



FLEXITUFF INTERNATIONAL LIMITED

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, 1956, Naviska Packaging was converted into a private limited company, Naviska Packaging Private Limited, on April 8, 1993. The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

For further details in relation to the corporate history of our Company including changes in name and the registered office, please refer to the section "History and Certain Corporate Matters" beginning on page 154 of the Red Herring Prospectus.

Registered Office: 2nd floor, Main Building, 19, R.N. Mukherjee Road, Kolkata 700 001, West Bengal. **Tel:** +91 33 4005 3995, **Fax:** +91 33 2231 2510

Corporate Office: C 41-50, Sector 3, Special Economic Zone, Pithampur, Dist. Dhar 454 775, Madhya Pradesh

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PROMOTERS OF OUR COMPANY	
KALANI INDUSTRIES PRIVATE LIMITED, MISCELLANI GLOBAL PRIVATE LIMITED AND SANОВI TRADING PRIVATE LIMITED	
PUBLIC ISSUE OF 6,750,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH OF FLEXITUFF INTERNATIONAL LIMITED ("FIL" OR OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION COMPRISING OF A FRESH ISSUE OF 4,500,000 EQUITY SHARES OF ₹ 10 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 2,250,000 EQUITY SHARES OF ₹ 10 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] MILLION BY CLEARWATER CAPITAL PARTNERS (CYPRUS) LIMITED (THE "SELLING SHAREHOLDER") ("OFFER FOR SALE"). THE FRESH ISSUE AND THE OFFER FOR SALE ARE TOGETHER REFERRED TO AS THE "ISSUE". THE ISSUE WILL CONSTITUTE 31.09% OF THE POST ISSUE PAID UP CAPITAL OF OUR COMPANY.	
THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE.	
THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.	
In case of any revision in the Price Band, the Bid/Issue Period will be extended for three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate members.	
The Issue is being made pursuant to Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations"), through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company may, in consultation with the Book Running Lead Manager, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, out of which at least one-third portion will be available for allocation to domestic Mutual Funds only. 5% of the Net QIB Portion (as defined in the section "Definitions and Abbreviations") shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Non-Institutional Bidders and Qualified Institutional Buyers (except Anchor Investors), will mandatorily participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process by providing details of the relevant bank accounts in which the corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs"). Retail Individual Bidders may at their option participate through the ASBA process. For details, please refer the section "Issue Procedure" beginning on page 437 of the Red Herring Prospectus.	
RISKS IN RELATION TO THE FIRST ISSUE	
This being the first public issue of Equity Shares of the Issuer, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 per Equity Share. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined and justified by our Company and the BRLM as stated in the section "Basis for 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 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 the Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 13 of the Red Herring Prospectus.	
ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY	
Our Company and to the extent applicable the Selling Shareholder, having made all reasonable inquiries, accept responsibility for and confirms that the Red Herring Prospectus contains all information with regard to our Company, the Selling Shareholder and the Issue, which is material in the context of the Issue, that the information contained in the 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 will make the 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.	
IPO GRADING	
This Issue has been graded by Credit Analysis & Research Limited as 3/5, indicating average fundamentals. The IPO grade is assigned on a five-point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details, please refer to the section "General Information – IPO Grading" on page 55 and "Annexure I" of the Red Herring Prospectus.	
LISTING ARRANGEMENT	
The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. Our Company has received 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated May 19, 2011 and June 10, 2011, respectively. For purposes of this Issue, the Designated Stock Exchange shall be BSE.	
BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
<p>COLLINS STEWART INGA PRIVATE LIMITED* A 404, Neelam Centre, Hind Cycle Road, Worli, Mumbai- 400 030 Tel: + 91 22 24982919, Fax: +91 22 24982956 Email: flexituff.ipo@csinga.com Website: www.csinga.com Investor Grievance ID: investors@csinga.com Contact Person: Ms. Deepa Mutha / Mr. Kunal Thakkar SEBI Registration No. INM000010924 <i>* Collins Stewart Inga Private Limited has made an application on May 27, 2011 with SEBI for renewal of its certificate of registration</i></p>	<p>LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel: +91 22 25960320, Toll Free: 1800220320 Fax: +91 22 25960329 Email: flexituff.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sanjog Sud SEBI Registration No. INR000004058</p>
BID/ISSUE PROGRAMME	
BID/ISSUE OPENS ON ⁽¹⁾: THURSDAY, SEPTEMBER 29, 2011	BID/ISSUE CLOSES ON : TUESDAY, OCTOBER 4, 2011 - FOR QIB BIDDERS WEDNESDAY, OCTOBER 5, 2011 - FOR OTHER BIDDERS

⁽¹⁾ Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to Bid/ Issue Opening Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in the Red Herring Prospectus and references to any statute or regulations or policies shall include amendments thereto, from time to time:

COMPANY RELATED TERMS

Terms	Description
Articles/ Articles of Association/AOA	Articles of Association of our Company
Auditors	Statutory Auditors of our Company, M/s. L.K. Maheshwari & Co., Chartered Accountants
Board/ Board of Directors	Board of Directors of our Company or a committee constituted thereof, unless the context otherwise specifies
Director(s)	Director(s) of our Company, unless otherwise specified
Group Company(ies)/ Group Entities	Includes those companies, firms and ventures disclosed in the section “Group Entities” beginning on page 190 of the RHP
Promoters/ our Promoters	Kalani Industries Private Limited, Miscellani Global Private Limited and Sanovi Trading Private Limited
Promoter Group	Such persons and entities constituting our promoter group pursuant to Regulation 2(zb) of the ICDR Regulations
Registered Office of our Company	The Registered Office of our Company situated at 2nd floor, Main Building, 19, R.N. Mukherjee Road, Kolkata - 700 001, West Bengal
“our Company” or “Flexituff International Limited” or “Flexituff” or “the Issuer” or “the Company”	Refers to Flexituff International Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 2 nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata - 700 001, West Bengal
Subsidiaries	Flexiglobal Holdings Limited, Nanofil Technologies Private Limited, Satguru Polyfab Private Limited and two step down subsidiaries namely, Flexiglobal (UK) Limited and Lakshmi Incorporated
“we”, “us”, “our”, or “Group”	Unless the context otherwise requires, “Flexituff International Limited” and its Subsidiaries on a consolidated basis

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Terms	Description
A/C	Account
Companies Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY / A/Y	Assessment Year
B/S	Balance Sheet
B. Com	Bachelors degree in Commerce
BIFR	Board for Industrial and Financial Reconstruction
BPLR / PLR	Bank Prime Lending Rate/ Prime Lending Rate
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number

Terms	Description
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant/ DP	A depository participant as defined under the Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
DP ID	Depository Participant's Identity
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortisation
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
EPCG	Export Promotion Capital Goods
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
Financial Year/FY	The twelve months ended March 31 of that particular year, unless otherwise specified
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/ Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IT Act	The Income Tax Act, 1961, as amended from time to time except as stated otherwise
Indian GAAP	Generally Accepted Accounting Principles in India
LLP	Limited Liability Partnership
Mn/ mn	Million
MOU	Memorandum of Understanding
MP/ M.P.	Madhya Pradesh
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate

Terms	Description
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a.	per annum
P/E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Persons of Indian Origin
RBI	The Reserve Bank of India
ROC/ RoC	Registrar of Companies, West Bengal located at Nizam Palace - II, MSO Building, 2 nd Floor, 234/4 AJC Bose Road, Kolkata - 700 020, West Bengal
RONW	Return on Net Worth
Rs./ ₹/ Rupees/ INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI ESOP Guidelines / ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time
SEBI Takeover Regulations /Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
SEZ	Special Economic Zone
SICA	Sick Industrial Companies Act, 1985
Sq Ft	Square Feet
Sq. Mts	Square metres
State Government	The government of a State of the Union of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
UIN	Unique Identification Number
UK	The United Kingdom of Great Britain and Northern Ireland
US / USA/ U.S.A.	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US\$/U.S.\$	United States Dollars

Terms	Description
Venture Capital Fund(s)/ VCF(s)	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time

ISSUE RELATED TERMS

Term	Description
Allot/ Allotment/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The advice or intimation of Allotment of the Equity Shares sent to the Bidders who are to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof
Anchor Investor(s)	A “Qualified Institutional Buyer”, applying under the Anchor Investor Portion with a minimum Bid of ₹ 100 million
Anchor Investor Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares sent to the Anchor Investors who have been allocated Equity Shares on the Anchor Investor Bidding Date
Anchor Investor Bid/Issue Date	The day, one Working Day prior to the Bid/Issue Opening Date, on which bidding by Anchor Investors shall open and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM
Anchor Investor Portion	Up to 30% of the QIB portion which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors
Application Supported by Blocked Amount/ ASBA	An application whether physical or electronic used by Bidders to make a Bid authorizing a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder	Any Bidder other than an Anchor Investor, who intends to apply through ASBA through blocking of funds in a bank account with an SCSB Further, please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, QIBs (excluding those Bidding under the Anchor Investor Portion) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA.
ASBA Bid cum Application Form / ASBA Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as banker to the issue with whom the Escrow Account will be opened in this case being HDFC Bank Limited and Punjab National Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under

Term	Description
	the Issue and which is described under “Basis of Allotment” in the section “Issue Procedure” on pages 466 to 469 of the RHP
Bid	<p>An indication to make an offer, made during the Bid/ Issue Period by a Bidder or during the Anchor Investor Bid/Issue Date by the Anchor Investors to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purposes of ASBA Bidders, it means an indication to make an offer during the Bid/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares</p>
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form, and in case of ASBA Bidders the amount mentioned in the ASBA Bid cum Application Form and payable by the Bidder (other than an Anchor Investors) on submission of the Bid for the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form/ASBA Bid cum Application Form
Bid/ Issue Closing Date	<p>Except in relation to Anchor Investors, the date after which the members of the Syndicate and the designated branches of the SCSBs will not accept any Bids for this Issue i.e. October 5, 2011, which shall also be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper, with wide circulation</p> <p>Our Company shall close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date i.e. on October 4, 2011, which shall also be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper, with wide circulation</p>
Bid/ Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate and the designated branches of the SCSB shall start accepting Bids for the Issue i.e. September 29, 2011, which shall also be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper with wide circulation
Bid/ Issue Period	<p>Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof</p> <p>Our Company shall close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date i.e. on October 4, 2011 in accordance with the ICDR Regulations</p>
Book Building Process/ Book Building Method	The book building mechanism as provided under Schedule XI of the ICDR Regulations, in terms of which this Issue is being made
BRLM/ Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being Collins Stewart Inga Private Limited
CAN/ Confirmation of Allotment Note	The note or advice or intimation of Allotment of Equity Shares sent to the successful Bidders who have been Allotted Equity Shares after discovery of Issue Price in accordance with the Book Building Process, including any revisions thereof
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, including any revisions thereof
Controlling Branches	Such branches of the SCSBs which coordinates with the BRLM, the Registrar to

Term	Description
	the Issue and the Stock Exchanges, a list of which is available at http://www.sebi.gov.in
Cut-off Price	The Issue Price finalised by our Company and the Selling Shareholder in consultation with the BRLM. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding ₹ 200,000 are entitled to Bid at Cut-off Price. QIBs and Non - Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form directly from ASBA Bidders not Bidding through Syndicate ASBA and a list of which is available on http://www.sebi.gov.in
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 Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board approves the Allotment of the Equity Shares constituting the Fresh Issue and the Offer for Sale
Designated Stock Exchange	In this case being the BSE
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus dated March 24, 2011 filed with SEBI and issued in accordance with Section 60B of the Companies Act and the ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each fully paid-up, unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated September 12, 2011 entered into among our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, Syndicate Members and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding the ASBA Bidders)
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application 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
Fresh Issue	Fresh Issue of 4,500,000 Equity Shares of ₹ 10 each fully paid-up at the Issue Price by our Company aggregating to ₹ [●] million
Issue	The Issue of 6,750,000 Equity Shares of ₹ 10 each at the Issue Price aggregating to ₹ [●] million, comprising a Fresh Issue of 4,500,000 Equity Shares and an Offer for Sale by the Selling Shareholder of up to 2,250,000 Equity Shares
Issue Agreement	Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Book Running Lead Manager, as amended by a letter agreement dated September 12, 2011.
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by our Company and the Selling Shareholder in consultation with the BRLM, on the Pricing Date
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the Net QIB Portion i.e. upto 118,125 Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion, subject to valid bids

