shree Padmavati Irrigations Private Limited had filed the above complaint with the First Class Magistrate, Civil Court, Burhanpur, for dishonour of cheque drawn on State Bank of Bikaner & Jaipur bearing no. 873817 by Mr. Sheoraj Singh Meena for Rs. 0.77 lacs for purchase of products of Shree Padmavati Irrigations Private Limited. The next date of hearing has been fixed for January 19, 2010.

**g) Appeal filed before Income Tax Appellate Tribunal, Indore**

Shree Balaji Industries have filed two appeals before Income Tax Appellate Tribunal, Indore, against two orders dated September 12, 2008 of the Commissioner of Income Tax (Appeals), Indore, under applicable provisions of the Income Tax Act, 1961. These orders relate to two Assessment Years i.e. Assessment Year 1999-00 and Assessment Year 2000-01 against demand aggregating to Rs. 0.94 lakhs on account of disallowance of certain expenses. The above two appeals have been filed on November 12, 2008 and are yet to be numbered and taken up for hearing.

**h) Appeal filed before the Income Tax Appellate Tribunal , Indore.**

Mr. Sanjay Agrawal had filed an appeal before the Commissioner of Income Tax (Appeal), Indore against the order dated December 28, 2006 of the Deputy Commissioner of Income Tax, Khandwa, under applicable provisions of the Income Tax Act, 1961. The said order relates to Assessment Year 2005-06 against demand aggregating to Rs. 4.37 lakhs on account of addition of income. The Appeal was partly disallowed on January 5, 2009 by the Commissioner of Income Tax (Appeal), Indore. Against the said Appeal, Mr. Sanjay Agrawal filed an appeal before Income Tax Appellate Tribunal , Indore on April 6, 2009 which is yet to be numbered and taken up for hearing.

**3. Details of past penalties imposed on our Company or any of our Promoters/ our Directors/our Promoter Group**

There are no past penalties imposed on our Company/our Promoters/our Directors and our Promoter Group Entities

**4. Show-Cause notices issued to our Company / our Promoter(s) / our Director(s)**

There are no show-cause notices issued to our Company/our Promoters/our Directors and our Promoter Group Entities.

**5. Compounding Applications**

We have received letter no. RD/297/258/10/2009/7007 dated November 17, 2009 from the Ministry of Company Affairs, Government of India with reference to default under provisions of Section 297 of the Companies Act, 1956. Our Company, Managing Director Mr. Sanjay Agrawal, Whole Time Director Mr. Vijay Prasad Pappu, and Company Secretary Mr. Rishabh Kumar Jain, had filed compounding application dated December 12, 2009 with the Central Government under provisions of Section 621A and other applicable provisions of the Companies Act, 1956 for unintentional default under provisions of section 297 of the Companies Act, 1956. The date of hearing is yet to be fixed by Regional Director, Ministry of Company Affairs, New Delhi.

**6. Amounts owed to small scale undertakings**

The Company does not owe any amount to small scale undertakings except amount due under normal course of business.

**7. Material Developments**

No circumstances have arisen since the date of the last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

### Government Approvals

*We have obtained all the necessary approvals from the Government of India, State governments, and appropriate regulatory and governmental authorities in relation to the present business. In view of this, we can undertake this Issue and our current business activities and no further major approvals from any government or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. It must however, be distinctly understood that in granting the above approval, the Government and the other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statement or any commitments made or opinion expressed. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.*

**The approvals obtained by our company are arranged in the following order:**

- I. Licenses/approvals obtained by our Company for Unit 1
- II. Licenses / approvals in respect of Unit 2 (Unit 2 commissioned on September 12, 2008)
- III. Licenses/approvals in respect of Unit 3
- IV. Licenses/ Approvals in respect of proposed expansion

#### **I. Licenses / approvals obtained by our Company for Unit 1**

Our Company was converted into a public limited company from partnership firm viz. Shree Mohit Industries on July 3, 2008. We have received approvals from respective authorities effecting change in the name except for license / sanction letter in relation to power supply.

##### **a) Registrations under the Companies Act, 1956:**

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Validity	Status of Application
1.	Certificate of Incorporation No: U25200MP2008PLC020852	Registrar of Companies, Madhya Pradesh & Chhattisgarh	Valid until cancelled	Not applicable
2.	Certificate of Commencement of Business bearing CIN No. U25200MP2008PLC020852	Registrar of Companies, Madhya Pradesh & Chhattisgarh	Valid until cancelled	Not applicable

##### **b) Registrations under various Acts/Rules relating to Income Tax, Sales Tax, Value Added Tax and Central Excise:**

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Validity	Status of Application
1.	Registration under Central Excise No: AACCT9780DXM001	Central Excise Department, Indore	Valid until cancelled	Not applicable
2.	Tax payer's Identification Number- TIN No: 23311908464	Commissioner of commercial Tax, Madhya Pradesh	Valid until cancelled	Not applicable
3.	Registration under The Central Sales Tax Act, 1956. No: 23311908464 (for the State of Madhya Pradesh)	Commercial Tax Department, Burhanpur	Valid until cancelled	Not applicable

4.	Registration under The Madhya Pradesh Commercial Tax Act, 1994. No: 23311908464	Sales Tax Department, Burhanpur	Valid until cancelled	Not applicable
5.	Maharashtra VAT Act, 2002 TIN No. 27910672676V	Sales Tax Officer, Registration Branch, Jalgaon.	Valid until cancelled	Not applicable
6.	Central Sales Tax Act, 1956 (for the State of Maharashtra) TIN No. 27910672676C	Sales Tax Officer, Registration Branch, Jalgaon.	Valid until cancelled	Not applicable
7.	Service Tax Registration under Section 69 of the Finance Act, 1994 No:AACCT9780DST001	Central Excise Division, Indore	Valid until cancelled	Not applicable
8.	Registration under Central Sales Tax Act, 1956 within the state of Rajasthan. No. 08151665281 (Central)	Commercial Tax Officer, Jaipur	Valid until cancelled	Not applicable
9.	Registration under Rajasthan value Added Tax, 2003 No. 08151665281	Commercial Tax Officer, Jaipur	Valid until cancelled	Not applicable
10.	PAN Registration under Income Tax Act No: AACCT9780D	Income Tax Department	Valid until cancelled	Not applicable
11.	TAN Registration under Income Tax Act No: BPLT01311C	Income Tax Officer	Valid until cancelled	Not applicable
12.	Registration of employer under M.P. Professional Tax Act, 1995 No. 79721900088	Professional Tax Assessment Authority.	Valid until cancelled	Not applicable
13.	Registration of employees under M.P. Professional Tax Act, 1995. No. 78311901979	Professional Tax Assessment Authority.	Valid until cancelled	Not applicable

**c) Registrations and Approvals from various Government and Regulatory Authorities under various acts:**

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Validity	Status of Application
1.	Factory License under the Factories Act, 1948 No:270 / 15195 / KWA / 2m(i)	Chief Inspector of Factories, Industrial Safety & Health, Khandwa	Valid till 31.12.2010	Not Applicable
2.	Importer Exporter Code (IEC) No: 1105002683	Foreign Trade Development Officer, Ministry of Commerce, Bhopal	Valid until cancelled	Not Applicable
3.	Small Scale Industries Registration IEM: 23/47/22/312	General Manager, District Trade & Industries Centre, Burhanpur	*Until the investment in plant & machinery, below Rs. 500 lakhs	Not applicable

4.	License for the use of Standard Mark in respect of unplasticized PVC conduit pipes, IS 9537 (Part 3) : 1983 CM/L 8452075	Bureau of Indian Standards, Bhopal	Valid till September 15, 2010	Not applicable
5.	License for the use of Standard Mark in respect of unplasticized P.V.C. pipes for potable water supplies, IS No: 4985 : 2000, CM/L 8390988	Bureau of Indian Standards, Bhopal	Valid till November 30, 2010	Not applicable
6.	License for the use of Standard Mark in respect of unplasticized PVC casing pipes for casing pipes for bore/ tubewell IS No: 12818 : 1992, CM/L 8394289	Bureau of Indian Standards, Bhopal	Not applicable	Applied for renewal vide renewal application dated December 9, 2009
7.	ISO 9001:2000 certificate Certification no. SG05/00388	SGS United Kingdom Ltd, Systems and Services Certification	Valid till April 14, 2011.	Not applicable
8.	Fire fighting certificate No. AS/09/106	Chief Fire Superintendent, Municipal Corporation, Burhanpur, M.P.	Valid till December 3, 2010	Not applicable
9.	Electricity load sanction of power Sanction Letter No. ED/IR/HT/26917 in the name of erstwhile partnership firm Shree Mohit Industries	Madhya Pradesh Electricity Board, Executive Director, Indore, Madhya Pradesh	Till complied with the terms and conditions of the sanction letter	Applied for change of name vide letter dated November 17, 2008
10.	Permission to use D.G. Sets beyond 160 KVA limit in the name of erstwhile partnership firm Shree Mohit Industries	DG/N.6/1924/SE/ES/ Indore dated December 30, 2003	Till complied with the terms and conditions of the letter	Applied for change of name vide letter dated December 02, 2008
11.	License for the use of Standard Mark in respect of unplasticized PVC pipes for soil and waste discharge systems inside and outside buildings including ventilation and rainwater system IS No: 13592 : 1992, CM/L 3053339	Bureau of Indian Standards, Bhopal	Valid till September 22, 2010	Not applicable

\* Our Company's Small Scale Industrial Unit status will change after the proposed investment in plant & machinery, above Rs. 500 lakhs. Our Company will become a Medium Scale Industrial Unit after the proposed investment and will not enjoy the benefits/exemption which is enjoyed by our Company as a Small Scale Industrial Unit.