Term	Description
	being received from such Mutual Funds
Net Proceeds	Proceeds from the Fresh Issue less the Issue related expenses. For further information about use of Net Proceeds and the Issue expenses, please refer to the section “Objects of the Issue” beginning on page 80 of the RHP
Net QIB Portion	The QIB Portion less number of the Equity Shares allocated to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 1,012,500 Equity Shares of ₹ 10 each available for allocation to Non-Institutional Bidders
Non-Resident/ NRI	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Offer for Sale	The offer for sale of up to 2,250,000 Equity Shares by the Selling Shareholder at the Issue Price
Pay-in-Date	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Date and extending until two Working Days after the Bid/ Issue Closing Date in the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price
Pay-in-Period	The period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date; provided however, for Anchor Investors, the Pay-in-Period shall mean Anchor Investor Bid/ Issue Date and extending until two Working Days after the Bid/ Issue Closing Date, in the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price
Price Band	The price band of a minimum price (“Floor Price”) of ₹ [●] and the maximum price (“Cap Price”) of ₹ [●] and includes revisions thereof. The price band and the minimum Bid lot size will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Manager and advertised in all editions of The Economic Times and in Business Standard (Mumbai and Kolkata edition) in the English language, Mumbai and Delhi edition of Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language atleast two (2) Working Days prior to the Bid/ Issue Opening Date
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLM finalizes the Issue Price
Prospectus	The Prospectus, to be filed with the ROC in accordance with section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information
Public Issue Account	An account opened with HDFC Bank Limited to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
QIB Portion	The portion of the Issue being up to 3,375,000 Equity Shares of ₹ 10 each being not more than 50% of the Issue available for allocation to QIBs and includes the Anchor Investor Portion
Qualified Institutional Buyers or QIBs	(i) Mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; (ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual; (iii) Public financial institutions as defined in Section 4A of the Companies Act; (iv) Scheduled commercial banks; (v) Multilateral and bilateral development financial institutions; (vi) State industrial development corporations;

Term	Description
	(vii) Insurance companies registered with the Insurance Regulatory and Development Authority; (viii) Provident funds with minimum corpus of ₹ 250 million; (ix) Pension funds with minimum corpus of ₹ 250 million; (x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) Insurance funds set up and managed by the army, navy, or air force of the Union of India; and (xii) Insurance funds set up and managed by the Department of Posts, India
Red Herring Prospectus/ RHP	The red herring prospectus dated September 15, 2011 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It will be filed with the ROC atleast three days before the opening of this Issue. It will become a Prospectus after filing with the ROC, after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, (excluding to the ASBA Bidders) if any, of the whole or part of the Bid Amount to Bidders shall be made
Refund Bank	shall mean HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable
Registrar/ Registrar to the Issue	Registrar to this Issue, in this case being Link Intime India Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs applying through their Karta and Eligible NRIs) who have Bid for an amount less than or equal to ₹ 200,000 in any of the bidding options in this Issue
Retail Portion	The portion of the Issue being not less than 2,362,500 Equity Shares of ₹ 10 each, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the SEBI
Selling Shareholder	Clearwater Capital Partners (Cyprus) Limited having its registered office at 12 th , Esperidon Street, 4 th Floor, PC 1087 Nicosia, Cyprus
Syndicate/ members of the Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	The agreement dated September 12, 2011 entered into between our Company, the Selling Shareholder and the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from the Bidders applying through ASBA process)
Syndicate ASBA	A Bid submitted by an ASBA Bidder through the members of the Syndicate / sub-syndicate at Syndicate ASBA Centres instead of the Designated Branches.
Syndicate ASBA Centres	Centres established by the SCSB at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat, and such other centres as may be prescribed by SEBI from time to time, wherein, pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, ASBA Bidders are permitted to submit their Bids to the Syndicate/sub-syndicate members.
Syndicate Member(s)	An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being Ajcon Global Services Limited, Hem Securities Limited, ITI Financial Services Limited, ITI Securities Limited and Sunidhi Securities & Finance Limited.

Term	Description
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members or an SCSB (only on demand) to the Bidders as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters, the Selling Shareholder, the Registrar and our Company to be entered into on or after the Pricing Date
Updated DRHP	The updated draft red herring prospectus submitted with SEBI on August 22, 2011 upon incorporation of the observations of the SEBI on the DRHP
Working Days	All days other than a Sunday or a public holiday (except in reference to the Anchor Investors Bid/ Issue Date and announcement of Price Band and Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

TECHNICAL/INDUSTRY RELATED TERMS / BUSINESS RELATED TERMS / ABBREVIATIONS

Terms	Description
AIPMA	The All India Plastics Manufacturers Association
BMI	Business International Monitor
BOPP	Biaxially Oriented Polypropylene
Corporate Office	The corporate office of our Company situated at C 41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454775, Madhya Pradesh
CFM	Cubic Feet per Minute
DTA	Domestic Tariff Area
FIBC	Flexible Intermediate Bulk Containers
GMP	Good Manufacturing Practice
Ha	Hectare
HDPE	High Density Polyethylene
HIPS	High Impact Polystyrene
ICD	Inter Corporate Deposit
IFBCA	Indian Flexible Intermediate Bulk Container Association
ISI	Indian Standards Institute
Kg	Kilograms
KL	Kilo Litre
KVA	Kilo Volt Ampere
LLDPE	Linear low-density polyethylene
LDPE	Low-density polyethylene
MT	Metric Tonnes
MTPA	Metric Tonnes per Annum
Mm	Millimetre
Mtrs/ mts	Metres
NHAI	National Highways Authority of India
PE	Polyethylene
PET	Polyethylene Terephthalate
PP	Polypropylene
PVC	Polyvinyl Chloride
PS	Polystyrene

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the RHP is derived from our Company's restated standalone financial statements as of and for the year ended March 31, 2011, 2010, 2009, 2008 and 2007 and from our restated consolidated financial statements as of and for the year ended March 31, 2011, 2010, 2009 and 2008 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, included in the RHP.

Our Company's financial year commences on April 1 of a particular year and ends on March 31 of the next year. Unless stated otherwise, references herein to a FY (e.g., FY 2011), are to the financial year ended March 31 of a particular year. In the RHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, International Financial Reporting Standards ("IFRS") and U.S. GAAP. Our Company has not attempted to quantify those differences or their impact on the financial data included herein and you should consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated financial statements (consolidated or standalone) included in the RHP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in the RHP should accordingly be limited.

Currency of Presentation

All references to 'Rupees', 'Rs.' or '₹' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, ₹ 10 crore equals ₹ 100 million. All references to '\$', 'US\$', 'U.S. Dollars' or 'USD' are to United States Dollars, the official currency of the United States of America. All references to "GBP" or "£" are to the official currency of United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions. All references to "Euro" or "€" are to the official currency of the member states of European Union. All references to "CHF" or "Franc" are to the official currency of Switzerland. All references to "JYP" or "Japanese Yen" or "¥" are to the official currency of Japan.

Industry and Market Data

Market data used in the RHP has been obtained from industry publications, articles and government reports. Industry publications and articles 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 the market data used in the RHP is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

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

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement which include risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our 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 laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Disruption in raw material supply.
- Implementation risks involved in our expansion plans.
- Availability of labour.
- Continuation of tax benefits available to us.
- Our ability to successfully implement our strategy, growth and expansion plans.
- Our exposure to market risks.
- Exchange rate fluctuations.
- The outcome of legal or regulatory proceedings that we are or might become involved in.
- Contingent liabilities, environmental problems and uninsured losses.
- Non receipt / late receipt of Government approvals.
- Changes in government policies and regulatory actions that apply to or affect our business.
- Disruptions in our manufacturing facilities.
- Developments affecting the Indian economy
- Uncertainty in global markets

For further discussion of factors that could cause our actual results to differ, see the sections “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 13, 123 and 335, respectively of the RHP. 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, its Directors and officers, the Selling Shareholder, BRLM, nor members of the Syndicate or any of their respective affiliates or associates has 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, the Selling Shareholder and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of final listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in the RHP, including the risks and uncertainties described below, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the business, operations, financial condition and prospects could suffer and the market price of the Equity Shares could decline and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. To obtain a complete understanding, this section should be read in conjunction with the sections “Forward-Looking Statements”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 12, 123 and 335 of the RHP.

Prior to making an investment decision, prospective investors should carefully consider all the information contained in the RHP, including the financial statements beginning from page 231. The financial data in this section is as per our Company’s restated financial statements prepared in accordance with Indian GAAP.

Unless specified or otherwise stated in the relevant risk factors set forth below, our Company is not in a position to quantify the financial or other implications of any risks mentioned in this section.

Materiality

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

- (i) Some events may not be material individually, but may be found material collectively.
- (ii) Some events may have material impact qualitatively instead of quantitatively.
- (iii) Some events may not be material at present but may have material impact in the future.

The risk factors are as envisaged by the management. Wherever possible, the financial impact of the risk factors has been quantified.

INTERNAL RISK FACTORS

- 1. There are certain criminal proceedings pending against our Directors, Mr. Manish Kalani and Mr. Pawan Kumar Jain, which if determined against them, could have a material adverse effect on our operations and reputation. Further Mr. Manish Kalani, Mr. Ravindra Chaurasia and Mr. Pawan Kumar Jain, our directors have received notices from the income tax department. The aggregate quantifiable amount as on date in the legal proceedings mentioned above against our Directors is approximately ₹7.43 million.***

Our Managing Director, Mr. Manish Kalani is party to a criminal proceeding relating to the accidental death of a contract labourer. The proceeding has been initiated under section 44 of the Building & Other Construction Workers (Regulation of Employment & Condition of Services) Act, 1996.

Mr. Manish Kalani is also party to a criminal proceeding wherein he is accused of having committed offences under sections 420 and 120B of the Indian Penal Code 1860 and sections 13(1)D and 13(2) of the Prevention of Corruption Act, 1988, in relation to change of use of land situated at 11, M.G Road, Indore from residential to commercial purposes. A chargesheet has been filed against him and he has been released on bail. Our Director, Mr. Pawan Kumar Jain, is party to a criminal proceeding in the capacity of an occupier of one of our factories. The proceeding has been initiated under the Factories Act, 1948 in respect of the accidental death of an employee of our Company. Mr. Pawan Kumar Jain is also one of the parties to a criminal prosecution initiated by the Inspector, Food and Drug Administration, Indore. He has been made party in the said prosecution in the capacity of a director of one of our Promoters, Kalani Industries Private Limited.

Further, Mr. Manish Kalani, Mr. Ravindra Chaurasia and Mr. Pawan Kumar Jain have received notices from the income tax department calling upon them to provide certain information and documentation.

The aggregate quantifiable amount involved as on date in the legal proceedings mentioned above against our Directors is approximately ₹ 7.43 million.

No adverse orders have been passed against our Directors in the above matters. However, should an adverse order be passed in any of the proceedings, our operations and reputation could be adversely affected. For further details on the said proceedings please refer to the section “Outstanding Litigations and Material Developments” beginning on page 378 of the RHP.

2. *There are certain outstanding legal proceedings initiated against our Company, Promoters, Directors, Group Companies and Subsidiaries aggregating to ₹ 33.54 million, ₹ 0.25 million, ₹ 7.43 million, ₹ 0.50 million and Nil, respectively to the extent quantifiable. Additionally, there are certain outstanding legal proceedings initiated by our Company, Promoters, Group Companies and Subsidiaries aggregating to ₹ 18.81 million, ₹ 220.96 million, ₹ 44.35 million and ₹ 3.12 million, to the extent quantifiable, respectively. The above outstanding legal proceedings, if determined against our Company, Promoters, Directors, Group Companies and Subsidiaries, could have a material adverse impact on our operations*

Our Company, Promoters, Directors, Group Companies and Subsidiaries are party to various legal proceedings including suits, labour related proceeding, employee claims, etc. These proceedings are pending at different levels of adjudication before the appropriate forum and if determined against us, could have a material adverse impact on our operations. The table below summarises the legal proceedings that we are involved in:

Legal proceedings initiated against our Company, Promoter, Directors, Group companies and Subsidiaries:

(₹ in Million)

Category	Our Company		Promoters		Directors		Group Companies		Subsidiaries	
	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)
Criminal proceedings	-	-	1	-	4	-	-	-	-	-
Civil / Arbitration proceedings	-	-	-	-	-	-	2	Not Quantifiable	-	-
Tax proceedings	3	1.45	1	Not Quantifiable	-	-	-	-	-	-
Other proceedings	4	0.50	-	-	-	-	-	-	-	-
Notices	24	31.59	7	0.25	31	7.43	34	0.50	1	Not Quantifiable
Total	31	33.54	9	0.25	35	7.43	36	0.50	1	Nil

Legal proceedings initiated by our Company, Promoter, Group Companies and Subsidiaries:

(₹ in Million)

Category	Our Company		Promoters		Group Companies		Subsidiaries	
	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)
Criminal proceedings	3	0.10	1	0.70	-	-	-	-
Civil / Arbitration	2	2.54	8	219.09	1	2.18	1	0.21

Category	Our Company		Promoters		Group Companies		Subsidiaries	
	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)
proceedings								
Tax proceedings	11	14.26	5	1.17	5	42.17	1	2.91
Other proceedings	-	-	-	-	1	Not Quantifiable	-	-
Notices	5	5.06	1	-	-	-	-	-
Total	21	21.96	15	220.96	7	44.35	2	3.12

For further information relating to these proceedings, please refer to the section “Outstanding Litigations and Material Developments” beginning on page 378 of the RHP.