**d) Approvals/Clearances relating to Pollution Control**

<b>S. No</b>	<b>Type of License/ Approval &amp; Registration Number</b>	<b>Issuing Authority</b>	<b>Validity</b>	<b>Status of Application</b>
1.	Madhya Pradesh Pollution Board consent under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974, DTIC/B.P/2299	District Trade & Industries Centre, Burhanpur	Valid till December 8, 2010	Not applicable

**e) Registrations under various Industrial and Labour Laws**

<b>S. No</b>	<b>Type of License/ Approval &amp; Registration Number</b>	<b>Issuing Authority</b>	<b>Validity</b>	<b>Status of Application</b>
1.	Employee Provident Funds and Miscellaneous Provision Act, 1952 No: PFC/MP/12671/ENF/1479	Assistant PF Commissioner, Indore, M.P.	Valid until cancelled	Not applicable
2.	Registration under the Employee State Insurance Corporation No: 18-13099-90	Assistant Regional Director, Indore	Valid until cancelled	Not applicable
3.	Registration under Rajasthan Shops & Establishment Rules, 1958 for godowns No: SH-856/R-15AP105/08	Inspector, Shops & Establishment, Jaipur, Rajasthan	Not applicable	Not applicable
4.	Registration under Madhya Pradesh Shops & Establishment Act, 1958 for Jabalpur. No: 20958/JMG/ CE/2008	Inspector, Shops & Establishment, Jabalpur, Madhya Pradesh	December, 31, 2012	Not applicable
5.	Registration under M.P Shops & Establishment Rules, 1958 for Indore property situated at 101, Citi Plaza, M.G. Road, Indore. No: 413550	Inspector, Shops & Establishment, Indore, Madhya Pradesh	March 31, 2010	Not applicable
6.	Registration under Maharashtra Shops & Establishment Rules, 1958, Nasirabad, Maharashtra	Commissioner, Nagar Palika Nigam, Jalgaon, Maharashtra	Not applicable	Applied for registration vide letter application dated December 1, 2009
7.	Registration under M.P Shops & Establishment Rules, 1958 for Indore property situated at Godown no. 22, Plot no. 2, Khasra No. 1169, Mahavir Market, Indore.	Inspector, Shops & Establishment, Indore, Madhya Pradesh	March 31, 2010	Not applicable
8.	Registration under M.P Shops & Establishment Rules, 1958 for Indore property situated at Godown no. 23, Plot no. 2, Khasra No. 1169, Mahavir Market, Indore. License No. 32001/062009/502	Inspector, Shops & Establishment, Indore, Madhya Pradesh	March 31, 2010	Not applicable
9.	Registration to store under provision of Municipal Corporation Indore Act,	Licnese Officer, Municipal	March 31, 2010	Not Applicable

	1956 for Godown no. 22 & 23, Plot no. 2, Khasra No. 1169, Mahavir Market, Indore.	Corporation Indore		
10.	Registration to store under provision of Municipal Corporation Indore Act, 1956 for 101, Citi Plaza, M.G. Road, Indore	Licnese Offcier, Municipal Corporation Indore	March 31, 2010	Not Applicable

**f) Application relating to registration of Trade Marks**

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Status of Application
1.	'Dhara" as trade mark Application no. 01731029 under class 17	Trade Marks Registry, Mumbai	Pending. The necessary advertisement before acceptance has been made.
2.	'Tapti" as trade mark Application no. 01731030 under class 17	Trade Marks Registry, Mumbai	Pending. The necessary advertisement before acceptance has been made.
3.	'Coporate logo" as trade mark Application no. 01742189 Under class 17	Trade Marks Registry, Mumbai	The application was objected by Trade Marks Registry, Mumbai on January 1, 2009 and our Company has filed its reply for the said objection on February 23, 2009.
4.	'Coporate logo" as trade mark Application no. 01742190 Under class 35	Trade Marks Registry, Mumbai	Pending. The necessary advertisement before acceptance has been made.
5.	"Tiru-Flex" as trademark Application no. 01745997 Under class 17	Trade Marks Registry, Mumbai	Pending. The necessary advertisement before acceptance has been made
6.	"Turbo" as trademark Application no. 01810341 Under class 17	Trade Marks Registry, Mumbai	Pending. The necessary formalities have been completed.

**II. Licenses / approvals in respect of Unit 2**

We have established Unit 2 for manufacturing of PVC & HDPE pipes and commercial production started from September 12, 2008. Unit 2 is located adjacent to Unit 1. We have obtained following approvals/licenses:

**a) Registrations under various Acts/Rules**

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Validity	Status of Application
1.	Small Scale Industries Registration, IEM: 2304712000322	General Manager, District Trade & Industries Centre, Burhanpur	*Until the investment in plant & machinery, below Rs. 500 lakhs	Not Applicable



2.	Registration under the Madhya Pradesh Vat Act, 2002 No: 23151910492	Commercial Tax Department, Burhanpur	Valid until cancelled	Not Applicable
3.	Registration under The Central Sales Tax Act, 1956 for Unit 2. CST NO.: 23151910492	Commercial Tax Officer, Burhanpur	Valid until cancelled	Not Applicable
4.	Registration under Central Excise No: AACCT9780DXM002	Central Excise Department, Indore	Valid until cancelled	Not applicable
5.	Service Tax Registration under Section 69 of the Finance Act, 1994 No:AACCT9780DST002	Central Excise Division, Indore	Valid until cancelled	Not applicable

### III. Licenses / approvals for Unit 3

We have established Unit 3 for manufacturing of PVC & HDPE pipes and commercial production is proposed to commence in next year. Unit 3 is located Khasara No. 208, Village Khanapur, Tehsil Raver, District Jalgaon, Maharashtra. We have obtained following approvals/ licenses:

#### a) Registrations under various Acts/Rules

S. No	Type of License/ Approval & Registration Number	Issuing Authority	Validity	Status of Application
1.	Small Scale Industries Registration, IEM: 270031200503	General Manager, District Trade & Industries Centre, Jalgaon, Maharastra	*Until the investment in plant & machinery, below Rs. 500 lakhs	Not Applicable

\* Our Company's Small Scale Industrial Unit status will change after the proposed investment in plant & machinery, above Rs. 500 lakhs. Our Company will become a Medium Scale Industrial Unit after the proposed investment and will not enjoy the benefits/exemption which is enjoyed by our Company as a Small Scale Industrial Unit.

### IV. Licences / approvals in respect of proposed expansion

We will obtain necessary approvals/licenses/registrations as may be applicable from the concerned authorities at various stages of implementation for the proposed expansion project at Bahadarpur Road, Burhanpur, Madhya Pradesh.

## SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue of Equity Shares in the Issue by the Company has been authorized by the resolution of the Board of Directors passed at their meeting held on August 14, 2008 subject to the approval of shareholders through a special resolution is to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the Extra Ordinary General Meeting of the Company held on August 21, 2008.

### Prohibition by SEBI

The Company, its Directors, its Promoters, the promoter group, the directors or person(s) in control of the promoter group entities, and the companies in which the Directors are associated as directors, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

Neither our Company nor our Directors, our Promoters, their relatives, promoter group entities are detained as wilful defaulters by RBI/Government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

### Eligibility for the Issue

Our Company is eligible for the Issue under Regulation 26(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as confirmed by our Statutory Auditor viz. Pankaj Somaiya & Associates, Chartered Accountants vide certificate dated December 17, 2008, as detailed below:

The company has net tangible assets of atleast Rs. 300.00 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.	Complied with
The company has a pre-issue net worth of not less than Rs. 100.00 lakhs in each of the three preceding full years (of 12 months each).	Complied with
The company has had a track record of distributable profits as per Section 205 of the Companies Act, 1956, for atleast three out of the immediately preceding five years	Complied with
The proposed issue size would not exceed five (5) times the pre-issue net worth of our Company as per the audited accounts for the year ended March 31, 2008	Complied with
In case the company has changed its name within the last one year, atleast 50% the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name	Complied with

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI (ICDR) Regulations, for the last five financial years is set forth below:

(Rs in Lakhs)					
Financial Year	2008-09	2007-08	2006-07	2005-06	2004-05
Net tangible assets	3516.26	1924.30	805.84	781.71	526.13
Monetary assets	151.71	69.19	29.80	202.70	15.66
Monetary assets as a %age of net tangible assets	4.31%	3.60%	3.70%	25.93%	2.98%
Distributable profits	473.46	426.38	40.66	58.34	33.40
Net Worth	1201.90	946.36	329.49	309.20	275.30

- (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
- (2) Monetary assets include cash on hand and bank.
- (3) The distributable profits of the company as per section 205 of the Companies Act has been calculated from the restated Financial Statements.
- (4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off, if any).

In addition, we shall ensure that number of allottees getting Equity Shares is not less than one thousand in number.

#### **SEBI 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 THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ALMONDZ GLOBAL SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, ALMONDZ GLOBAL SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ALMONDZ GLOBAL SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 18, 2010 WHICH READS AS FOLLOWS:**

- "1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS 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 AND OTHER PAPERS FURNISHED BY THE ISSUER,**

**WE CONFIRM THAT:**

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE**

BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
  4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
  5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR 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 THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
  6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATIONS HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
  7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.
  8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
  9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK

EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE- AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER, RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MADHYA PRADESH AND CHHATTISGARH IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

**Disclaimer from the Issuer Company and the Book Running Lead Manager**

The Company, its Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other

material issued by or at its instance and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Manager, Almondz Global Securities Limited and our Company dated October 1, 2008 and the Underwriting agreement to be entered into between the Underwriters and our Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither the Company nor BRLM or Syndicate Member or SCSB shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

#### **Caution**

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

#### **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, HUF, 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, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs and sub-account registered with SEBI other than a sub-account which is a foreign corporate or foreign individual. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes into is required to inform himself 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 Burhanpur, Madhya Pradesh only.

No action has been or will be taken to permit a public offering in any jurisdiction where permission would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since 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 US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued 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 issued 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 jurisdiction where those issues and sales occur.