3. *We are exposed to the risk of not being successful in claiming the insurance amounts from our insurers, in respect of the damage caused by the factory workmen at our Kashipur unit.*

There has been an accidental death of one of our worker at Kashipur unit on June 22, 2011. Thereafter, people damaged the factory premises including stocks, electronic equipments, plant & machinery, building etc. Further, an amount of around ₹ 2.1 million kept for payment to workers was also reported to be missing. On account of this incidence, our unit was closed for 3 days and the work re-started from June 25, 2011 after initial survey and other formalities. Estimated damage to the factory premises including stocks, electronic equipments, plant & machinery, building etc. due to the above incident could be to the tune of ₹ 40 million. The damaged properties and the money stolen as mentioned above are insured to the extent of ₹ 2,370 million and ₹ 4 million respectively. However, we have started processing the insurance claim from the insurers for the damage caused and the theft occurred, there is no assurance that our claim will be realised. In the event our entire claim or a substantial claim fails, it would adversely affect our financial performance. For further details please refer to section ‘Outstanding Litigations and Material Developments’ on page 378 of the RHP.

4. *The purposes for which the proceeds of the Fresh Issue are to be utilized have not been appraised by any bank or financial institution. In the event of any upward revision in the estimates, our proposed expenditure would increase which could adversely affect our results of operations, profitability and our ability to effectively implement our business plans.*

We intend to use the proceeds that we receive from the Fresh Issue for the purposes described in section “Objects of the Issue” beginning on page 80 of the RHP. The estimated project cost has not been appraised by any bank or financial institution. The fund requirements are based on management estimates and on current market conditions. In view of the competitive nature of our industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes or increase in our proposed expenditure for our project and which may adversely affect our results of operations profitability and our ability to effectively implement our business plans.

Further, the utilization of the proceeds from the Fresh Issue will be monitored by our Board and is not subject to any monitoring by any independent agency.

5. *Our Company is yet to place orders towards expansion of manufacturing facilities at our SEZ and DTA units at Pithampur and for setting up Dripper Project at Kashipur. Any delay in placing of such orders or delay in supply of plant and machinery in particular, may lead to time and/or cost overruns which would adversely affect our business operations, financial condition and profitability.*

Our Company proposes to incur expenditure amounting to ₹ 270.29 million towards expansion of manufacturing facilities at our SEZ and DTA units at Pithampur and for setting up Dripper Project at Kashipur. We are yet to place orders or to enter into contracts for the total estimated cost of the above projects. Delay in placing of such

orders, may lead to time and/or cost overruns and would consequently adversely affect our business operations, financial condition and profitability. For further details, please refer to the section “Objects of the Issue” beginning on page 80 of the RHP.

- 6. Our Company is proposing to enter into a new segment of manufacturing injection moulded products for drip irrigation systems and proposes to utilise a part of the Fresh Issue proceeds for the same. Our Company has no track record or prior experience in the manufacture of injection moulded products and the success of the same cannot be assured.**

We propose to utilise a part of the Fresh Issue proceeds for the manufacture of injection moulded products for drip irrigation systems as mentioned in the section “Objects of the Issue” beginning on page 80 of the RHP. Our Company has no track record or prior experience in the manufacture of injection moulded products. There can be no assurance that this proposed venture would be successful and may expose us to managerial, technical and logistical challenges. Any failure on our part to meet such challenges could disrupt our business plans and may have a material adverse effect on our business, prospects, results of operations and financial condition.

- 7. Our exports to US and Europe contributed 49.18%, 61.69 % and 78.49% of our total revenues for FY 2011, 2010 and 2009 respectively. Any change in the policies governing the packaging industry and /or an economic slowdown in these regions may affect our financial condition and business operations.**

Based on our restated consolidated financial statements for the financial years 2011, 2010 and 2009, 49.18%, 61.69% and 78.49% of our total revenues was contributed by exports to US and Europe. In the event of change in policies or laws in these regions with respect to Environment, Health and Safety (EHS) norms, quality standards, branding or restrictions on usage of certain products/raw materials, our financial condition and business operations may be adversely affected. Further, in the event of any economic slowdown in these regions, our customers may reduce or postpone the orders significantly, which may negatively affect our revenues and profitability. Further any local social unrest, change in governmental policies and natural disaster in and around these regions could have a material adverse effect on our business, financial position and results of operations.

- 8. We have had negative net cash flow from operating and investment activities as per restated financial statements. Any negative cash flow in the future would adversely affect our business, results of operations and financial condition.**

We had negative net cash flow from operating and/ or investment activities in FY 2007, 2008, 2009, 2010 and 2011. The net aggregate of cash flows from operating and investment activities for the year ended March 31, 2011 is ₹ (440.75) million. Our cash flows from operating and investment activities are further detailed in the table below:

(₹ in Million)						
Sr. No.	Particulars	FY 2007 [#]	FY 2008	FY 2009	FY 2010	FY 2011
		Standalone	Consolidated			
A	Net Cash Flow from/(used in) Operating Activities	206.05	(20.85)	545.64	(55.90)	192.83
B	Net Cash Flow from/(used in) from Investment Activities	(362.08)	(480.00)	(1,262.41)	(661.15)	(633.58)
	Total	(156.03)	(500.85)	(716.77)	(717.05)	(440.75)

[#] Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, the amounts for the FY 2007 are from the Restated Standalone Financial Statements.

There can be no assurance that our net cash flow from operating and investment activities will be positive in the future. Any negative cash flows from operating and investment activities in future would adversely affect our business, results of operations and financial condition. For further details please refer to the section “Financial Statements – Statement of Cash Flows” on pages 237 to 238 and 286 to 287 of the RHP.

9. Any inability on our part to maintain quality standards or keep pace with the technological developments could adversely impact our business, results of operations and financial conditions.

Quality control is a vital element for our sector. Our business is dependent on the trust our customers have in the quality of our products. The products we manufacture must meet our customers' quality standards. Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers' quality standards. Any negative publicity regarding our Company, or products, including those arising from a drop in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations.

Any rapid change in our customers' expectation on account of changes in technology or introduction of new products or for any other reason and failure on our part to meet their expectation could adversely affect our business, result 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. We also believe that to meet our clients' needs, we must regularly update our existing technology and acquire or develop new technologies on a continuous basis. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

10. We will not receive any proceeds from the Offer for Sale, which constitutes 33.33% of the issue size, as disclosed in the Objects of the Issue.

This Issue includes an Offer for Sale of up to 2,250,000 Equity Shares by the Selling Shareholder, which constitutes 33.33% of the issue size. The proceeds of the Offer for Sale will be paid to the Selling Shareholder and we will not receive any part of such proceeds. We will have access only to the Fresh Issue proceeds. For further details on the objects of the Issue, please refer to the section "Objects of the Issue" beginning on page 80 of the RHP.

11. Delays, if any, in the implementation of the project for which the funds are being raised in the Fresh Issue may have an adverse effect on our business, financial condition and results of operations

The success of our business depends mainly on our ability to effectively implement our business and growth strategy. Whilst we will try to successfully implement the schedule as per the plans, there may be unforeseen circumstances which may cause unnecessary delays in the implementation of the proposed project and there can be no assurance that we will be able to implement our strategy on time and within the estimated budget. Our capital expenditure plans are subject to a number of variables, including construction/development delays or defects; force majeure events, unanticipated cost increases amongst others, any of which could delay our implementation schedule. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities and / or cost overruns and as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of our Company.

12. We are subject to foreign currency exchange rate fluctuations which could have a material adverse effect on our financial conditions.

We incur expenses in foreign currencies during the normal course of business. Such expenses are incurred in purchasing products from our global suppliers at prices which are mutually agreed upon. Further, on the export of our products we receive sale proceeds in foreign currency. Changes in the value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees and a possible appreciation of the foreign currencies with respect to the Rupee may have an unfavorable impact on such results in case of purchase of raw material from global players and vice versa in case of fall in the value of the foreign exchange for the purpose of receive sale proceeds for sale of goods. In the course of normal business, we may cover foreign exchange risks using standard market instruments, however, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

13. Reduction or termination of tax incentives and benefits available to our Company's units/facilities established in Special Economic Zone and other tax exempted areas would adversely impact our tax liabilities.

Our Company has established its facilities at Pithampur SEZ and Kashipur (tax exempted area). A SEZ unit in India is entitled to certain tax incentives and benefits, detailed in the section "Statement of Tax Benefits" on beginning page 95 of the RHP, subject to the fulfilment of the terms and conditions imposed by the SEZ authorities. Similarly our Company's unit at Kashipur is entitled to certain tax incentives and benefits, subject to the fulfilment of the terms and conditions. In the event our Company fails to comply with the said terms and conditions, our Company will not be entitled to such tax incentives and benefits which may have an adverse effect on our results of operations and financial condition. Further, our Company cannot assure you that the Indian Government will not enact laws in the future that would adversely impact the tax incentives and benefits and consequently, the tax liabilities and profits of our Company. As per the Finance Act 2011, units located in SEZ will have to pay Minimum Alternate Tax (MAT) from FY 2012 which may adversely affect our profitability.

14. As on March 31, 2011, contingent liabilities not provided for on a consolidated basis aggregated to ₹ 383.79 million. In the event that such liabilities materialise, our financial condition may be adversely affected.

As on March 31, 2011 contingent liabilities not provided for appearing in our consolidated financial statements, as restated aggregated to ₹ 383.79 million and the following table gives the details of such contingent liabilities:

(₹ in Million)

Particulars	As at March 31, 2011
Estimated Amount of Contract remaining to be executed	8.47
Bank guarantee Outstanding	30.38
Corporate guarantees-Other Companies	64.75
Letter of credit	61.91
Foreign Bills Discounted	77.95
Forward Contracts	116.70
Sales Tax Entry Tax Matters	3.65
Income Tax Matters	19.98
Total	383.79

If any or all of these contingent liabilities materialize, it could have a material adverse effect on our business, financial condition and results of operations. For further information on such contingent liabilities, please refer to the section "Financial Statements - Statement of Contingent Liabilities" on page 334 of the RHP.

15. We do not have long term contracts with our customers and around 90% of our business on standalone basis comes from spot purchase orders and failure to procure such orders on a continuous basis could adversely impact our revenues and profitability.

Substantial portion of our business is operated on the basis of spot purchase orders instead of long term contracts. For the year ending March 31, 2011, around 90% of our Company's sales orders, on standalone basis, aggregating to ₹ 4,399 million in value, were procured as spot orders. We believe that we have satisfactory business relations with our customers and have received continued business from them in the past but there is no certainty that the same will continue in the future, which could materially affect our business, results of operations and financial condition.

16. Our Company has not entered into any supply agreement for the major raw materials required for manufacturing of our products and are exposed to risks relating to fluctuations in commodity prices and shortage of raw material.

Raw material costs are dependent on commodity prices, which are subject to fluctuations. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials from any of our suppliers and we cannot procure the raw materials from other sources,

we would be unable to meet our production schedules in a timely fashion, which would adversely affect our sales, margins and customer relations. In the absence of such supply agreements, we cannot assure that a particular supplier will continue to supply raw materials to us in the future. In the event the prices of such raw materials were to rise substantially or if imports were to be restricted in any manner, we may find it difficult to make alternative arrangements for supplies of our raw materials, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition.

17. Introduction of alternative packaging materials caused by changes in technology or consumer preferences may affect demand for our existing products which may adversely affect our profitability and business prospects.

Our products are used mainly by companies who require packaging materials for pharmaceutical, food, chemical and infrastructure industry. Our business is affected by change in technology, consumer preferences, market perception of brand, attractiveness, convenience, safety and environmental norms. Our ability to anticipate such changes and to develop and introduce new and enhanced products successfully on a timely basis will be key factor in our growth and business prospects. There can be no assurance that we will be able to keep pace with the technological advances that may be necessary for us to remain competitive.

Further, any substantial change in preference of consumers who are end users of our products will affect our customers' businesses and, in turn, will affect the demand for our products. Any failure to forecast and/or meet the changing demands of packaging businesses and consumer preferences may have an adverse effect on our business, profitability and growth prospects.

18. In the event of any shortfall in the Fresh Issue proceeds to be utilised towards the Objects of the Issue, such deficit shall be met through our internal accruals. In case such internal accruals are not sufficient to meet such deficit, the implementation of our proposed projects may be delayed, which in turn would adversely affect our business and financial condition.

We propose to fund the shortfall, if any, in the Fresh Issue proceeds from our internal accruals. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; including availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others. In case of any variations in the actual utilization of funds earmarked for the above activities or increased fund deployment for a particular activity and our Company is unable to meet such shortfall through internal accruals, the implementation of our proposed projects may be delayed. Such delay would adversely affect our business operations and financial condition. For details pertaining to the means of finance, please refer to the section "Objects of the Issue - Means of Finance" on page 80 of the RHP.

19. We have submitted eight patent applications for registration in respect of our products which are pending before the authorities. Till such time that these patent applications are approved and registered in our favour, we may not be able to effectively protect our rights vis-à-vis the same in respect of these products.