**Disclaimer clause of Bombay Stock Exchange limited (BSE, the Designated Stock Exchange)**

Bombay Stock Exchange Limited (the Exchange) has given vide its letter dated May 20, 2009 permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer clause of the National Stock Exchange of India Limited (NSE)**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/109479-U dated June 2, 2009, permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuers securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to

or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

**Disclaimer clause of CARE for IPO Grading**

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

**Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, Maharashtra.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at Registrar of Companies, 3rd floor, A Block, Sanjay Complex, Jayendraganj, Lashkar, Gwalior, Madhya Pradesh.

**Listing**

The initial listing applications have been made to Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Bombay Stock Exchange Limited (BSE) will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

The Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the basis of allotment for the Issue.

**Consents**

Consents in writing of Directors, the Company Secretary, Compliance Officer, the Statutory Auditors, Bankers to the Company, Book Running Lead Manager to the Issue, Registrars to the Issue, Advisors to the Company, and Legal Advisors, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn



up to the time of delivery of a copy of the Red Herring Prospectus, for registration with the Registrar of Companies, Madhya Pradesh & Chhattisgarh.

Pankaj Somaiya & Associates, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Madhya Pradesh & Chhattisgarh located at Gwalior.

#### **Expert opinion**

No opinion of any expert has been obtained by the Company, except that of Pankaj Somaiya & Associates, Statutory Auditors of our Company and S.N. Gupta & Co., Advocates & Solicitors, Legal Advisors to the Issue.

#### **Public issue expenses\***

The expenses for this Issue includes Issue management fees, underwriting & selling commission, registrars' fee, grading fee, printing and distribution of issue stationery, advertisement and marketing expenses, legal counsel fees and listing fees payable to the stock exchanges, among others. The total expenses for this Issue are estimated to be Rs. [●] lakhs, details of which are as under:

(Rs. In lakhs)				
Sr. No.	Activity	Amount	% of Total Issue size	% of Issue Expenses
1	Issue Management Fees, Underwriting & Selling Commission (including commission to SCSB for ASBA applications) & Brokerage	[●]	[●]	[●]
2	Registrars fees	[●]	[●]	[●]
3	Fees for Legal Counsel to the Issue	[●]	[●]	[●]
4	Fees payable to Grading Agency for grading the Issue	[●]	[●]	[●]
5	Printing and Distribution of Issue Stationery	[●]	[●]	[●]
6	Advertising and Marketing expenses	[●]	[●]	[●]
7	Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[●]	[●]	[●]
	<b>Total</b>	[●]	[●]	[●]

\* Will be incorporated after finalization of Issue Price

#### **Fees payable to the BRLM, underwriting, brokerage and selling commission**

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the engagement letter(s) dated September 15, 2008 is available for inspection at the Registered Office of the Company.

#### **Fees payable to the Registrar to the Issue**

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated December 10, 2008, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

**Previous public and rights issues**

The Company has not made any public or rights issue since its inception.

**Previous issues of shares otherwise than for cash**

The Company has not issued shares for consideration other than for Cash, except as stated in the title "Capital Structure" on page no. 18 of this Red Herring Prospectus.

**Commission and brokerage paid on previous issues**

Since this is the initial public issue of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of Equity Shares of the Company since its inception.

**Details of capital issue made during last three years in regard to the Issuer Company and other listed companies under the same management within the meaning of section 370(1)(b) of the Companies Act, 1956.**

There have been no capital issues during last 3 years by our Company and other listed companies under the same management within the meaning of Section 370(1)(B) of the Act at present or during the last three years.

**Option to subscribe**

Equity Shares being issued through this Red Herring Prospectus can be applied for in Dematerialized form only.

**Promise vis-à-vis performance**

Our Company has not made any Issue.

**Listed ventures of promoter**

Our promoter does not have any listed ventures.

**Outstanding debentures, bonds, redeemable preference shares or other instruments**

As on the date of filing of the Draft Red Herring Prospectus with SEBI, Our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments.

**Stock market data for equity shares of the company**

As this is the Initial Public Issue of Texmo Pipes and Products Limited; the Equity Shares of the Company are not listed on any stock exchange.

**Mechanism for redressal of investor grievances**

We have appointed Karvy Computershare Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of our Company. All grievances relating to the present issue may be addressed to the Registrars to the Issue, with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bidder/Bank branch where the application was submitted. Our Company will monitor the work of the Registrars to the Issue to ensure that the grievances are settled expeditiously and satisfactorily.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum ASBA Form was submitted by the ASBA Bidders.

**Disposal of investor grievances**

Karvy Computershare Private Limited, the Registrars to the Issue, or the SCSBs in case of ASBA Bidders, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to our Company. Our Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. Our Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Taken
1.	Non-receipt of refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of Information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

We have appointed Mr. Rishabh Kumar Jain, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Mr. Rishabh Kumar Jain  
**Texmo Pipes & Products Limited**  
 98, Bahadarpur Road,  
 Burhanpur, Madhya Pradesh - 450 331  
 Tel: No: +91-7325-255122/252353  
 Fax: No: +91-7325-253273  
 Email: [rjaincs@texmopipe.com](mailto:rjaincs@texmopipe.com)

**Changes in Auditors**

There has been no change in the Auditors of the Company during the last three years

**Capitalization of reserves or profits (during the last five years)**

The Company has not capitalized its profits or reserves at any time except as stated in the section titled "Financial Statement" and "Capital Structure" on page no. 101 and 18 of this Red Herring Prospectus.

**Revaluation of assets (during the last five years)**

The Company has not revalued its assets during the last five years.

## **SECTION VIII: ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

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

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of Memorandum and Articles of Association of our Company and shall rank pari-passu in all respects with the 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.

#### **Mode of payment of Dividend**

Our Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956, if recommended by our board and declared at its general meeting.

#### **Face Value and Issue Price**

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at a Issue Price of Rs. [\*] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

#### **Rights of the Equity Shareholders**

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

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

For a detailed description of the main provisions of Articles of Association of our Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page no. 196 of this Red Herring Prospectus.

#### **Market lot and trading lot**

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI (ICDR) Regulations, the trading of Equity Shares of our Company shall be in dematerialised form only. Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this

Issue will be done only in electronic form in multiples of one Equity Shares subject to a Minimum Allotment of 75 Equity Shares.

**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 the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the Registrar or 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 the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

**Issue Period**

Bidders may submit their Bids only in the Bid/Issue Period. The Bid/Issue Opening Date is February 16, 2010 and the Bid/Issue Closing Date is February 19, 2010.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Net Issue to the public to the extent of the amount, including devolvement of Underwriters, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

**Arrangements for disposal of odd lots**

Since the market lot for Equity Shares of the Company will be one, no arrangements for disposal of odd lots are required.

**Restriction on Transfer of Shares**

There are no restrictions on transfer and transmission of shares / debentures and on their consolidation and splitting except as provided in our Articles. Please see section “Main Provisions of Articles of Association” on page no. 196 of this Red Herring Prospectus.

**Withdrawal of the issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime before the Bid/Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If the Company does not receive minimum subscription of 90% of the Net Issue size, including devolvement of the members of the syndicate, the Company shall forthwith refund the entire subscription amount received. In case, the Company receives minimum subscription but wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi).

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Burhanpur, Madhya Pradesh India.

## ISSUE PROCEDURE

### Book Building Procedure

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

### The ASBA Process

**Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for all Bidders except QIB Bidders.**

*Note: The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated December 30, 2009 may be subject to change from time to time which may either be of a clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid-cum-ASBA Form to a SCSB.*

In addition to the current process of applying through Bid-cum-Application Forms, wherein a cheque is used as a mode of payment, SEBI, by its circular no. SEBI/CFD/DIL/DIP/31/2008/30/7 dated July 30, 2008 has introduced an optional and supplementary process for applying in public issues by ASBA Investors, viz. the Application Supported by Blocked Amount ("**ASBA**"), containing an authorisation to block the application money in a bank account held with a Self Certified Syndicate Bank. The said ASBA Process was further amended by SEBI with the introduction of ASBA Phase II vide its Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.

All Bidders other than QIB Bidders are eligible to submit their Bids through the ASBA process. Investors other than ASBA Investors are required to follow the process as mentioned under Bid-cum-Application Form beginning on page no. 163 of the Red Herring Prospectus.

### Who can Bid as an ASBA Investor?

All Bidders other than QIB Bidders are eligible to submit their Bids through the ASBA process.

An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts ("**Physical Bid Cum ASBA Form**") or Electronic Bid-cum-Application form Supported by Blocked Amounts ("**Electronic Bid Cum ASBA Form**") and collectively ("**Bid Cum ASBA Form**") available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches ("**DB**") of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.

SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at [www.sebi.gov.in](http://www.sebi.gov.in). Bid-cum-ASBA forms can be accepted only by SCSBs.

A SCSB shall identify its DBs at which an ASBA investor shall submit the bid-cum-ASBA forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLM. The SCSB may identify new DBs for the purpose of ASBA process and

intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it.

The ASBA investor should ensure that it has a Savings Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, [www.sebi.gov.in](http://www.sebi.gov.in), for details of the DBs.

*A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB, along with the Electronic Bid Cum ASBA Form, so as to enable an ASBA Investor to confirm that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue.*

### **Bid-cum-ASBA Form**

#### **The prescribed colour of Physical Bid-cum-ASBA Form is Green.**

The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid cum ASBA Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s), BRLM and Syndicate Member.

ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Bid cum ASBA Form in electronic form on the websites of the SCSBs.

An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of the Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA.

Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorisation to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA and shall not upload such Bids with the Stock Exchanges.

Upon completing and submitting the Bid-cum-ASBA Form to a SCSB, either electronically or physically, as has been elaborated hereinbelow, the ASBA Investor is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-ASBA Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Investor.

### **Method and Process of Bidding for ASBA Investors**

1. An ASBA Investor, shall submit a completed Bid -cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an



- electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the abovementioned details, except the application number which shall be system generated.
2. The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.
  3. Upon receipt of the Bid cum ASBA Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum ASBA Form, prior to uploading such Bids with the Stock Exchanges.
  4. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
  5. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum ASBA Form. The Designated Branch shall thereafter enter the Bid details from the prescribed Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate Transaction Registration Slip ("TRS"). The TRS shall be furnished to the ASBA Bidder on request.
  6. An ASBA Bidder cannot bid, either in physical or electronic mode, on another Bid cum ASBA Form or a non- Bid cum ASBA Form after bidding on one Bid cum ASBA Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second Bid cum ASBA Form or a Non- Bid cum ASBA Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.
  7. The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the Bid-cum-ASBA form shall be available at all times for giving to the Issuer at the time of finalization of allotment.

### **Mode of Payment**

Upon submission of a Bid cum ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or Bid cum ASBA Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI (ICDR) Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum ASBA Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the Bid cum ASBA Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

#### Electronic registration of Bids by SCSBs

- a) In case of Bid cum ASBA Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
  - i) it has received the ASBA in a physical or electronic form; and
  - ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- d) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
  - Name of the Bidder(s);
  - Application Number;
  - Permanent Account Number;
  - Number of Equity Shares Bid for;
  - Depository Participant identification No.; and
  - Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

- e) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

- g) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- h) The SCSB may reject the ASBA Bid upon receipt of Bid cum ASBA Form, if the ASBA Account maintained with the SCSB as mentioned in the Bid cum ASBA Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the Bid cum ASBA Forms shall be final and binding on all concerned.

#### **Issuance of Confirmation of Allocation Note**

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

#### **Build up of the Book and Revision of Bids**

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The SCSBs shall provide aggregate information about the numbers of Bid cum ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded Bid cum ASBA Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLM, our Company, and the Designated Stock Exchange, in this regard shall be final and binding.
- c. During the Bid Period, any ASBA Bidder who has registered his/ her interest in the Equity Shares at the Floor Price is free to revise his/ her Bid using the ASBA Revision Form, which is a part of the Bid cum ASBA Form. However, the SCSB will not accept incomplete or inaccurate Revision Forms.
- d. The ASBA Bidder can make this revision any number of times during the Bid Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- e. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

- f. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- g. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment.

#### **Terms of Payment and Payment into the Public Issue Account by the SCSB**

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 15 days from the Bid/Issue closing date as informed by the Book Running Lead Manager.

1. Number of shares to be allotted against each valid ASBA
2. Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA
3. The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
4. Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

#### **General Instructions**

##### **Do's:**

- a. Check if you are a Retail Individual Investor, Eligible Employee or Non-Institutional Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the Bid cum ASBA Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the Bid cum ASBA Form (if the Bid is submitted in physical mode, the prescribed Bid cum ASBA Form is green in colour).
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
- f. Ensure that the Bid cum ASBA Form is signed by the account holder in case the applicant is not the account holder.
- g. Ensure that you have mentioned the correct bank account No. in the Bid cum ASBA Form.
- h. Ensure that you have funds equal to the Bid Amount mentioned in the Bid-cum-ASBA Form available in your bank account maintained with the SCSB before submitting the Bid cum ASBA Form to the respective Designated Branch of the SCSB.
- i. Ensure that you have correctly checked the authorisation box in the Bid cum ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the

Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid cum ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.

- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your Bid-cum-ASBA Form.
- k. Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- l. Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum ASBA Form.
- m. Ensure that the Demographic Details are updated, true and correct, in all respects

**Don'ts:**

- a. Do not submit an ASBA Bid if you are a QIB Bidder.
- b. Do not Bid or revise Bid price to less than the floor price or more than the cap price.
- c. Do not Bid for lower than the minimum Bid size.
- d. Do not Bid on another ASBA or Non-Bid cum ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB.
- e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- f. Do not send your physical Bid cum ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
- g. Do not fill up the Bid cum ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds the investment limit under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus.
- h. Do not submit the GIR number instead of the PAN Number.
- i. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

**Specific Instructions for ASBA Investors and grounds for rejection of Bids:**

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an "ASBA Investor", the Bid shall be rejected
- Check all the details entered into the Bid-cum-ASBA Form are correct. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository's database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository's database, such ASBA shall be rejected by the Registrar.
- Multiple applications by ASBA applicant with common PAN.

- Use of Bid-cum-application form other than Bid-cum-ASBA Forms (green in colour), meant only for ASBA Investor.
- Bid for lower number of Equity Shares than minimum bid size.
- Bid-cum-ASBA Form not signed by the account holder in case the ASBA Bidder is not the account holder
- Insufficient funds in the bank account specified in the Bid-cum-ASBA Form
- Submission of Bid-cum-ASBA after the issue closure timing.
- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.
- Bid-cum-ASBA forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. Bid-cum-ASBA forms which do not bear the stamp will be rejected.
- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the ASBA Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.

#### **Revision of Price Band**

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

#### **Withdrawal of Bids**

In case an ASBA investor wants to withdraw his ASBA during the bidding period, he shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor wants to withdraw his ASBA after the Bid/ Issue Closing Date, he shall submit the withdrawal request to the Registrar before finalization of Basis of Allotment. The Registrar shall delete the withdrawn Bid from the bid file. The instruction for unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrars to the Issue to the SCSB on finalization of the Basis of Allotment.

#### **Other Information**

In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.

The SCSB shall not accept any Bid cum ASBA form after the closing time of acceptance of Bids on the last day of the Bidding period.

#### **Unblocking of Funds**

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue account within the timelines specified in the ASBA process:

- (i) Number of shares to be allotted against each valid ASBA
- (ii) Amount to be transferred from the relevant bank account to the ASBA Public Issue account, for each valid ASBA
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the ASBA Public Issue account
- (iv) Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts. SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

### **Joint ASBA Bids**

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

### **Multiple ASBA Bids**

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in "Issue Procedure- Multiple Bids" on page no. 183 of this Red Herring Prospectus.

### **Right to Reject ASBA Bids**

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid cum ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

### Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders. For details, see section “Issue Procedure- Basis of Allocation” on page no. 187 of this Red Herring Prospectus.

### Undertaking by our Company

In addition to our undertakings described under “Issue Procedure- Undertaking by our Company”, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

### Issue Procedure (Other than ASBA Bidders)

#### Current process of applying through a Bid-cum-Application Form wherein a cheque is used as a mode of payment

Bidders are required to submit their Bids through the Syndicate Member only. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue



Eligible Employees of our Company.	Pink
ASBA Bidders	Green

**Who Can Bid?**

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
6. Mutual funds registered with SEBI;
7. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
8. FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
9. Sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals only under the Non-Institutional Bidders category.
10. Venture capital funds registered with SEBI;
11. Foreign venture capital investors registered with SEBI, subject to receipt of appropriate approvals from appropriate regulatory authority.
12. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. As permitted by the applicable laws, Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
14. Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
15. Multilateral and bilateral development financial institutions;
16. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
17. Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares.
19. National Investment Fund set up by resolution F.No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India, published in the Gazette of India.
18. Insurance funds set up and managed by army, navy or air force of the Union of India
19. Eligible Employees of our Company.

**As per existing regulations, OCBs are prohibited from investing in this Issue.**

**Note:** The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

#### **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 1,22,500 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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 for which the Bid has been 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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares. The Bids made by Asset Management Companies or custodians of Mutual Fund shall clearly indicate the name of the concerned schemes for which the application is being made.

#### **Bids by Eligible NRIs**

Eligible NRI Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of our Company, members of the Syndicate or the Registrar to the Issue.
- b) Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

#### **Bids by FIIs**

**As per the current regulations, the following restrictions are applicable for investments by FIIs:**

No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of 1,12,70,000 Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf

of its sub-accounts (other than a sub-account which is a foreign corporate or foreign individual bidding under the QIB Portion), the investment on behalf of each such sub-account shall not exceed 10% of total issued capital or 5% of our total issued capital in case such sub-accounts is a foreign corporate or a foreign individual. In accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of the Company's total paid-up capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII 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 SEBI registered VCF and FVCI**

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on foreign venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

According to Regulation 37(a) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the equity shares held by a venture capital fund or foreign venture capital investor would be exempt from the lock-in requirements only if the equity shares have been held for a period of at least one year prior to the date of the filing of the Draft Red Herring Prospectus with the SEBI.

#### **Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:**

1. On the prescribed 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.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details);
3. Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non-Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of 75 Equity Shares thereafter that the Bid amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 168 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. 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 Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

### **Bids by Eligible Employees**

Bids under Employee Reservation Portion by Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour Form).
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder should be Eligible Employees. 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 in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of 75 Equity Shares and in multiples of 75 Equity Shares thereafter.
- The maximum Bid under Employee Reservation Portion by an Eligible Employee cannot exceed Rs. 100,000.
- Bid by Employees can be made also in the "Net Issue" portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, please see section titled "Basis of Allocation" beginning on page no. 187 of this Red Herring Prospectus.
- Under-subscription, if any, in the Employee Reservation portion will be added back to the Net Issue, and the ratio amongst the investor categories will be at the discretion of our Company and the BRLM. In case of undersubscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.**

### Maximum and Minimum Bid size

**For Retail Bidders:** The Bid must be for a minimum of 75 Equity Shares and in multiples of 75 Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000. *Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application.* In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000. In case the Bid amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

**For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares in multiples of 75 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 75 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI (ICDR) Regulations, 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 in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non-Institutional Bidders who are otherwise eligible for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

### For Bidders in the Employee Reservation Portion:

The Bid must be for a minimum of 75 Equity Shares and in multiples of 75 Equity Shares thereafter. The Bid Amount in this portion shall not exceed Rs. 1,00,000. The allotment in the employee reservation portion will be on proportionate basis.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.**

### Information for the Bidders

- a. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- b. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band after registering the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- c. The members of the syndicate shall accept bids from the Bidders during the bidding/ issue period in accordance with the terms of the syndicate agreement.