We have submitted eight patent applications in respect of our products. Till such time that these patent applications are approved and registered in our favour, we will have only restricted legal recourse against any unauthorized use of the same. Competitors or potential competitors may also attempt to copy or reverse engineer aspects of our product lines or to obtain and use information that we regard as proprietary. If we are unable to maintain the security of our proprietary technology, it could adversely affect our results of operations. For further details please refer to the section "Government Approvals - Intellectual Property Rights" on pages 413 to 414 of the RHP

20. The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

Due to the nature of the business we are required to be compliant with requisite safety requirements and standards. Our manufacturing facilities are subject to operating risk arising from compliance with the directives of relevant government authorities. The operations of our Company are also subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, earthquakes and other natural disasters and industrial accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment and environmental damage. Such operating risks may result in non compliance with government regulations, property damage and personal injury which may result in the imposition of civil and criminal penalties, which may adversely affect public perception about our operations and the perception of our suppliers, clients and employees.

Our Company has obtained insurance policies for covering risks such as break down of machinery, fire policy, money policy, marine cargo policy etc., wherein the aggregate of the sum insured is approximately ₹ 7,363.61 million. We believe that our insurance coverage is adequate to cover the stated risks and is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or we fail to effectively cover ourselves for any risks, we could be exposed to substantial costs and losses that would adversely affect results of operations. However, in the event of any force majeure event or such other event which is not covered under our various policies, we shall have to cover ourselves from our internal accruals which can have a material adverse effect on our business operations.

21. We may be held liable for claims of or from customers on account of any deficiency in the services or manufacturing defects in the products supplied to our customers including penalty for delay in implementation of purchase orders.

We may be exposed to claims for manufacturing defects in the products supplied under certain customer purchase orders. The quality-control procedures may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the products. Any such defects could require us to undertake service actions or product recalls. These actions could require our Company to expend considerable resources in correcting these problems and could adversely affect demand for the products. Any defect in our Company's products could also result in customer claims for damages. Further, we do not have any defect liability insurance on the products to mitigate the said risk. As a result, our Company may face and be liable for warranty claims for components manufactured by it. In defending such claims, our Company could incur substantial costs and receive adverse publicity which may adversely affect our financial conditions and results of operation.

22. Our inability to fulfil our export obligations under the EPCG scheme and under the Advance License scheme could subject us to payment of customs duty together with interest and/or penalty, thereby adversely impacting our financial condition.

We presently import and shall continue to import machinery, furniture and fittings under Export Promotion Capital Goods Scheme (EPCG Scheme). One of the conditions subject to which licenses under EPCG Scheme are granted is to achieve export obligations based on concession in import duty availed. Our total outstanding export obligations under the EPCG schemes and under the Advance License schemes as on May 31, 2011 aggregates to ₹ 749.72 million and ₹137.07 million respectively and any failure on our part to achieve the export obligations would subject us to payment of customs duty together with interest and/ or penalty which may adversely affect our financial condition. For further details, please refer to the section "Business Overview–Export Obligations" on pages 143 to 144 of the RHP.

23. We are dependent on third-party transporters for the supply of raw materials and delivery of our products to our customers and any disruption in the transport facility may adversely affect our business operations.

Our Company is dependent on third-party transporters for the supply of raw materials to our manufacturing units and delivery of our products to our customers. Transport strikes by members of various Indian truckers' unions have taken place in the past and could take place in future, thereby causing an adverse effect on our timely receipt of supplies of raw materials and our ability to deliver our finished products to our customers on time, which could adversely impact our business and results of operation.

24. We have applied for the renewal of certain licenses which are pending. Failure or delay in obtaining or renewal of the approvals may adversely affect our operations.

In respect of our existing operations, we are yet to receive certain approvals and permissions from jurisdictional, statutory, regulatory and municipal authorities. A summary of such approvals for which we have applied for but not received are as under:

License	Status
Licenses and approvals relating to our unit at Kashipur	
Renewal of consents under the Water (Prevention & Control of Pollution Act, 1974 and the Air (Prevention & Control of Pollution Act, 1981 for FY 2011 and FY 2012.	Our Company has submitted an application dated April 5, 2010 for FY 2011 and application dated May 3, 2011 seeking renewal.

The licenses and approvals required to be obtained by us for the purpose of carrying on our existing and proposed businesses are granted by governmental or statutory authorities. The grant of these licenses and approvals are affected under the due processes and procedures as prescribed by the applicable governmental/ municipal rules and regulations. Further, the grant of the licenses are contingent upon the satisfaction of certain norms and conditions as may be prescribed by the relevant authority as well as an inspection of our Company's facilities. Consequently, there may be a substantial amount of delay in the receipt of the required approvals.

Though we believe that we have obtained those permits and licenses which are adequate to run our business, we cannot assure that there is no other statutory/regulatory requirement which we are required to comply with. Further, some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all.

Failure or delay in obtaining approvals or failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business. Further, the appropriate authorities may initiate penal action against us, restraining our operations, imposition of fines/ penalties or initiating legal proceedings. Consequently failure or delay to obtain the above approvals could have a material adverse effect on our business, financial condition and profitability.

25. We have, in the last twelve months, issued Equity Shares at prices that may be lower than the Issue Price.

We have in the last twelve months issued Equity Shares at prices that may be lower than the Issue Price as under:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Name of Allottee
September 20, 2010	233,000	10	118.00	Cash	Kalani Industries Private Limited
December 31, 2010	195,000	10	118.00	Cash	Kalani Industries Private Limited
February 24, 2011	4,486,492	10	102.53	Conversion of FCDs	Clearwater Capital Partners (Cyprus) Limited

For further details regarding such issuances, please refer to the section "Capital Structure - Share Capital History of our Company" beginning on page 61 of the RHP.

26. Competition from other domestic producers and unorganized sector may adversely affect our competitive position and our profitability.

We face competition from other existing organized and unorganized domestic producers and potential entrants to the industry in which we operate. Players in this market generally compete with each other on key attributes such

as technical competence, quality of products and services, pricing and track record. We expect that the competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.

As a result of competition, we may have to price our products at levels that reduce our margins and/or increase our capital expenditures in order to differentiate ourselves from other players and/or increase our advertising and distribution expenditures, all of which may adversely affect our profitability.

Further, we cannot assure that our competitors will not develop or gain access to the information relating to our manufacturing processes and/or technical know-how. The occurrence of any of those events could have a material adverse effect on our ability to compete against our competitors, which would have an adverse impact on our business and financial performance.

27. Industry in which we operate does not have a unified code or legislation and is regulated by various rules and regulations passed by governmental and municipal bodies. Any changes to such rules and regulations or failure to comply with the same, may have an adverse effect on our business and results of operations.

Our industry is regulated by different laws, rules and regulations framed by the Central and State Government in various fields. However, there is no single legislation or unified code which governs our industry and hence we have to depend on the various circulars, notifications, laws and regulations passed by governmental and municipal authorities. These laws and regulations may be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business. Any such changes and the related uncertainties with respect to the implementation of the new regulations, or our inability to obtain these approvals and licenses or perform such requirements and conditions on time or at all, may have an adverse effect on our business and results of operations. In addition, we may have to incur capital expenditures to comply with any new regulations, which may also harm our results of operations.

28. The nature of our business subjects us to Environmental, Health and Safety (EHS) norms which are stringent in nature and any non compliance may make us liable to penalties which may adversely affect our results of operations.

We are subject to various central, state and local EHS norms concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws impose liability for non-compliance with health and safety regulations norms.

While we believe that our facilities are in compliance in all material aspects with EHS norms, additional costs and liabilities related to compliance with such norms are an inherent part of our business. We could also be subject to substantial civil and criminal liability and other regulatory consequences in the event any of our operations results in contamination of the environment, including the spread of any infection or disease. Further, if as a result of implementation of compliance related measures or non-compliance with EHS norms in any of our units, the operations of such units are suspended, it could have an impact on our operations and profits. For further details, please refer to section title "Business Overview – Health & Safety Policy and Environment Policy" on pages 140 to 141 of the RHP.

29. We operate in a labour intensive industry and any labour disruptions would significantly hamper our manufacturing operations which would adversely affect our business operations.

We are exposed to the risk of strike and other industrial actions. As on June 30, 2011, our Company has 4,727 employees employed in various divisions and we believe that we enjoy a good relationship with our employees. We may experience strike, work stoppage or other industrial action in the future and any such strike, work stoppage or industrial action could disrupt our operations, which may have a material adverse effect on our business and results of operation. Recently, on June 22, 2011 there has been an accidental death of one of our worker at Kashipur unit which resulted in protest, loss of assets and closure of operation for three days. For

further details please refer to section “Outstanding Litigations and Material Developments” beginning on page 378 of the RHP.

30. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

The industry we operate in is a labour intensive industry and employee compensation is one of the major components of our manufacturing cost. Wage costs in India have historically been significantly lower than the wage costs in the developed countries. Rapid economic growth in India and increased demand for skilled and semi-skilled workers in India has resulted in the increase of wages for comparable employees in India at a faster rate. Such wage increase in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins.

Further, many of our employees receive salaries that are linked to minimum wage laws in India and any increase in the minimum wage in any state in which we operate could significantly increase our operating costs. The buoyancy in the Indian packaging industry with the opening up of global trade may lead to an increase in wage costs, which could result in increased cost for packaging professionals. This could impact our performance and margins and may result in a material adverse effect on our business.

31. Mishaps or accidents at our Company’s facilities may lead to property damages, property loss and accident claims for which the insurance cover taken by our Company may not be sufficient to cover all material losses thereby adversely affecting our performance.

Our Company has insured itself against certain eventualities including against property damages, loss of assets, theft, natural calamities. While we believe that we have adequate and appropriate insurance coverage to take care of certain contingencies, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully or in part or will be paid on time. We cannot assure that we have taken out sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and thus our results of operations and financial performance could be adversely affected. Recently on June 22, 2011 there has been an accidental death of one of our worker at Kashipur unit which resulted in protest, loss of assets and closure of operation for three days. For further details please refer to section “Outstanding Litigations and Material Developments” on page 378 of the RHP.

32. Our business is capital intensive and requires funding to finance/ part finance our growth and operations. If we experience insufficient cash flows or are unable to obtain the necessary funds to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.

Our business requires significant amount of capital whether by debt or otherwise to keep pace with our growth plans and day to day operations. As at March 31, 2011, on a consolidated basis, we had outstanding secured loans of ₹ 3,013.86 million and unsecured loans of ₹ 19.00 million. In the event that we are unable to procure capital including debt in a timely manner or at terms that are acceptable to us, our growth and business operations may be adversely affected.

33. There are certain restrictive covenants in the agreements which our Company has entered into with certain banks and financial institutions, which may limit our flexibility in managing our business.

Our Company has entered into agreements with certain banks for long term/short term borrowings for which our Company’s fixed assets and/or immovable properties have been charged. Some of these agreements contain restrictive covenants that require our Company to obtain prior permission from the concerned banks/financial institutions prior to undertaking activities such as new projects, diversification, modernization, issue of Equity Shares, change in capital structure, change in management, reduction in Promoters’ existing shareholding, declaration of dividend etc. We cannot assure that such consent will be forthcoming. Some of these restrictive covenants may affect some or all of the rights of the shareholders. Our Company has received no objection for

the Issue from our lenders. For further details please refer to the section “Financial Indebtedness” beginning on page 353 of the RHP.

34. Our assets have been charged in favour of our lenders. Any breach of terms and conditions of the loan agreements may result in alienation of such assets in favour of lenders.

We have availed of financial assistance and credit facilities from various banks and financial institutions. As security for such financial assistance and credit facilities, the lenders have created a charge on our fixed assets and receivables and inventories. Failure to repay the loans or adhere to the terms and conditions of the loan agreements, the lenders inter alia, have the right to dispose of the assets and receivables charged. Consequently, in the event we are in breach of the loan agreements, the ensuing rights available to the lenders may adversely affect our business and operations.

35. Our Company has taken unsecured loans which may be recalled at any time. Consequently, our financial condition may be adversely affected.

Our Company as on March 31, 2011 has, on a consolidated basis, availed of unsecured loan to tune of ₹ 19.00 million. Unsecured loans are repayable on demand and may be recalled by the lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders exercise their right to recall the said loans, the same could have an adverse affect on the financial position of our Company.

36. Our Company may be subject to anti dumping duties, which may adversely impact our financial condition.

The countries to which we export our products may impose anti dumping duties on such products exported by us. We may be required to pay additional duty on the products exported by us, or we may not be able to export such products in future to such countries which may adversely affect our financial condition.

37. In addition to the employees on our rolls, we also engage contract labour which requires us to comply with the applicable regulations, the non-compliance of which, may subject us to penalties which may have adverse financial implications.

We appoint contractors who in turn engage on-site contract labour for performance of our low skill operations. Any contravention under the Contract Labour (Regulation and Abolition Act), 1970 is punishable with imprisonment for a term which may extend to three months, or with fine which may extend to one thousand rupees, or with both and in the case of a continuing contravention with an additional fine which may extend to one hundred rupees for every day during which such contravention continues after conviction for the first such contravention. If we fail to renew or obtain the contract labour registration in a timely manner, we may be exposed to penalties which may adversely affect our business.

Although our Company does not engage contract labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such requirement to fund wage requirements and/or order from a regulatory body or court requiring us to absorb such contract labourers may have an adverse effect on our results of operations and financial condition.

38. Our success depends largely on our senior management and key personnel. Our inability to attract and retain them could adversely affect our business.

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team or key employees were unable or unwilling to continue in their present positions, our business could be adversely affected. Attracting and retaining scarce top quality managerial talent is becoming a serious challenge. Competition for senior management in the industry in which we operate is intense and we may not be able to retain our existing senior management or attract and retain new quality managerial talent.

39. Documents pertaining to certain immovable properties occupied on license or lease basis suffer from irregularities in title. Consequently, unless the defects are rectified, the said documents may be inadmissible as evidence in a court of law.

The leave and license agreements or lease agreements pertaining to some of our premises have not been registered under the provisions of the Registration Act, 1908 and/or have not been stamped in accordance with the applicable stamp acts. Consequently, the said documents may be inadmissible as evidence in a court of law, unless the defects are rectified. Further, any claim by the owners of such premises or termination of our occupancy may disrupt our operations. In the event that we are unable to locate suitable alternate premises on terms that are favourable to us, our business operations may be adversely affected.

40. Few of our facilities and offices are situated on leasehold properties and we are subject to the risks, including non-renewal, termination and disputes, associated with such contracts which could have an adverse affect on our business operations.

We have entered into lease/leave and license agreements for most of our manufacturing facilities and offices. These agreements may not be renewed when they expire and in some events may be terminated prior to their expiration. Moreover, since the arrangements are subject to renewal from time to time on mutually agreeable terms, there may be an increase in lease rentals payable. Failure to renew such said lease/leave and license agreements would adversely impact our business operations, financial condition and profitability. For further details in respect of the said agreements please refer to the section “Business Overview – Property” on page 144 of the RHP.

41. There exists a potential conflict of interest between our Company and our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited which may adversely affect our business.

The main objects of our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited are similar to the main object of our Company. Presently, Sanovi Trading Private Limited and Pusti Trading Private Limited do not carry on any business that is similar to our business. However, in the event that either of these companies, engage in any business similar to that of our Company in the future, there would arise a potential conflict of interest between our Company and these entities.

42. You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment, on the Stock Exchanges.

The Equity Shares will be listed on NSE and BSE. Pursuant to Indian regulations, certain corporate actions must be completed before the listing and trading of the Equity Shares. As per current ICDR Regulations, we are required to ensure the listing and trading of the Equity Shares within 12 Working Days from the Bid/Issue Closing Date. Trading can only commence upon receipt of final trading approvals of the stock exchanges. However, there can be no assurance that trading in the Equity Shares will commence, within the time period specified above or at all.

43. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows and capital expenditure and there is no assurance we will be able to pay dividends in the future.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows and capital expenditures. There can be no assurance that we will be able to pay dividends in the future as has been paid by us in the past.

For details on the dividends paid in the last 5 years please refer to the section “Dividend Policy” on page 230 of the RHP.

44. Some of our Group Entities have incurred losses during FY 2008, 2009 and 2010. For FY 2010 the net losses aggregated to ₹13.88 million.

The following of our Group Companies have incurred losses during FY 2008, 2009 and 2010.

(₹ in Million)

Sr. No.	Name of the Company	Profit/ (Loss) after Tax for the period		
		FY 2008	FY 2009	FY 2010
1.	Seven Star Properties Private Limited	0.09	1.77	(0.25)
2.	Anshuman Properties Private Limited	0.65	1.89	(1.07)
3.	Sunrise Properties Private Limited	(0.40)	(0.15)	(1.51)
4.	Fantasy Real Estate Private Limited	(0.20)	0.23	(1.13)
5.	High Skey Properties Private Limited	0.33	2.35	(4.30)
6.	Herbal Dream Ayurveda Creations Private Limited	(0.46)	(1.24)	0.35
7.	Aloha Hospitals Private Limited	NA	(0.22)	(0.19)
8.	Skyline Advisory Services Private Limited	(1.15)	0.67	0.10
9.	Indore land and Finance Private Limited	(Negligible)	0.26	1.11
10.	High Beam Reality Private Limited	NA	0.02	(0.02)
11.	Padma Homes Private Limited	(0.22)	(0.20)	(0.31)
12.	TI Travels Private Limited	(0.04)	(0.02)	(0.03)
13.	Chitrakoot Mercantiles Private Limited [#]	(0.02)	(0.04)	(Negligible)
14.	Ecstasy Heights Private Limited [#]	(0.02)	0.12	0.07
15.	Ambika Commercial Private Limited [*]	(0.01)	(0.03)	(0.01)
16.	Olive Commercial Company Limited	(1.02)	0.34	0.24
17.	Dreamworld Developers Private Limited	(0.02)	0.03	(0.56)
18.	Gagan Commercial Agencies Limited	(0.08)	0.62	0.06
19.	Triple A Constructions Private Limited	(0.01)	(0.07)	0.02
20.	Wanderland Real Estates Private Limited	0.20	36.48	(6.45)
	Total	(2.38)	42.81	(13.88)

[#] Pursuant to conversion into an LLP on March 11, 2011, undertaking business as Ecstasy Heights LLP

^{*} Pursuant to conversion into an LLP on January 6, 2011, undertaking business as Ambika Commercial LLP

[@] Pursuant to conversion into an LLP on August 4, 2011, undertaking business as Chitrakoot Mercantiles LLP

45. Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

46. We have entered into certain transactions with related parties aggregating to ₹ 578.87 million during FY 2011 and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have entered into certain transactions with related parties, including our Promoters, Subsidiaries, Group Companies and associates and may continue to do so in future. A summary of the related party transactions entered into by our Company for the preceding five financial years as per restated standalone financial statements is as under:

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. Remuneration to Key					

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Management Personnel					
Director Remuneration & Perquisite	0.44	0.06	0.00	0.00	0.00
Sub-total (A)	0.44	0.06	0.00	0.00	0.00
B. Relative of Key Management Personnel					
Sale of Shares	0.44	0.00	0.00	0.00	0.00
Receiving of Services	0.00	0.44	0.46	0.46	1.38
Sub-total (B)	0.44	0.44	0.46	0.46	1.38
C. Transactions with Associate Concerns					
Sale of Goods	2.91	0.00	0.00	0.00	18.31
Purchase of Goods	2.18	1.61	1.62	1.21	0.25
Purchase of Fixed Assets	0.44	0.00	0.59	0.00	
Rendering of Services	0.42	0.01	0.00	0.00	
Receiving of Services	8.31	3.78	1.69	0.61	0.72
Finance	0.00	6.95	0.00	0.00	0.00
Equity Contribution	0.00	8.85	26.31	24.66	115.34
Sub-total (C)	14.26	21.20	30.21	26.48	134.62
D. Transactions with Subsidiaries					
Sale of Goods	0.00	0.00	0.86	17.62	101.57
Purchase of Goods	0.00	0.00	0.00	34.13	132.61
Receiving of Services	0.00	0.00	0.00	0.00	13.70
Rendering of Services	0.00	0.00	0.00	0.02	2.98
Finance	0.00	(0.82)	(0.11)	0.00	192.01
Equity Contribution	0.00	(0.35)	(17.10)	(8.89)	0.00
Sub-total (D)	0.00	(1.18)	(16.35)	42.88	442.87
Grand Total (A+B+C+D)	15.14	20.52	14.32	69.82	578.87

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company 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 Company's financial condition and results of operations. For further details, please refer to the section "Financial Statements – Statement of Related Party Transactions" beginning on page 276 of the RHP.

47. As on March 31, 2011 all our investments, aggregating to ₹ 104.72 million, are in unquoted securities of our subsidiaries.

As on March 31, 2011, all our investments, aggregating to ₹104.72 million, are in subsidiaries which are not listed in any stock exchanges in India. Our Company's ability to dispose of such unquoted investments may be constrained due to several factors such as appropriate valuation of such investments. In view of the inherent uncertainty in valuations of unquoted assets, the determination of fair value of such investments may differ considerably from the value that would be assessed if a ready market for such unquoted investments existed. Our Company may not be able to liquidate its unquoted investments at their fair market value. These risks will further increase if for any reason our Company is urgently required to liquidate any investment.

EXTERNAL RISK FACTORS

- 48. *Our Company is subject to various Indian taxes and it avails certain benefits offered by the Government of India. In the event the tax benefits are withdrawn by the Government, it can have a material adverse effect on our business operations.***

Taxes and other levies imposed by the Government of India and/or the State Governments that may affect our industry include: income tax; customs duties; central and state sales tax and other levies; value added tax; entry tax; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time can have a material adverse effect on our results of operation. Further, any change in the tax benefits availed by us may not be as beneficial to us which can have a material adverse effect on our business operations and results of operation. For further details, please refer to the section “Statement of Tax Benefits” beginning on page 95 of the RHP.

- 49. *After this Issue, the price of our Equity Shares may be subject to fluctuations, or an active trading market for our Equity Shares may not develop.***

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- Volatility in the Indian and global securities market or in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies;
- Our profitability and performance;
- Perceptions about our future performance or the performance of Indian packaging companies in general;
- Performance of our competitors in the packaging industry and the perception in the market about investments in the packaging industry;
- Adverse media reports on our Company or the packaging industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India’s economic liberalisation and deregulation policies; and
- Significant developments in India’s financial and environmental regulations.

There has been no public market for our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue. Our share price is likely to be volatile and may decline post listing.

- 50. *There may be restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder’s ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Following the Issue, we may be subject to a daily ‘circuit breaker’ imposed by the stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers may be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker may limit the upward and downward movements in the price of the Equity Shares. As a result of this no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

- 51. *Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our Equity Shares.

52. Our operations can be adversely affected by natural calamities.

Our operations are dependent on our ability to protect our places of business including our corporate offices, manufacturing and staging centres and godowns from natural calamities like fire, flood, earthquakes etc. The occurrence of a natural disaster or any other unanticipated problems at our places of business could adversely affect our business operations, financial conditions and profitability.

53. The continuation or recurrence of systemic events such as the recent global economic downturn may negatively impact our performance.

Our Company's revenues are largely dependent on the consumption-led industry. Any economic slowdown may affect the spending power. In the event of an economic slowdown the customers may reduce or postpone their purchases, thereby negatively impacting the revenue and profitability.

54. Political, economic and social instability in India or globally could adversely affect our business.

Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. It is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

76.19% of our Company's total revenues on consolidated basis for the year ended March 31, 2011 were generated from exports. Consequently, any change in the global market can adversely affect our business operations due to our dependence on exports and direct correlation with global markets and scenario.

55. Change in India's debt rating.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and could materially affect our future financial performance and the trading price of our Equity Shares.

Prominent Notes:

- (i) The net worth of our Company as of the financial year ended March 31, 2011 was ₹ 1,628.25 million and ₹ 1,629.53 million as per our standalone and consolidated restated financial statements respectively.
- (ii) Fresh Issue of 4,500,000 Equity Shares of the face value ₹ 10 each at a price of ₹ [●] per Equity Share for cash at a premium aggregating ₹ [●] million and an Offer for Sale of up to 2,250,000 Equity Shares of the face value ₹ 10 each at a price of ₹ [●] per Equity Share for cash at a premium aggregating ₹ [●] million by the Selling Shareholder.
- (iii) As on the date of the RHP, the average cost of acquisition of Equity Shares by our Promoters is as under:-

Sr. No.	Name of the Promoter	Average Cost of Acquisition (₹)
1.	Kalani Industries Private Limited	59.59
2.	Miscellani Global Private Limited	6.81
3.	Sanovi Trading Private Limited	8.30

- (iv) The book value per Equity Share as on the financial year ended March 31, 2011 was ₹ 94.60 and ₹ 94.67 as per our standalone and consolidated restated financial statements respectively. The book value per Equity Share as on June 30, 2011 is ₹ 98.79 as per unaudited standalone financial statements.

- (v) Except as disclosed in the section “History and Certain Corporate Matters” beginning on page 154 of the RHP, we have not changed the name of our Company since incorporation.
- (vi) There have been no financing arrangements whereby our Promoters, Promoter Group, directors of our corporate Promoters and the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the DRHP.
- (vii) Investors may contact the BRLM or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue. All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.
- (viii) The aggregate amount of related party transactions of our Company amounted to ₹ 578.87 million for the financial year ended March 31, 2011 as per the restated standalone financial statement. For further details please refer to the section "Financial Statements – Statement of Related Party Transactions" beginning on page 276 of the RHP.

SECTION III- INTRODUCTION

SUMMARY OF THE INDUSTRY & BUSINESS

Investors should note that this is only a summary and it does not contain all information that should be considered before investing in our Company's Equity Shares. You should read the entire RHP, including the sections "Risk Factors", "Financial Statements" and "Outstanding Litigations and Material Developments" beginning on pages 13, 231 and 378 respectively, before deciding to invest in our Company's Equity Shares.