- d. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of our Company or from the BRLM, or from a member of the Syndicate.
- e. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- f. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.
- g. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
- h. In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by publishing in two widely circulated national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.
- i. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

#### ***Method and Process of bidding***

1. The Price Band has been fixed at Rs. 85to Rs. 90 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page no. 170 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
2. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no. 176 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
4. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every

member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page no. 172 of this Red Herring Prospectus.

#### **Bids at different price levels and revision of Bids**

1. The Price Band has been fixed at Rs. 85 to Rs. 90 per Equity Share of Rs. 10/- each, Rs. 85 being the lower end of the Price Band and Rs. 90 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).
2. Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. 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 Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.
4. The Company, in consultation with the 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.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and 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". However, bidding at "Cut-off" is not permitted for QIB or Non Institutional Bidders who bid for and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employee bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-off Price and Eligible Employees bidding under the Employee Reservation Portion at Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion at Cut-Off Price, 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 member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid by Retail Individual Bidder will be considered for allocation under the Non-Institutional portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is

- deemed to have approved such revised Bid at Cut-off Price. An Eligible Employee cannot revise his/her Bid, which exceeds the Bid Amount to more than Rs. 1,00,000.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
  9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
  10. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
  11. 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 his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
  12. The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
  13. 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.
  14. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
  15. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

#### **Instructions for completing the Bid-cum-Application Form**

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs, FIIs applying on a repatriation basis and (pink) colour for eligible employees applying in the Employee Reservation Portion).
- (b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) 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.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of 75 Equity Shares and in multiples of 75 Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 100,000.



- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 75 Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 75 Equity Shares. Bids cannot be made for more than the Net Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (f) For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of 75 Equity Shares in multiple of 75 Equity Shares thereafter subject to a maximum of Bid Amount of Rs. 1,00,000.
- (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.

#### **Application in the Issue**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

### **PAYMENT INSTRUCTION**

#### **Escrow Mechanism**

1. Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

#### **Terms of Payment and Payment into the Escrow Collection Account**

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

- (a) The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.
- (b) Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders and bidding under the Employee Reservation Portion) would be required to pay their applicable

Margin Amount at the time of the submission of the Bid-cum-Application Form by way of 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) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled "Issue Procedure - Payment Instructions" beginning on page no. 172 of this Red Herring Prospectus. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Basic Terms of Issue" beginning on page no. 36 of this Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

- (c) 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 (2) 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 favouring the Escrow account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.
- (d) 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 Closing Date/Issue Closing Date, failing which our Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.
- (e) The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.
- (f) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- (g) The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
  - (i) In case of resident QIB Bidders- **"Escrow Account-Texmo- Public Issue - QIB-R"**
  - (ii) In case of Resident Retail and Non-Institutional Bidders- **"Escrow Account- Texmo- Public Issue - R"**
  - (iii) In case of Non-Resident QIB Bidders- **"Escrow Account- Texmo-Public Issue-QIB-NR"**
  - (iv) In case of Non -Resident Retail and Non-Institutional Bidders - **"Escrow Account - Texmo- Public Issue - NR"**
  - (v) In case of Eligible Employees- **"Escrow Account- Texmo- Public Issue - Employees"**
- (h) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with

banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary 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.

- (i) In case of Bids by NRIs applying on non repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO account of a Non-resident Bidder bidding on non repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account or an NRO account.
- (j) In case of Bids by FIIs, FVCI's 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.
- (k) 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 adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.
- (l) The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (m) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- (n) Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.
- (o) Bidders are advised to mention the number of the Bid Cum Application Form on the reverse of the cheque or demand draft to avoid misuse of the instrument submitted along with the Bid cum application Form.

#### **Payment by Stock-invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

### Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the websites of NSE and BSE i.e. [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively. A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
  - Investor Category – Individual, Corporate, QIB, NRI, FII, Mutual Fund, Employee etc.;
  - Numbers of Equity Shares bid for;
  - Bid price;
  - Bid-cum-Application Form number;
  - Whether Margin Amount, as applicable, has been paid upon submission of Bid-cum-Application Form; and
  - Depository Participant Identification Number and Client Identification Number of the demat Account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLM/ member of the Syndicate have the right to accept the Bid or reject it in case of QIBs; however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page no. 184 of this 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 or 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 BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- (j) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

#### **Build Up of the Book and Revision of Bids**

- 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.
- The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate 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 Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. **Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.**

- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

### Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels.
- (b) Our Company, in consultation with the BRLM shall finalise the "Issue Price" and the number of Equity Shares to be allotted in each category to Bidders.
- (c) Not more than 50% of the Net Issue to Public shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price
- (d) Under-subscription, if any, in the Employee Reservation portion would be included in the Net Issue. Undersubscription, if any, in any category of the Net Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with BRLM. If the aggregate demand by Mutual Funds is less than 1,22,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, undersubscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.
- (e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- (f) The BRLM, in consultation with our Company 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) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before the Board meeting for(to check) allotment.
- (h) In terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- (i) The allotment details shall be put on the website of the Registrar to the Issue at [www.karvy.com](http://www.karvy.com).

### **Signing of Underwriting Agreement and ROC Filing**

- (a) Our Company, the BRLM, and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

### **Filing of the Prospectus with ROC**

The Company will file a copy of the Prospectus with the Registrar of Companies, Madhya Pradesh & Chhattisgarh at Gwalior in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

### **Announcement of Pre-Issue Advertisement**

Subject to section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with Registrar of Companies, make a pre-issue advertisement in the format specified in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in one English national daily newspaper with wide circulation and one Hindi national daily newspaper with wide circulation.

### **Advertisement regarding Issue Price and Prospectus**

An advertisement will be issued by our Company in two widely circulated national newspapers (one each in English & Hindi), after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such advertisement.

### **Issuance of Confirmation of Allocation Note**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail, Non-Institutional Bidders and Employees. Investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to allotment shall be made on the same date to all investors in this Issue;
- (b) The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN;
- (c) Such Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder.

- (d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below in this Red Herring Prospectus.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared, by the Registrar, on the basis of, Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs will 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 (ICDR) Regulations, 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.

#### **Designated Date and Allotment of Equity Shares**

1. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of finalization of the basis of allotment.
2. **As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

#### **General Instructions**

##### **Do's:**

- (a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus;
- (b) Read all the instructions carefully and complete the Bid-cum-Application Form (white, blue or pink in colour) as the case may be;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct and the beneficiary account is activated, as allotment of Equity Shares will be in the dematerialised form only.
- (d) Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- (e) 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.

- (f) Ensure that you have been given a TRS for all your Bid options;
- (g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- (h) Ensure that the Bid is within the Price Band.
- (i) Each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act.
- (j) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

#### **Don'ts:**

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash, money order, postal order or by stockinvest;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders)
- g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders and Employees)
- h. Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- i. Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- j. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- k. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

#### **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 Depositories, the Bidders bank account details, including the nine digit MICR code as appearing on a cheque leaf. 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 to or ECS. 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 dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor BRLM shall be liable to compensate for the losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.

#### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND**

**BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS, Direct Credit , RTGS or NEFT and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/ Allocation Advice and printing of Bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue.

**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 be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at 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 Bidders in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) 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 modes as detailed in this Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants 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. Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee**

**drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company and/or the Book Running Lead Manager will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

#### **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 Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the 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 fund with the minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of Rs. 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the 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 pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to Power of Attorney by National Investment Fund or Insurance funds set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India and fund set and managed by army, navy or air force of the Union of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLM may deem fit.

The Company in its absolute discretion reserves the right to permit the holder of the power of attorney to request the Registrar to the issue 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 to the Issue shall use Demographic details as given on the Bid cum application form instead of those obtained from the Depositories.

### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

### **OTHER INSTRUCTIONS**

#### **Joint Bids in the case of Individuals**

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds 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 (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first bidder is one and the same.

In this regard, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.

5. The applications will be scrutinised for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and 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.

Bids made by employees both under Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number (PAN)**

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

#### **Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLM may reject a Bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject Bids only on technical grounds.

#### **Grounds for technical rejections**

Bidders are advised to note that Bids are liable to be rejected on, inter alia, 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, the shares may be registered in the name of individual partners and no such partnership firm shall be entitled to apply.
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN not stated;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;

8. Bids at a price more than the higher end of the Price Band;
9. Bids for number of Equity Shares, which are not in multiples of 75;
10. Category not ticked;
11. Multiple bids as defined in this Red Herring Prospectus;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stock invest/ money order/ postal order/ cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
16. Bid-cum-Application Form does not have Bidder's depository account details;
17. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
19. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's account number;
20. Bids by OCBs;
21. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
22. Bids by QIBs not submitted through BRLM or members of the syndicate;
23. Bids by NRIs not disclosing their residential status;
24. If GIR number is mentioned instead of PAN number;
25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
26. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
27. Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
28. Bids at cut-off price by Non-Institutional and QIB Bidders.
29. Bids by Eligible Employees for more than Rs. 1,00,000.

#### **Equity Shares in Dematerialised 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 dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated February 12, 2009 among NSDL, our Company and Registrars to the Issue.
2. An Agreement dated February 25, 2009 among CDSL, our Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
3. Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account details of the Bidder(s) with the Depository.
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

## COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

## Procedure and Time Schedule for Allotment

The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on February 16, 2010 and expire on February 19, 2010. 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 allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR) Regulations 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.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

**“Any person who:**

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

### **Basis of 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 allotment to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and 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 valid Bids in this category is less than or equal to 75 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the valid Bids in this category is greater than 75 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 75 Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

#### **B. For Non Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the valid Bids in this category is less than or equal to 75 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the valid Bids in this category is greater than 75 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 75 Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allotment refer below.