Industry Overview

Polymer Industry

Twentieth century revolutionized almost every aspect of human life throughout the world. There were numerous inventions; we sent humans to the moon, invented computers and discovered nuclear power. The invention that made the most dramatic impact of all was "plastic". Imagine a day without plastics: wooden toothbrushes with wooden bristles, solid metal laptops, glass screens and bottles, food packaged in cloth, it is inconceivable. Annually, more than 90 million tons of plastic are made worldwide. The plastics industry adds a lot of value to the society through employment and creating revenue and also replacement of scarce forest resources. It continues to play a crucial role in many innovations that lead to high standards of living, education and health care. Plastics have made spectacular changes in the manufacturing processes of automobile and aviation industries because of its light weight and ease in maintenance and natural sparkle. The space industry benefits as well. One of the most important fields that have benefited from plastics is biomedicine. Plastic plays a part in almost all materials we use in our daily lives and the future is bright with abundant possibilities with demand for better materials, greater functional use, more economical packaging and versatile and durable all-weather products.

(Source: AIPMA, Diamond Jubilee edition)

Global Polymer Industry

World-wide, the plastics and polymer consumption will have an average growth rate of 5% and it will touch a figure of 227 Million Tons by 2015. Globally, it is projected that PET (Bottle grade) will have the highest growth rate of about 11% AAGR (Annual Average Growth Rate) amongst all polymers, followed by PP, PE, PVC and PS in the descending order.

Furthermore, the grades of PE (HDPE, LLDPE, LDPE) are expected to grow above GDP growth annually upto 2020. The forecast about global polyethylene demand is as follows:

- Global polyethylene (PE) demand is forecast to grow an average 4.4% annually through 2020. This is about 1% above the expected global GDP growth.
- LLDPE is expected to experience the fastest growth with an average annual growth rate of 6.2 percent. This comes at the expense of LDPE, which is expected to grow only 1.8% during the same period.
- HDPE growth is forecast to average 4.6 per cent.

(Source: AIPMA, Diamond Jubilee edition)

The Indian Polymer Industry

Despite global competition, the Indian plastics industry is expanding. Large projects have been set up or are under construction for the production of polymers. The Indian industry has the capacity to export polymers in million of tons, which will go up as some of the Indian petrochemical majors are currently operating at low capacity utilisation. With the steady build-up of capacities, the downstream products industry is increasingly accessing local supplies.

The per capita consumption of polymers in India is 4 kg against around 90 kg p.a. in the US, around 60 kg p.a. in the Europe and a global average of 17 kg p.a. With the end user profile changing and new applications being introduced, the demand for plastics is expected to increase at a greater rate and likely to go up to 8 kg p.a. in next couple of years. Six fold increase is expected by the year 2020.

India is one of the fastest growing polymers market in the world and the world's third largest polymers market after the US and China. The significant domestic demand growth is expected from the user industries such as telecom, food and beverages, packaging, transportation, automobiles, entertainment electronics & appliances and consumer durables and from continued substitution of traditional materials like wood, metal and glass. Plastics have also penetrated into agriculture through green houses and PVC pipes. Plastic materials being used in plastic extrusion are: LDPE, LLDPE, HDPE, PP, HIPS, PET, etc.

Indian plastics industry is growing faster than most other countries in the world. Mainly due to increasing urbanization, growing population agricultural development, focus on infrastructure development, booming white goods industry, change in packaging bulk and retail and new applications in irrigation, water management, etc.

(Source: AIPMA, Diamond Jubilee edition)

Packaging Industry

Packaging today is the science, art and technology of enclosing or protecting products for distribution, storage, sale and use. Packaging also refers to the process of design, evaluation and production of packages.

Packaging industry serves the following purposes in India:

1. **Containment:** Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. Faulty packaging (or under packaging) can lead to spillages and result in major losses and serious damage.
2. **Protection and Preservation:** Packaging plays a vital role in protecting products as they go from the manufacturer to the consumer. Packaging is designed to ensure that the product reaches the consumer in good condition. The product is protected during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; from infestation.
3. **Supplementary Product Protection:** Packaging can also provide supplementary product protection. This may be achieved by forms of cushioning such as shredded papers, sheets of corrugated paperboard, foamed plastic or wrappings. Packaging therefore contributes to food safety, quality and nutrition. Packaging technology has made major contributions to advancing food science and food safety and reduction of food spoilage.
4. **Communication:** 'A package must protect what it sells and sell what it protects'. Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.
5. **Convenience:** Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers. Frozen food packs, microwavable containers, wine cardboard casks, easy-open beverage and food cans and aseptic cartons are good examples of convenience packaging. These types of packaging reflect the demand for convenience and quick food preparation in a way that guarantees freshness. Lightweight medical devices are packaged in peel-open, pre-sterilised containers designed for easy use in operating rooms, patients' rooms, or laboratories. In the administration of drugs, unit-dose packaging, solid and liquid, in small containers allows sealed, unused drugs to be returned to stock. Medical packaging also reduces the risk of accidental overdose or improper use by children (child resistant closures).
6. **Environmental Aspects:** Packaging reduces the amount of waste going to landfill. Without the benefit of packaging to preserve food, a higher proportion of food would become spoiled and consequently consigned to garbage collection for land disposal. When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable by-products.

7. Reduction of Pilferage: Packaging of a wide variety of products sold from self-service counters is designed to reduce stealing. The product may be sold in a blister package sealed to a large paperboard backing. The large card makes the package more difficult to conceal and steal. Other examples of security packages are lock-on caps and tamperproof closures.
8. Marketing Trends: Marketing trends are placing increasing emphasis on the look, sales appeal and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience. The continuously changing demands of consumers will require higher quality graphics and promotional links between graphics and advertising to support brand identities, plus the ability to reflect current consumer trends and images.

Heightened competition in all product sectors within the country as also the increasing need to look for export markets have contributed to the rising demand for appropriate and at the same time cost-effective, packaging material and technologies.

The packaging industry's growth has led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.

(Source: Report on Packaging Industry in India by Indo Italian Chamber of Commerce at www.centroesteroveneto.com)

Business Overview

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were, Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttarakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

Recently, we have manufactured Trap bags for AmeriGlobe USA, who was contracted by the City of Fargo to provide Trap bag Container Barrier System for flood protection in eight Fargo City locations. We have manufactured 35 miles of 100 feet long, 4 and 6 feet tall Trap bags chains, which have been air freighted to different flood locations at Fargo, North Dakota and Lafayette, Los Angeles for Red river and Mississippi river.

Trap bags are designed to allow very rapid and cost effective deployment of a barrier that can be filled with sand, soil or concrete to create a permanent or temporary barrier which can stop pollutant spills, flooding, mudslides and prevent soil and beach erosion.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units. We believe that we are one of the leading integrated manufacturers of FIBC (*Source: IFIBCA*) having clean-room area at our SEZ unit.

Our product wise consolidated sales for last 3 years are as under:-

(₹ in Million)

Products	FY 2009	FY 2010	FY 2011
FIBC	2,312.70	2,182.89	3,915.90
Geo-textile Fabric and Ground Covers	-	99.20	256.03
Reverse Printed BOPP Woven Bags	-	200.60	817.24
Special PP Bags and Leno Bags	280.98	499.96	473.49
Sale of Recycled Granules & Agglomerates	-	27.18	140.96
Trading of FIBC	-	172.68	144.36
Others	20.43	28.51	31.42
Total	2,614.11	3,211.02	5,779.40

We are a major exporter of FIBC and woven products from India and have been receiving the Top Exporter Award from the PLEXCONCIL, Ministry of Commerce from 2005-06 to 2008-09 every year.

Our consolidated sales for last 3 years in the domestic and overseas market are as under:-

(₹ in Million)

Particulars	FY 2009	% to sales	FY 2010	% to sales	FY 2011	% to sales
Domestic	301.40	11.53	1028.13	32.02	1375.84	23.81
Overseas	2312.71	88.47	2182.89	67.98	4403.55	76.19
Sales	2614.11	100.00	3211.02	100.00	5779.40	100.00

We export to around 30 countries across the globe and are present in 4 continents with major thrust of exports being to U.S.A and Europe.

Our unit in SEZ, Pithampur which manufactures food grade FIBC, has the following accreditations/certifications.

- AIB-USFDA for Food Contact Packaging Facility (with “Superior” Category)
- BRC-IoP, UK for Food Packaging System. Certificates for Category-1.
- ISO 9001:2008 for Quality System from DNV.
- Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
- Complies with ISO-7 (class 10000) for Liner Section.
- Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
- ISO 14001:2004 certified for conforming to environmental management system standards.
- ISO 22000:2005 certified for conforming to food safety standards.
- Customs Trade Partnership against Terrorism (CTPAT) from Ameriglobe FIBC Solutions, U.S.A.

We have witnessed consistent growth in our business and profitability. As per restated consolidated financial results, our Sales and EBIDTA for the last 3 years are as under:-

(₹ in Million)

Financial Year	Sales	EBIDTA
2008-09	2,614.11	362.14

Financial Year	Sales	EBIDTA
2009-10	3,211.02	422.37
2010-11	5,779.40	768.65

WEAKNESS / THREATS

Reduction or termination of tax incentives and benefits to units in Special Economic Zone (SEZ)

The Company has established its facilities at Pithampur SEZ and Kashipur (tax exempted area). A SEZ unit in India is entitled to certain tax incentives and benefits, subject to the fulfilment of the terms and conditions imposed by the SEZ authorities. As per the Finance Act 2011, units located in SEZ will have to pay Minimum Alternate Tax (MAT) from FY 2012 which may adversely affect our profitability.

Major revenue from exports to US and Europe

The major revenue of the Company is generated from exports to US and Europe. Any change in the policies governing the packaging industry and /or an economic slowdown in these regions which may negatively affect Company's Business. Further any local social unrest, change in governmental policies and natural disaster in and around these regions could have a material adverse effect on its business, financial position and results of operations. Further, since export proceeds are received in foreign currency, any adverse movement in exchange rate would impact the operating margin of the Company.

Absence of long term contracts with Customers

The Company does not have long term binding contracts with its customers and substantial portion of our business comes from spot purchase orders. For the year ending March 31, 2011, around 90% of our Company's sales orders, on standalone basis, aggregating to ₹ 4,399 million in value, were procured as spot orders. Thus there is an uncertainty of procuring such orders on a continuous basis.

Competition from other producers and unorganized sector

The Company faces competition from other existing organized and unorganized domestic producers and potential entrants to the industry in which it operate. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record. The Company expects that the competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of the competitors may have access to significantly greater resources and hence the ability to compete more effectively.

CHALLENGES

Raw material

The Company has not entered into any supply agreement for the major raw materials required for manufacturing of its products and may get exposed to shortage of raw material. A significant or prolonged shortage of raw materials will disturb the production schedule, which would adversely affect the sales, margins and customer relations.

Availability of labour

The Company operates in a labour intensive industry and any labour disruptions may significantly hamper manufacturing operations adversely affecting its business. On June 22, 2011 there has been an accidental death of one of our worker at Kashipur unit which resulted in protest, loss of assets and closure of operation for three days. For further details please refer to section "Outstanding Litigations and Material Developments" beginning on page 378 of the RHP.

Capital Intensive business

The Company requires significant amount of capital for growth of business whether by debt or otherwise to keep pace with its growth plans and day to day operations. In the event that the Company is unable to procure capital including debt in a timely manner or at terms that are acceptable to the Company, growth and business operations of the Company may be adversely affected.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary financial information of our Company and have been prepared in accordance with Indian GAAP, the Companies Act and the ICDR Regulations. The summary financial information should be read in conjunction with the restated financial information and notes thereto contained in the section “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 231 and 335 respectively of the RHP.

STANDALONE STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
A. Fixed Assets					
a) Tangible Assets					
Gross Block	771.95	953.81	*2,280.37	2,649.64	2,902.13
Less: Accumulated Depreciation	60.04	100.10	150.74	255.83	386.73
Net Block	711.91	853.72	2,129.63	2,393.81	2,515.40
Capital Work in progress including Capital Advances	17.58	314.63	132.84	339.89	714.25
Total (Tangible Assets)	729.49	1,168.35	2,262.47	2,733.69	3,229.66
b) Intangible Assets					
Gross Block					
Patent	0.02	0.02	*0.66	0.66	0.75
Less: Amortization	0.00	0.00	*0.02	0.09	0.15
Net Block	0.02	0.02	0.64	0.57	0.60
Total Fixed Assets	729.51	1,168.37	2,263.10	2,734.26	3,230.26
B. Investments	0.00	0.35	17.45	28.84	104.72
C. Current Assets, Loans and Advances					
Sundry Debtors	180.12	374.19	225.51	**490.57	1,194.78
Cash & Bank Balances	23.56	27.62	***121.58	134.08	122.27
Inventories	199.65	265.62	355.28	618.67	961.76
Loans & Advances	91.49	92.28	# 252.07	347.35	387.58
Total	494.81	759.71	954.44	1,590.68	2,666.39
Less : Current Liabilities & Provisions					
Current Liabilities	330.41	289.14	481.70	682.98	1,269.91
Provisions	6.30	15.57	7.03	13.26	34.17
D. Loan Funds					
Secured Loan	413.45	494.99	##1,494.06	2,220.99	2,872.41
Unsecured Loan	5.00	465.61	472.50	460.00	19.00
Total	418.45	960.60	1,966.56	2,680.99	2,891.41
E. Deferred Tax Liability	51.30	68.40	81.71	134.37	177.63
Net Worth (A+B+C-D-E)	417.85	594.72	697.99	842.20	1,628.25
Net Worth represented by:					
F. Equity Share Capital	26.98	110.91	113.14	115.23	172.12
Share / Warrants Application money pending Allotment	0.00	0.00	0.00	69.58	0.00
G. Share Warrants	0.00	8.85	7.61	6.30	0.00
H. Reserves and Surplus	390.87	474.96	577.24	651.08	1,465.62
Less: Miscellaneous Expenditure	0.00	0.00	0.00	0.00	9.49
Total	390.87	474.96	577.24	651.08	1,456.13

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
I. Net Worth (F+G+H)	417.85	594.72	697.99	842.20	1,628.25

Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

**Increase in Gross Block during F.Y. 2008-09 ₹ 1327.20 Mn (2281.03-953.83) is mainly due to commissioning of Kashipur unit with a addition of ₹ 1298.61 Mn.*

*** Increase in Sundry Debtors during F.Y. 2009-10 ₹ 265.06 Mn (490.57-225.51) is mainly due to commercial operation started at Kashipur unit and unfavorable economic conditions in global market.*

**** Increase in Cash & Bank Balances during F.Y. 2008-09 ₹ 93.96 Mn (121.58-27.62) is mainly due to sanctioned and withdrawn of term loan and cash credit amounting to ₹ 88.46 Mn.*

Increase in Loan and Advances during the F.Y. 2008-09 ₹ 159.79 Mn (252.07-92.28) is mainly on account of advances given to suppliers of material ₹ 93.90 Mn for Kashipur unit and advances to subsidiaries ₹ 65.89 Mn.