**C. For Employee Reservation Portion**

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,00,000 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 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 75 Equity Shares and in multiple of One Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

**D. 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 QIBs will be made at the issue price.
- The Net Issue size 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.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 1,22,500 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 1,22,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- The 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-
    - In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
    - In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
    - Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
  - (b) In the second instance, allocation to all QIBs shall be determined as follows –
    - In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.

- 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.
- 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.

Under-subscription, if any, in any category would be allowed to be met with spillover from any other category or combination of categories at the sole discretion of the Company in consultation with the BRLM.

#### Illustration of Allotment to QIBs and Mutual Funds ("MF")

##### A. Issue details

S. No.	Particulars	Issue details
1	Issue size	10 Lakhs Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	5 Lakhs Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	0.25 Lakhs Equity Shares
	b. Balance for all QIBs including Mutual Funds	4.75 Lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	25 Lakhs Equity Shares

##### B. Details of QIB Bids

S. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	2.5
2	A2	1.0
3	A3	6.5
4	A4	2.5
5	A5	2.5
6	MF1	2.0
7	MF2	2.0
8	MF3	4.0
9	MF4	1.0
10	MF5	1.0
	<b>TOTAL</b>	<b>25</b>

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

##### C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in Lakhs)

Type of QIB bidders	Shares bid For (in Lakhs)	Allocation of 0.25 Lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 4.75 Lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	2.5	0	0.48	0

A2	1.0	0	0.192	0
A3	6.5	0	1.248	0
A4	2.5	0	0.480	0
A5	2.5	0	0.480	0
MF1	2.0	0.050	0.374	0.424
MF2	2.0	0.050	0.374	0.424
MF3	4.0	0.100	0.748	0.848
MF4	1.0	0.025	0.187	0.212
MF5	1.0	0.025	0.187	0.212
	<b>25.0</b>	<b>0.250</b>	<b>4.750</b>	<b>2.120</b>

**Please note:**

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “Basic Terms of Issue” beginning on page no. 36 of this Red Herring Prospectus.
2. Out of 5 Lakhs Equity Shares allocated to QIBs, 0.250 Lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
3. The balance 4.75 Lakhs Equity Shares [i.e. 5.00 – 0.25 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 25 Lakhs Equity Shares (including 5 Mutual Fund applicants who applied for 10 Lakhs Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 4.75 Lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - i. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 4.75/24.75
  - ii. 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 4.75/24.75

The numerator and denominator for arriving at allocation of 4.75 Lakhs Equity Shares to the 10 QIBs are reduced by 0.25 Lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**Method of Proportionate Basis of Allocation**

In the event of the issue being over-subscribed, our Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below:-

- (a) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than 75 but is not a multiple

of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

- (d) In all Bids where the proportionate allotment is less than 75 Equity Shares per Bidder, the allotment shall be made as follows:
- Each successful Bidder shall be Allotted a minimum of 75 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (e) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### **Disposal of Applications and Applications Money and Interest in case of delay**

Our Company shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days from the date of allotment of Equity Shares. Our Company shall dispatch refund orders above Rs. 1500/-, if any, by registered post or speed post at the sole or first bidder's sole risk. In case of Bidders who receive refunds through ECS, or RTGS or Direct Credit or NEFT, the refund instructions will be given to the clearing system and a suitable communication shall be sent to such Bidders within 15 days from the Bid/Issue Closing Date.

We undertake that all steps will be taken for completion of 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 finalization of basis of allotment.

The Company shall dispatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page no. 193 of this Red Herring Prospectus, at the sole or First Bidder's sole risk.

**The Company will provide adequate funds required for dispatch of refund orders or for credit of refunds, as the case may be, to the Registrar to the Issue.**

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI (ICDR) Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid /Issue Closing Date; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment is not made, refund orders are not dispatched, credit intimation are not dispatched and in case where refund is made through electronic mode, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within the fifteen day time

prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Save and except for refunds effected through an electronic mode i.e. ECS, NEFT, Direct Credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **Letters of Allotment or Refund Orders**

Our Company shall give credit to the beneficiary account with depository participants within 2 working days from the date of allotment of Equity Shares. Applicants having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, our Company shall dispatch refund orders, if any, of value upto Rs. 1,500 by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder's sole risk within 15 days of the Bid / Issue Closing date. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through "Under Certificate of Posting" within 15 days of closure of issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

#### **Interest in case of delay in dispatch of allotment letters/ refund orders.**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid / Issue Closing Date at the sole or First Bidder's sole risk; and
- Our Company 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 have not been dispatched to the applicants or if, in 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 Bid / Issue closing date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 193 of this Red Herring Prospectus.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders

## DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); 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) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank; Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository participant.
2. Direct Credit – Applicants having bank accounts with the Refund Bankers, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the above-mentioned 68 centers, have also the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. Refund Orders – For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.**

#### **UNDERTAKING BY THE COMPANY**

Our Company undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page no. 193 of this Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.
- (g) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

#### **UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors of the Company certifies that:

- (a) all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;

- (b) details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;
- (c) details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;
- (d) the utilization of all monies received under Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized.
- (e) details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilized monies have been invested.

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI 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 of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

### **Subscription by Non-Residents**

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

### **As per the current regulations, OCBs cannot participate in this Issue.**

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However we shall update this Red herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.



## **SECTION IX - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

### **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL:**

#### **Share Capital:**

3. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with the rights, privileges and conditions attaching [hereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions vary, modify or abrogate any rights, privileges or conditions in such manner as may for the time being be provided by the Regulations of the Company. as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

#### **Increase of capital by the Company how carried into effect:**

4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act

#### **Non Voting Shares:**

5. The Board shall have the power to issue a part of authorized capital by way of non- voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

#### **Reduction of capital:**

8. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

#### **Purchase of own Shares:**

8A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

#### **Sub-division consolidation and cancellation of Shares:**

9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have

some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

### **MODIFICATION OF RIGHTS**

#### **Modification of rights:**

10. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

### **SHARES, CERTIFICATES AND DEMATERIALISATION:**

#### **Restriction on allotment and return of allotment:**

11. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Section 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

#### **Further issue of shares:**

12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:

(a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date

(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered,

the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by 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.

(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) 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:

(a) 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

(b) in the case of debentures or loans 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 the General Meeting before the issue of the debentures or the raising of the loans.

**Shares under control of Directors:**

13. Subject to the provisions 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 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 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 and 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 for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

**Power to offer Shares/options to acquire Shares:**

13A(i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

(iii) The Board, or any Committee thereof duly authorized for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

**Application of premium received on Shares:**

14.(1) 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 these 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.

(2) The share premium account may, notwithstanding anything in clause (1) thereof applied by the Company:

(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;

(b) In writing off the preliminary expenses of the Company;

(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or

(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

**Power also to Company in General Meeting to issue Shares:**

15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

**Power of General Meeting to authorize Board to offer Shares/Options to employees:**

15A. (i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose

(ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article

**Shares at a discount:**

16. The Company may issue at a discount Shares in the Company of a class already issued, if the

Following conditions are fulfilled, namely:

(a) The issue of the Shares at discount is authorized by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;

(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and

(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

**Installments of Shares to be duly paid :**

17. If by the conditions of any allotment of any Shares the whole or any part of the amount or

issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.

**The Board may issue Shares as fully paid-up:**

18. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares

**Acceptance of Shares:**

19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member

**Deposit and call etc., to be debt payable:**

20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allotted in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

**Liability of Members:**

21. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.

**Dematerialization of securities:**

**Dematerialization of securities:**

21.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

**Options to receive security certificates or hold securities with depository:**

21.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

**Securities in depositories to be in fungible form:**

21.(D) All Securities held by a Depository shall be dematerialized and shall be in a fungible form;

nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

**Rights of depositories and beneficial owners:**

(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;

(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

**Depository to Furnish Information:**

21(F). Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf

**Option to opt out in respect of any security:**

21(G). If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

**Sections 83 and 108 of the Act not to apply:**

21(H). Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository

**Share certificate:**

22. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.

(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate

**Limitation of time for issue of certificates:**

22A 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 so 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 two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or

shares held jointly by

**Renewal of share certificates:**

23. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized

**New certificate to be granted on delivery of the old certificates:**

24. 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, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate 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, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to Debentures of the Company.

**The first name joint holder deemed sole holder:**

25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles

**Company not bound to recognize any interest in Shares other than of registered holder:**

26. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

**Trust recognized:**

(a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles



otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them

(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.

**Declaration by person not holding beneficial interest in any Shares:**

(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act

2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act

(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act

(4) Notwithstanding anything contained in the Act and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

**Funds of Company not to be applied in purchase of Shares of the Company:**

29. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any Share in the Company in its holding Company.

**CALLS**

**Directors may make calls:**

(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made

payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The jointholders of a Share shall be jointly and severally liable to pay all calls in respect thereof

**Notice of call when to be given:**

36. Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

**Call deemed to have been made:**

37. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

**Directors may extend time:**

38. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favor.

**Amount payable at fixed time or by installments to be treated as calls:**

39. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of all calls shall apply to such amount or installment accordingly.

**When interest on call or installment payable :**

40. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part

**Evidence in action By Company against share holder:**

41. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**Payment in anticipation of calls may carry interest:**

42. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

**LIEN:**

**Partial payment not to preclude forfeiture:**

43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

**Company to have lien on Shares/ Debentures:**

44. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures;

PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. 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.

**As to enforcing lien by sale:**

45. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same

PROVIDED THAT no sale shall be made:-

- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is/ presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer therefrom behalf of and in the name of such Members

- (c) The purchaser shall not be bound to see the application of the purchase money, nor shall

his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.