Increase in Secured loans during the F.Y. 2008-09 ₹ 999.07 Mn (1494.06-494.99) is mainly due to availment of term loans for implementation of Kashipur project.

STANDALONE STATEMENT OF PROFITS & LOSSES, AS RESTATED

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
I. Income					
Operating Income :					
Sales	1,614.12	2,202.29	2,607.47	3,011.09	4,890.80
Increase/(Decrease) in Stock	70.85	24.76	5.45	202.51	244.37
Other Income	5.66	12.73	5.13	7.98	12.88
Total-A	1,690.63	2,239.78	2,618.06	3,221.58	5,148.05
II. Expenditure					
Manufacturing Expenses	1,304.90	1,709.00	2,002.11	2,492.70	3,922.20
Administration Expenses	27.35	32.60	33.05	49.19	73.69
Employee Remuneration & Benefits	31.80	39.00	54.05	76.09	106.12
Selling Expenses	143.61	168.32	168.26	167.42	356.68
Interest & Financial Charges	55.82	140.89	206.76	202.94	244.86
Depreciation	22.39	39.12	50.99	111.24	131.00
Amortization of Miscellaneous Expenditure	0.05	0.25	0.25	0.25	0.26
Preliminary & Share Issue Exp. W/o.	0.00	13.29	0.00	0.00	0.00
Total-B	1,585.92	2,142.47	2,515.49	3,099.85	4,834.81
III. Profit before taxation (A-B)	104.70	97.31	102.57	121.73	313.24
Less: Provision for Taxation					
-Current	1.74	3.04	6.07	0.05	0.04
-Deferred	19.76	17.09	13.32	52.65	43.26
-Fringe Benefit Tax	1.14	0.94	1.67	0.00	0.00
IV. Less: Prior Period Items	2.85	0.25	1.96	(6.02)	(4.42)
V. Profit After Taxation as per Audited Statement of Accounts (C)	79.20	75.98	79.56	75.05	274.36
Adjustments on Account of Changes in Accounting Policies	3.92	(32.77)	(10.26)	13.08	27.68
Total Adjustments: (D)	3.92	(32.77)	(10.26)	13.08	27.68
VI. Adjusted profit/(loss)(C+D)	83.12	43.21	69.30	88.13	302.04
Surplus/(Deficit) brought forward from the Previous year	62.91	41.97	72.20	141.50	206.42
VII. Profit available for appropriation	146.04	85.18	141.50	229.62	508.46
Proposed Equity Dividend (Final)	3.48	11.09	0.00	11.33	17.21
Tax on Dividend	0.59	1.88	0.00	1.88	2.86
Transfer to General	100.00	0.00	0.00	10.00	0.00

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Reserve A/c					
Transfer to SEZ Reinvestment Reserve A/c					113.34
VIII. Adjusted Available Surplus/(Deficit) carried forward	41.97	72.20	141.50	206.42	375.05

Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

STANDALONE STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax and extraordinary items:	104.70	97.31	102.57	121.73	313.24
Adjustments for:					
Depreciation	22.39	39.12	50.99	111.24	131.00
Amortization of Miscellaneous Expenditure	0.05	0.25	0.25	0.25	0.26
Prior Period Adjustment involving cash outflow	(2.85)	0.00	(1.29)	0.00	0.00
(Profit)/Loss on sale of Fixed Assets	0.00	0.31	0.20	0.44	0.17
Profit/Loss on sale of Investments	0.00	0.00	0.00	0.00	(0.04)
Foreign Currency Exchange Fluctuation Reserve	0.00	0.00	0.00	0.00	3.13
Interest & Financial Charges	55.82	140.89	206.76	202.94	244.86
Impact of Changes in Accounting Policies	(1.20)	6.09	(1.37)	(10.57)	9.64
Cash generated from operations before Working Capital Changes	178.91	283.96	358.12	426.04	702.27
Adjustments for:					
Changes in Trade and Other Receivables	(24.98)	(194.08)	148.68	(265.06)	(704.21)
Inventories	(81.02)	(65.97)	(89.67)	(263.39)	(343.08)
Other Assets	(18.00)	(0.79)	(159.79)	(95.28)	(40.23)
Current Liabilities	153.18	(41.27)	192.56	201.27	601.37
Cash generated from/(used in) Operations	29.18	(302.10)	91.79	(422.46)	(486.15)
Income Taxes (Paid)/Refund (net)	(2.04)	(2.91)	(3.96)	(5.92)	(5.79)
Net Cash Flow from /(used in) Operating Activities	206.05	(21.05)	445.95	(2.34)	210.32
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets	(362.52)	(480.07)	(1,149.49)	(598.46)	(627.52)
Sale of Fixed Assets	0.00	0.57	3.30	1.75	0.40
Capital Subsidy Recd. Against Fixed Assets	0.00	0.00	0.00	18.53	0.00
(Purchase)/Sale of Investments (net)	0.44	0.00	0.00	(2.50)	2.54
Proceeds from Sale of Subsidiary	0.00	0.00	0.00	0.00	0.44
Investment in Subsidiaries	0.00	(0.35)	(17.10)	(8.89)	(78.82)
Net Cash from / (used in) Investing Activities	(362.08)	(479.85)	(1,163.28)	(589.58)	(702.96)
C. CASH FLOW FROM/					

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
(USED IN) FINANCING ACTIVITIES					
Proceeds from Issue of Equity Shares incl. Premium	70.84	99.06	26.31	24.66	147.49
Proceeds from Share/Warrants Application Money	(30.00)	0.00	0.00	69.58	(69.58)
Proceeds from Issue of Share Warrants	0.00	8.85	(1.24)	(1.31)	(6.30)
Proceeds/(Repayment) from/of Short Term Borrowings (net)	(7.09)	525.22	47.89	467.57	293.59
Proceeds/(Repayment) from/of Long Term Borrowings (net)	189.29	16.79	958.08	246.86	373.69
Finance Charges Paid	(55.82)	(140.89)	(206.76)	(202.94)	(244.86)
Dividend Paid (including Dividend Distribution Tax)	(3.40)	(4.07)	(12.98)	0.00	(13.21)
Net Cash from / (used in) Financing Activities	163.81	504.96	811.30	604.42	480.82
Net increase / (decrease) in Cash and Cash Equivalents	7.78	4.06	93.96	12.51	(11.81)
Cash and Cash Equivalents at the beginning of the year	15.78	23.56	27.62	121.58	134.08
Cash and Cash Equivalents at the end of the year	23.56	27.62	121.58	134.08	122.27

Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
A. Fixed Assets				
a) Tangible Assets				
Gross Block	954.06	*2,293.00	2,846.62	3,110.24
Less: Accumulated Depreciation	100.10	159.37	268.58	412.48
Net Block	853.95	2,133.63	2,578.03	2,697.76
Capital Work in progress including capital advances	314.88	246.64	340.17	714.25
Total (Tangible Assets)	1,168.84	2,380.27	2,918.20	3,412.02
b) Intangible Assets				
Gross Block				
Patent	0.02	*0.66	0.66	0.75
Goodwill	0.00	0.00	9.64	9.66
Goodwill (on Consolidation)	0.00	*1.05	1.05	9.48
Less: Depreciation /Amortization	0.00	0.13	1.50	5.61
Net Block	0.02	1.59	9.85	14.28
Total Fixed Assets	1,168.86	2,381.85	2,928.05	3,426.29
B. Investments	0.00	0.00	2.50	0.00
C. Current Assets, Loans and Advances				
Sundry debtors	374.19	243.07	**630.78	1,464.42
Cash & Bank Balances	27.67	***121.98	146.27	145.59
Inventories	265.62	374.71	730.66	1,218.75
Loans & Advances	91.87	#193.93	288.24	306.38
Total	759.35	933.68	1,795.96	3,135.15
Less: Current Liabilities & Provisions				
Current Liabilities	289.14	557.55	930.89	1,656.88
Provisions	15.57	7.56	15.35	39.78
Net Current Assets	454.64	368.58	849.72	1,438.49
D. Loan Funds & Minority Interest				
Secured Loan	494.99	##1,494.06	2,370.64	3,013.86
Unsecured Loan	465.61	472.50	460.00	19.00
Minority Interest	0.00	4.20	0.00	16.21
Total	960.60	1,970.76	2,830.64	3,049.07
E. Deferred Tax Liability	68.41	81.91	138.00	186.18
Net Worth (A+B+C-D-E)	594.49	697.77	811.63	1,629.53
Net Worth represented by:				
F. Equity Share Capital	110.91	113.14	115.23	172.12
Share/Warrants Application Money pending Allotment	0.00	0.00	69.58	0.00
G. Share Warrants	8.85	7.61	6.30	0.00
H. Reserves and Surplus	474.95	577.30	620.78	1,467.72
Less: Miscellaneous Expenditure	(0.22)	(0.29)	(0.27)	(10.32)
Total	474.73	577.01	620.51	1,457.40
Net Worth (F+G+H)	594.49	697.77	811.63	1,629.53

Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

* Increase in Gross Block during F.Y. 2008-09 ₹ 1340.63 Mn (2294.71-954.08) is mainly due to commissioning of Kashipur unit with a addition of ₹ 1298.61 Mn.

*** Increase in Sundry Debtors during F.Y. 2009-10 ₹ 387.71 Mn (630.78-243.07) is mainly due to commercial operation started at Kashipur unit and unfavorable economic conditions in global market.*

**** Increase in Cash & Bank Balances during F.Y. 2008-09 ₹94.31 Mn (121.98-27.67) is mainly due to sanctioned and withdrawn of term loan and cash credit amounting to ₹88.46 Mn.*

Increase in Loan and Advances during the F.Y. 2008-09 ₹ 102.06 Mn (193.93-91.87) is mainly on account of advances given to suppliers of material ₹93.90 Mn for Kashipur unit .

Increase in Secured loans during the F.Y. 2008-09 ₹999.07 Mn (1494.06-494.99) is mainly due to availment of term loans for implementation of Kashipur project.