**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 satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and

(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

**FORFEITURE OF SHARES**

**If money payable on Shares not paid notice to be given :**

47. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment

**Sum payable on allotment to be deemed a call:**

48. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment

**Form of notice:**

49. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited

**In default of payment Shares to be forfeited:**

50. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

**Notice of forfeiture to a Member:**

51. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

**Forfeited Shares to be the property of the Company and may be sold etc.:**

52. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold,

re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

**Member still liable for money owing at the time of forfeiture and interest:**

53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so

**Effects of forfeiture:**

54. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved

**Power to annul forfeiture:**

55. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

**Declaration of forfeiture:**

(a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.

(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares

**Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum:**

57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**Cancellation of shares certificates in respect of forfeited Shares :**

58. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto

**Evidence of forfeiture:**

59. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

**Validity of sale:**

60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**Surrender of Shares:**

61. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

**TRANSFER AND TRANSMISSION OF SHARES**

**No transfers to minors etc:**

62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

**Form of transfer:**

63. 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.

**Application for transfer:**

64 (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

(b) Where the application is made by the transferor and relates to partly Paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**Execution of transfer:**

65. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

**Transfer by legal representatives:**

66. A transfer of Share 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.

**Register of Members etc when closed:**

67. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures 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 at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

**Directors may refuse to register transfer:**

68. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares

**Death of one or more joint holders of Shares:**

69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.

**Titles of Shares of deceased Member:**

70. The Executors or administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to

Sections 109A and 109B of the Companies Act

**Notice of application when to be given :**

71 Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

**Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause):**

72. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

**Refusal to register nominee:**

73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Person entitled may receive dividend without being registered as a Member:**

74. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share

**No fees on transfer or transmissions:**

75. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents

**Transfer to be presented with evidence of title:**

76. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board

**Company not liable for disregard of a notice prohibiting registration of transfer:**

77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in



some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

### **SHARE WARRANTS**

#### **Power to issue share warrants:**

78. The Company may issue warrants subject to and in accordance with 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 persons 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.

### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION:**

#### **Share may be converted into stock:**

82. The Company may, by Ordinary Resolution:

- (a) Convert any fully paid up Share into stock, and
- (b) reconvert any stock into fully paid-up Shares.

### **BORROWING POWERS**

#### **Power to borrow**

86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source.

PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

#### **The payment or repayment of moneys borrowed:**

87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debenture stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

#### **Terms of issue of Debentures:**

88. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any

denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

**Mortgage of uncalled capital:**

89. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed

**MEETING OF MEMBERS:**

**Statutory meeting:**

90. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business

**Annual General Meeting:**

91. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of 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.

**Report statement and registers to be laid before the Annual General Meeting:**

92. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.

**Extra-Ordinary General Meeting:**

93. All General Meeting other than Annual General Meeting shall be called Extra- Ordinary General Meeting.

**Requisitions' meeting:**

94.(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be

(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates;

or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the

time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

#### **MEETING OF MEMBERS:**

##### **Notice of business to be given:**

101. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.

##### **Quorum:**

102. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act

#### **VOTES OF MEMBERS:**

##### **Member paying money in advance not to be entitled to vote in respect thereof:**

116. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

##### **Restriction on exercise of voting rights of Members who have not paid calls:**

117. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

##### **Voting in person or by proxy:**

123. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act

##### **Proxies:**

125. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself

PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to

speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.

#### **DIRECTORS:**

##### **Number of Directors:**

134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve

##### **First Directors:**

135. The persons hereinafter named shall be the first Directors of the Company:-

1. Sanjay Agrawal
2. Rashmi Devi Agrawal
3. Vijay Prasad Pappu

#### **MANAGING DIRECTOR:**

##### **Powers to appoint Managing Director:**

166. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.

(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation

##### **Remuneration of Managing Director:**

167 Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

##### **Special position of Managing Director:**

168. Subject to any contract between him and the Company, a Managing or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

##### **Powers of Managing Director:**

169 The Director may from time to time entrust to and confer upon a Managing Director or Whole time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for

such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.

170. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole time Director or Whole time Directors of the Company and may exercise all the powers referred to in these Articles

171. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.

172. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.

173. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

#### **MINUTES:**

##### **Minutes to be made:**

187.(1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:

(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(b) in the case of minutes of proceeding of the General Meeting, by the 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 authorized by the Board for the purpose.

##### **Minutes to be evidence of the proceeds Books of minutes of General Meeting to be kept:**

188. (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

(b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.

#### **DIVIDENDS AND CAPITALISATION OF RESERVES:**

##### **Division of profits:**

192.(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

##### **The Company at General Meeting may declare dividend:**

193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

##### **Dividends out of profits only:**

194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act

##### **Interim dividend:**

195. The Board of Directors may from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies

##### **Debts may be deducted:**

196.(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b).The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.

##### **Capital paid-up in advance as interest not to earn dividend:**

197.Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

##### **Dividends in proportion to amounts paid-up:**

198.All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.

**No Member to receive dividend while indebted to the Company and the Company's right in respect thereof:**

199.No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company

**Effect of transfer of Shares:**

200. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

**Dividend to joint holders:**

201. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

**Dividend how remitted:**

202.The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

**Notice of dividend:**

203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided

**Reserves:**

204.The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

**Dividend to be paid within time required by law:**

205.The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-

- (a) where the dividend could not be paid by reason of the operation on any law; or
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- (c) where there is dispute regarding the right to receive the dividend; or
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or



(e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

**Unclaimed dividend:**

206. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account". Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board.

**Set-off of calls against dividends:**

207. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

**Dividends in cash:**

208. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

**Capitalization:**

209.(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;

(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or

(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or

(c) partly in the way specified in sub clause (a) and partly in that specified in sub- clause (b)

(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.

**Fractional certificates:**

211.(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;

- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and
- (b) Generally do all acts and things required to give effect thereto.

(2)The Board shall have full power:

(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also

(b) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.

(3) Any agreement made under such authority shall be effective and binding on all such Members.

(4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

**DOCUMENTS AND NOTICES:**

**To whom documents must be served or given:**

219.Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company,

PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company

**Members bound by documents or notices served on or given to previous holders:**

220.Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.

**WINDING UP:**

**Distribution of assets:**

225.If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient 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 the proportion to the capital paid up or which ought to have been paid up at the commencement of the

winding up, on the Shares held by them respectively, and if in the 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 at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

**Distribution in specie or kind:**

226.(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, 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 liquidator, 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 contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given 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 on any contributory who would be prejudicial thereby shall have a right 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 involve 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 Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

**Right of shareholders in case of sale:**

227. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against 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 and consequential rights conferred by the said sanction

**Directors and others right to indemnity:**

228. Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court

**Director, officer not responsible for acts of others:**

229. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the

Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty

## 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 the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, have been delivered to the Registrar of Companies, Madhya Pradesh & Chhattisgarh located at Gwalior for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of the Company situated at 98, Bahadarpur Road, Burhanpur - 450 331, Madhya Pradesh from 10.00 a.m. to 4.00 p.m. on any working day from the date of this Red Herring Prospectus until the date of closure of the Issue.

#### Material Contracts

1. Memorandum of Understanding dated October 1, 2008 signed between the Company and Almondz Global Securities Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated December 10, 2008 signed between the Company and Karvy Computershare Private Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated February 12, 2009 between NSDL, the Company and Karvy Computershare Private Limited.
4. Copy of the Tri-partite Agreement dated February 25, 2009 between CDSL, the Company and Karvy Computershare Private Limited.

#### Documents for Inspection

1. Memorandum and Articles of Association of Texmo Pipes and Products Limited, as amended from time to time.
2. Certificate of Incorporation of Texmo Pipes and Products Limited dated July 3, 2008.
3. Certificate of Commencement of Business dated July 28, 2008
4. Copy of resolution passed at EGM dated August 21, 2008 u/s 81 (1A) authorizing the Issue of Equity Shares.
5. Copies of letters addressed to BSE & NSE regarding in-principle approval for listing.
6. Copies of in-Principle approvals received from BSE and NSE dated May 20, 2009 and dated June 2, 2009 respectively.
7. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2005, FY 2006, FY 2007, FY 2008 and FY 2009.
8. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/S Pankaj Somaiya & Associates, Chartered Accountants, dated January 4, 2010.
9. Copy of Auditors Reports dated January 5, 2010 issued by Statutory Auditors of the Company M/s Pankaj Somaiya & Associates, Chartered Accountants, regarding restated financial statements of the Shree Mohit Industries and Texmo Pipes and Products Limited for the last 5 financial years and for the period ended October 31, 2009.
10. Resolutions approving the present terms of employment and remuneration between our Company and our Whole time Directors as approved by our Board and our Shareholders.
11. No objection Certificate from the Bankers to the Company in respect of proposed public issue of the company dated December 5, 2009.

12. Consent letters from Directors, Book Running Lead Manager to the Issue, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Syndicate Members, Legal Advisors to the Issue, Advisors to the Company, and Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in this Red Herring Prospectus.
13. Copy of Valuation Reports from Independent Valuers in respect of valuation for take over of specified assets & liabilities of promoter group entities viz. Shree Padmavati Irrigations Private Limited, Shree Balaji Industries and Shree Venkatesh Industries.
14. Copy of valuation report from Statutory Auditors in respect of valuation of current assets of Promoter Group entities.
15. Copies of the Business Transfer Agreement for the takeover of the specifies assets and liabilities of our promoter group entities viz. Shree Padmavati Irrigations Pvt. Ltd, Shree Balaji Industries, Shree Venkatesh Industries.
16. Copy of the Licence agreement signed between Shree Balaji industries and our Company for using the brand name "Texmo".
17. Due Diligence Certificate dated January 18, 2010 issued by Book Running Lead Manager to the Issue.
18. A copy of the SEBI Final observation letter no CFD/DIL/ISSUES/PB/VT/180236/2009 dated October 20, 2009 received from SEBI, Mumbai in respect of the Public Issue of Texmo Pipes and Products Limited.
19. Copies of letter dated February 4, 2009, October 7, 2009, October 26, 2009 and December 9, 2009 received from CARE awarding IPO Grading to our Company.

### **Declaration**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF TEXMO PIPES AND PRODUCTS LIMITED**

Mr. Sanjay Agrawal  
**Chairman & Managing Director**

Mr. Vijay Prasad Pappu  
**Whole time Director**

Mr. Shanti Lal Badera  
**Non Executive Independent Director**

Mr. Rajesh Selot  
**Non Executive Independent Director**

Mr. Chakradhar Bharat Chhaya  
**Non Executive Independent Director**

Mr. Sanjay Dalal  
**CFO**

**Date:** January 18, 2010

**Place:** Burhanpur, Madhya Pradesh

**Annexure**

**RATIONALE FOR CARE IPO GRADING**

**IPO Grading**

**CARE IPO Grade 2**

CARE has assigned a 'CARE IPO Grade 2' to the proposed Initial Public Offer (IPO) of Texmo Pipes and Products Limited (TPPL). CARE IPO Grade 2 indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the fundamentals of the issuer.

TPPL proposes an IPO of 50,00,000 equity shares of face value of Rs.10 each. The price band has not yet been decided.

*The grading is constrained by TPPL's relatively small size of operations, significantly large expansion plans in relation to its size, localized manufacturing facilities, relatively new brand, volatility in raw material prices, limited customer base and dependence on comparatively large size customers, the presence of unorganized sector players and highly competitive nature of the industry in which the company operates. The grading is also constrained by risks associated with the dependence of proposed capacity expansion on mobilization of required funds through proposed IPO and effective deployment of such funds in setting up new manufacturing unit and its ability to efficiently manage its working capital requirements post expansion.*

*The grading, however, draws strength from the good track record of the promoters as reflected in the successful operation of their PVC and HDPE pipes & fittings business, growth in revenues exhibited particularly since last two years and favourable prospects of the PVC and HDPE pipes industry due to increase in end uses across various sectors. The grading also draws strength from the recent consolidation of TPPL's operations.*

**Background of the company**

TPPL was originally constituted as a partnership firm under the name Shree Mohit Industries on May 13, 1999 with Mr. Sanjay Agrawal and Ms. Rashmidevi Agrawal as partners for manufacture of PVC pipes, with an installed total capacity of 2,928 mtpa (metric tonnes per annum). The company was converted into a Public Limited Company under the name 'Texmo Pipes and Products Limited' (TPPL) on July 3, 2008. The installed capacity has increased steadily through expansion to 6,797 and 7,217 mtpa for PVC pipes and HDPE pipes respectively.

**Management**

The Company has two manufacturing units in Burhanpur, Madhya Pradesh. There are functional heads for Marketing, Finance, Production/Operations, Human Resource, etc., reporting to the Chairman & Managing Director and the WholeTime Director.

**Corporate Governance**

As on January 27, 2009, the Board had 5 Directors, of which the Chairman was the Executive Director and there were 3 independent Directors and 2 non-independent Directors.

The company has 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.



### **Operations**

TPPL is engaged, at its two units in Burhanpur, in manufacturing a range of PVC and HDPE pipes, viz., suction & delivery hose pipe, rigid PVC pipes, elastomeric sealing ringfit PVC Pipe (Gasket Pipe), PVC casing and ribbed screen casing pipes, SWR pipe, plumbing pipe, conduit pipe, capping casing strips, column pipe, HDPE plain pipe, sprinkler pipe, PLB HDPE cable duct and drip irrigation system.

The pipes manufactured by the Company find application in irrigation, agriculture, potable water supply schemes, sewerage and drainage systems, construction industry, telecom industry, and bore/tube well for underground water suction.

The company has marketing presence in the states of Madhya Pradesh, Chhattisgarh, Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh and Rajasthan and has an extensive dealer network.

### **IPO Details**

The company is proposing to make a public offer of 50 lakh equity shares of Rs.10 each for cash through a fresh issue. Price band for the same has not been decided yet. Out of the above, 1 lakh shares are to be reserved for the eligible employees under 'Employee reservation scheme'. The offer would constitute 44.37% of the fully diluted post-offer paid-up capital of TPPL.

The Proceeds of the issue of shares are intended to be deployed for:

1. Expansion of product range:- TPPL plans to expand its existing manufacturing facility at Unit-I and II at Burhanpur so as to include CPVC and DWC pipes and also increasing dimensions for HDPE pipes. This will aid in increasing its installed capacity to 38,270 mtpa for PVC pipes and 11,023 mtpa for HDPE pipes and simultaneously enhance its product portfolio.

2. Setting up of up manufacturing facilities for injection mouldings/fittings and woven sacks:- TPPL intends to use part of its proceeds in setting manufacturing variety of woven sack bags.

3. Meeting long term working capital requirements:- Operations of TPPL being highly working capital intensive, the company proposes to deploy part proceeds as margin money for working capital requirements.

The balance proceeds, if any, will be directed towards general corporate purposes and issue related expenses.

### **Industry overview**

The Indian Pipe Industry with presence across all categories of pipes is among the top three manufacturing hubs after Japan and Europe. Pipe transportation is an economical mode of transportation as compared to traditional modes of rail, road and sea transport. It helps in saving scarce natural energy resources and time taken for transportation.

Despite these advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to global average of 79% in oil and gas transport. Sanitation levels are also lower at 33% compared to 91% in Sri Lanka and 100% in developed countries like France. Of 140 mn. hectares of cultivable land, only 40% land is irrigated.

The lower penetration levels offer a huge scope for Indian pipe companies. A positive trend in the pipe industry is expected to continue in the coming years on the back of economic growth, more oil and gas discoveries, infrastructure focus by government and low penetration levels.

### **Financials**

Total income grew at a CAGR of 77% for the period FY07 to FY09 due to increase in capacity in PVC and HDPE pipes through expansion and also due to business transfer agreement with its group entities i.e. Shree Balaji Industries, Shree Venkatesh Industries and Shree Padmavati Irrigation Private Limited. Net sales during FY09 increased by 6.52% to Rs.61.17 crore, as compared to Rs.57.43 crore during FY08. This increase was mainly on account of increased sales in agricultural and telecom sector, leading to increase in its order book position. TPPL's profitability margins have shown an improvement due to higher share of products with better margins. Interest cost shows an increase to

Rs.2.16 crore during FY09 from Rs.0.98 crore during FY08 due to increased borrowing from Rs.9.78 crore as on March 31, 2008 to Rs.23.10 crore as on March 31, 2009. TPPL had to fund its working capital requirement by availment of cash credit facility to the extent of about Rs.15 crore.

Current Assets show an increase from Rs.21.91 crore as on March 31, 2008 to Rs.30.16 crore mainly due to increase in inventory by about Rs.8.09 crore.

TPPL, originally a partnership firm, was converted into a Public Limited Company on July 3, 2008. Equity shares were issued to the promoters of partnership firm to the extent of Rs.6 crore against partner's capital held to the extent of Rs.9.38 crore. During July 3, 2008 to March 31, 2009, equity shares were issued to the extent of Rs.0.27 crore at premium of Rs.2.16 crore. Hence the network depicts an increase due to issue of shares at premium and retained profits.

Long term debt to equity as on March 31, 2009 was 0.63x as compared to 0.01x as on March 31, 2008 due to increased long term borrowing from banks for additions in plant and machinery.

Overall gearing of 1.92x as on March 31, 2009 had increased from 1.04x as on March 31, 2008 due to availment of cash credit facilities for working capital requirement. Return on capital employed and return on network during FY09 has reduced as compared to FY08 due to increase in equity during the period.

Y.E. / as on March 31	(Rs. in crore)		
	2007	2008	2009
	Audited		
<b><u>Working Results</u></b>			
Net Sales	20.37	57.43	61.17
Total Operating Income	20.43	58.37	63.75
PBILDT	1.08	6.33	7.97
Interest	0.35	0.98	2.16
Depreciation	0.23	0.30	0.56
PBT	0.55	5.76	6.53
PAT (after deferred tax)	0.41	4.18	4.80
Gross cash Accruals	0.63	4.54	5.64
<b><u>Financial Position</u></b>			
Equity share capital	3.29	9.38	6.27
Net worth	3.25	9.38	12.03
Total capital employed	8.06	19.16	35.13
<b><u>Key Ratios</u></b>			
<b><u>Growth</u></b>			
Growth in Total income (%)	(9.01)	185.79	9.21
Growth in PAT [after D.Tax] (%)	(30.31)	927.59	14.79
<b><u>Profitability</u></b>			
PBILDT / Total Op. income (%)	5.28	10.85	12.50
PAT / Total income (%)	1.99	7.07	7.37
ROCE (%)	10.64	44.31	27.28
Average cost of borrowing (%)	7.35	13.46	13.22
RONW	12.87	66.16	44.81
EPS*	-	-	7.65
<b><u>Solvency</u></b>			
Long Term Debt Equity ratio (times)	0.45	0.01	0.63
Overall Gearing (times)	1.48	1.04	1.92
Interest Coverage (times)	2.41	6.15	3.43
<b><u>Liquidity</u></b>			

Current ratio(times)	1.76	1.48	1.44
Quick ratio(times)	1.36	1.18	0.84
<i>Turnover</i>			
Average collection period (days)	56	46	61
Average creditors (days)	23	21	24
Average inventory days	33	24	59

\*Partnership firm upto FY08.

#### **Future Prospects**

The Company faces competition from larger firms in high value added products and for larger customers, with whom it may have low bargaining strength and lesser pricing power. The Company needs to continuously maintain its operational and commercial competitiveness to win tenders for big contracts. Further, it has to continuously meet quality and quantity commitments under contracts awarded. On the other hand, in the low value added products, TPPL faces competition from the organized and unorganized sector characterized by high price sensitivity and lower margins. The volatility in raw material prices may also impact the demand and margins for the products of the company.