CONSOLIDATED STATEMENT OF PROFITS & LOSSES, AS RESTATED

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
I. Income				
Operating Income :				
Sales	2,202.29	2,614.11	3,211.02	5,779.40
Increase/(Decrease) in Stock	24.76	3.60	263.51	390.00
Other Income	12.73	8.55	9.94	14.53
Total-A	2,239.78	2,626.26	3,484.47	6,183.93
II. Expenditure				
Manufacturing Expenses	1,709.00	2,004.41	2,712.81	4,767.63
Administration Expenses	32.60	35.28	59.87	89.51
Employee Remuneration & Benefits	39.00	54.79	87.61	121.91
Selling Expenses	168.32	169.64	201.80	436.23
Interest & Financial Charges	140.89	207.29	215.67	277.41
Depreciation	39.12	51.26	115.36	144.28
Amortization of Miscellaneous expenditure	0.25	0.25	1.45	3.64
Amortization of Goodwill on Acquisition	0.00	0.11	0.11	0.93
Preliminary & Share Issue Exp. W/o.	13.29	0.00	0.00	0.00
Total-B	2,142.47	2,523.03	3,394.69	5,841.54
III. Profit before taxation (A-B)	97.31	103.23	89.78	342.39
Less: Provision for taxation				
-Current	3.04	6.53	1.77	19.71
-Mat Credit Entitlement for the A.Y.2011-12	0.00	0.00	0.00	(14.06)
-Deferred	17.09	13.51	56.10	47.92
-Fringe benefit tax	0.94	1.74	0.00	0.00
IV. Less: Prior Period Items	0.25	1.96	(6.02)	(5.26)
V. Less: Loss on Sale of Subsidiary	0.00	0.00	0.00	0.84
VI. Less: Pre-acquisition Profits & Share of Minority	0.00	0.24	(8.04)	(16.44)
VII. Profit After Taxation as per audited statement of accounts (C)	75.98	79.25	45.98	309.67
Adjustments on account of changes in accounting policies	(32.77)	(10.26)	13.08	27.68
Total adjustments (D)	(32.77)	(10.26)	13.08	27.68
VIII. Adjusted profit/(loss)(C+D)	43.21	68.99	59.06	337.35
Surplus/(Deficit) brought forward from the Previous year	41.96	72.20	141.19	177.03
IX. Profit available for appropriation	85.17	141.19	200.24	514.38
Proposed equity dividend (Final)	11.09	0.00	11.33	17.21
Tax on dividend	1.88	0.00	1.88	2.86
Transfer to General Reserve A/c	0.00	0.00	10.00	0.00
Transfer to SEZ Reinvestment Reserve A/c	0.00	0.00	0.00	113.34
X. Adjusted Available Surplus/(Deficit) carried forward	72.20	141.19	177.03	380.97

Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

CONSOLIDATED STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation and extraordinary items:	97.31	103.23	89.78	342.39
Adjustments for:				
Depreciation	39.12	51.26	115.36	144.28
Amortization of Miscellaneous Expenditure	0.25	0.25	1.45	3.64
Amortization of Goodwill on Acquisition	0.00	0.11	0.11	0.93
Foreign Currency Translation Reserve	0.00	0.38	2.55	(6.74)
Foreign Currency Exchange Fluctuation Reserve	0.00	0.00	0.00	3.13
Prior Period Adjustment involving cash outflow	0.00	(1.29)	0.00	0.00
(Profit)/Loss on sale of Fixed Assets	0.31	0.49	0.44	0.17
(Profit)/Loss on sale of Investments	0.00	0.00	0.00	(0.04)
Interest & Financial Charges	140.89	207.29	215.67	277.41
Impact of Changes in Accounting Policies	6.09	(1.37)	(10.57)	9.64
Cash generated from operations before Working Capital Changes	283.96	360.34	414.80	774.80
Adjustments for:				
Changes in Trade and Other Receivables	(194.08)	131.13	(387.72)	(833.64)
Inventories	(65.97)	(109.09)	(355.95)	(488.09)
Other Assets	(0.60)	(102.13)	(94.28)	(28.19)
Current Liabilities	(41.27)	268.41	373.34	762.68
Cash generated from/(used in) Operations	(301.93)	188.31	(464.61)	(587.24)
Income Taxes (Paid)/Refund (net)	(2.89)	(3.02)	(6.08)	5.26
Net Cash Flow from/(used in) Operating Activities	(20.85)	545.64	(55.90)	192.83
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(480.57)	(1,266.59)	(678.92)	(636.96)
Sale of Fixed Assets	0.57	4.17	1.75	0.40
Capital Subsidy Recd. Against Fixed Assets	0.00	0.00	18.53	0.00
Proceeds from Sale of Subsidiary	0.00	0.00	0.00	0.44
(Purchase)/Sale of Investments (net)	0.00	0.00	(2.50)	2.54
Net Cash from / (used in) Investing Activities	(480.00)	(1,262.41)	(661.15)	(633.58)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Equity Shares (including Premium)	99.06	26.31	24.66	607.50
Proceeds from (Conversion of) Share Application Money	0.00	0.00	69.58	(69.58)
Proceeds from (Conversion of) Share	8.85	(1.24)	(1.31)	(6.30)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Warrants				
Proceeds/(Repayment) from/of Short Term Borrowings (net)	525.21	47.89	506.03	(89.92)
Proceeds/(Repayment) from/of Long Term Borrowings (net)	16.80	958.07	358.05	289.00
Finance Charges Paid	(140.89)	(207.29)	(215.67)	(277.41)
Dividend Paid (including dividend distribution tax)	(4.07)	(12.98)	0.00	(13.21)
Net Cash from / (used in) Financing Activities	504.96	810.77	741.34	440.07
Net increase / (decrease) in Cash and Cash Equivalents	4.11	93.99	24.30	(0.68)
Cash and Cash Equivalents at the beginning of the year	23.55	27.67	121.97	146.27
Add: Cash and Cash Equivalents acquired on acquisition of subsidiary during the year	0.00	0.31	0.00	0.00
Cash and Cash Equivalents at the end of the year	27.67	121.97	146.27	145.59

Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

THE ISSUE

Issue of Equity shares	
<i>Of which:</i>	
i) Fresh Issue by our Company	4,500,000 Equity Shares of ₹ 10 each
ii) Offer for Sale by the Selling Shareholder ⁽¹⁾	Up to 2,250,000 Equity Shares of ₹ 10 each
Issue to the Public	6,750,000 Equity Shares of ₹ 10 each
<i>Of which:</i>	
i) QIBs portion ⁽²⁾⁽³⁾	Not more than 3,375,000 Equity Shares of ₹ 10 each
<i>Of which:</i>	
Anchor Investor Portion ⁽²⁾⁽³⁾	Upto 1,012,500 Equity Shares of ₹ 10 each
Net QIB Portion ⁽²⁾⁽³⁾	Not more than 2,362,500 Equity Shares of ₹ 10 each
<i>Of which:</i>	
- Mutual Fund Portion	118,125 Equity Shares of ₹ 10 each
- Balance for all QIBs including Mutual Funds	2,244,375 Equity Shares of ₹ 10 each
ii) Non - Institutional portion ⁽³⁾	Not less than 1,012,500 Equity Shares of ₹ 10 each
iii) Retail portion ⁽³⁾	Not less than 2,362,500 Equity Shares of ₹ 10 each
Equity Shares outstanding prior to the Issue	17,212,110 Equity Shares of ₹ 10 each
Equity Shares outstanding after the Issue ⁽⁴⁾	21,712,110 Equity Shares of ₹ 10 each
Objects of the Issue:	
Use of Proceeds of the Issue	For information, please refer to the section “Objects of the Issue” beginning on page 80 of the DRHP. Our Company will not receive any proceeds from the Offer for Sale.

⁽¹⁾ The Equity Shares offered by the Selling Shareholder in the Issue have been held by them for more than a period of one year as on the date of the DRHP, such period includes the holding period of the FCDs which were converted into Equity Shares.

⁽²⁾ This Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids.

⁽³⁾ Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

⁽⁴⁾ Our Company has at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Pursuant to the same, our Company has granted 1,061,750 options to various employees.

GENERAL INFORMATION

Registered Office

Flexituff International Limited

2nd floor, Main Building,
19, R.N. Mukherjee Road,
Kolkata -700 001
West Bengal.

Tel: +91 33 4005 3995

Fax: +91 33 2231 2510

Email: investors@flexituff.com

Website: www.flexituff.com

CIN No: U25202WB1993PLC111382

Corporate Office

C-41-50, Sector 3,
SEZ, Pithampur,
Dist Dhar 454 775
Madhya Pradesh
Tel: +917292 401681-83
Fax: +91 7292 401684

Address of RoC

Our Company is registered with the Registrar of Companies, Kolkata, West Bengal, which is situated at:

The Registrar of Companies

Nizam Palace-II,
MSO Building,
2nd Floor, 234/4 AJC Bose Road,
Kolkata -700 020
West Bengal

Board of Directors

The Board of Directors of our Company comprises of the following persons:

Sr. No.	Name and Designation	DIN	Address
1.	Mr. Anirudh Sonpal <i>Chairman and Independent Director</i>	03367049	8, Pitamber Society, Old Padra Road, Vadodra 390 020
2.	Mr. Manish Kalani <i>Managing Director</i>	00169041	11, Tukoganj Main Road, Indore 452 001
3.	Mr. Pawan Kumar Jain <i>Non-Executive Director</i>	00012279	62, Shikshak Nagar, Aerodrome Road, Indore 452 005
4.	Mr. Ravindra Chourasiya <i>Non-Executive Director</i>	00061084	101, Amar Tower, GF 137 Vijay Nagar, Indore 452 010
5.	Mr. Aswini Sahoo <i>Non Executive Director (Nominee Director of Clearwater Capital Partners (Cyprus) Limited)</i>	01931805	Flat N0. 406, Tower B, Raheja Sherwood, Goregaon East, Mumbai 400 063
6.	Mr. Kevan John Upperdine <i>Independent Director</i>	01214264	48, Wood Walk Wombell, Barnsley, South Yorkshire, England S730NF

Sr. No.	Name and Designation	DIN	Address
7.	Mr. Sharat Anand <i>Independent Director</i>	00083237	Flat No. 502, Royal Retreat Apartments, Charmwood Village, Surajkund, Faridabad 121 009

For more details on our Directors, please refer to the section “Management” beginning on page 164 of the RHP.

Company Secretary & Compliance Officer

Dinesh Kumar Sharma

Flexituff International Limited
C- 41-50, Sector-3
SEZ,
Pithampur
Dist. Dhar 454 775
Madhya Pradesh
Tel: +91 7292 401681- 83
Fax: +91 7292 401684
Email: investors@flexituff.com

Investors are requested to contact the Compliance Officer and/or Registrar to the Issue and/or the BRLM in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment / share certificates/ credit of securities in depository beneficiary account/ refund orders, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

Book Running Lead Manager

Collins Stewart Inga Private Limited*

A 404 Neelam Centre,
Hind Cycle Road, Worli,
Mumbai 400 030
Tel. No.: +91-22- 2498 2919
Fax No.: +91-22- 2498 2956
E-mail: flexituff.ipo@csinga.com
Investor Grievance ID: investors@csinga.com
Website: www.csinga.com
Contact person: Ms. Deepa Mutha / Mr. Kunal Thakkar
SEBI Registration No.: INM000010924

*Collins Stewart Inga Private Limited has made an application on May 27, 2011 with SEBI for renewal of its certificate of registration.

Syndicate Members

Ajcon Global Services Limited

101, Samarth Industrial Estate,
Lt. P. N. Kotnis Road, Mahim (W),
Mumbai - 400 001

Tel: +91 22 40280400

Fax: +91 22 24460339

Email: cag@ajcon.net

Website: www.ajcononline.com

Contact Person: Mr. Abhishek Mishra

SEBI Registration No: BSE - INB010761535; NSE - INB230637630

Hem Securities Limited

14/15 Khatau Building, 1st Floor,
44 Bank Street, Fort,
Mumbai - 400 001.

Tel: +91 22 22666156

Fax: +91 22 22625991

Email: sanjay@hemonline.com

Website: www.hemonline.com

Contact Person: Mr. Sanjay Dalmia

SEBI Registration No: BSE - INB011069953

ITI Financial Services Limited

'Mahkur' No.1, Krishnama Road,
Nungambakkam,
Chennai – 600 034

Tel: +91 44 39196500

Fax: +91 44 28272072

Email: g.krishnamurthy@itifsl.co.in

Website: www.itifsl.co.in

Contact Person: Mr. G. Krishnamurthy

SEBI Registration No: NSE - INB231338634

ITI Securities Limited

4th Floor, Kalpataru Heritage,
127 M G Road,
Fort, Mumbai- 400 001

Tel: +91 22 40512500

Fax: +91 22 40512555

Email: surdhir@iticap.com

Website: www.intimesec.com

Contact Person: Mr. Sudhir Gaikwad

SEBI Registration No: BSE - INB 010601236; NSE - INB 230601235

Sunidhi Securities & Finance Limited

22, Rajabhadur Mansion,
3rd Floor, Mumbai Samachar Marg, Fort,
Mumbai – 400 001

Tel: +91 22 66369669

Fax: +91 22 66355673

Email: jigar.d@sunidhi.com

Website: www.sunidhi.com

Contact Person: Mr. Jigar Desai

SEBI Registration No: BSE – INB010676436; NSE - INB230676436;

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue.

Registrar to the Issue**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078

Tel: +91 22 2596 0320

Toll Free: 1800 220320

Fax: +91 22 2596 0329

Email: flexituff.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sanjog Sud

SEBI Registration No: INR000004058

Legal Advisor to the Issue**ALMT Legal**

Advocates & Solicitors,
2, Lavelle Road,
Bangalore 560 001.

Tel No.: +91 80 4016 0000

Fax No.: +91 80 4016 0001

E-mail: flexituff@almtlegal.com

Website: www.almtlegal.com

ALMT Legal

Advocates & Solicitors,
4th Floor, Express Towers,
Nariman Point,
Mumbai 400 021.

Tel No.: +91 22 4001 0000

Fax No.: +91 22 4001 0001

E-mail: flexituff@almtlegal.com

Website: www.almtlegal.com

Statutory Auditor to our Company**M/s L.K. Maheshwari & Co.,**

Chartered Accountants.

324, Starlit Tower,

29, Y.N. Road,

Indore - 452 003

Tel: + 91 731 2436951

Contact Person: Mr. Abhay Singi

Email: abhay.singi@gmail.com

Bankers to our Company**UCO Bank**

Gram Pipliahana,

111-112 Tilak Nagar,

Indore - 452 018

Tel.: +91 731 2490384/82

Fax: +91 731 2490314

Contact Person: Mr. D.R. Sharma

Email: ucotilakind@sify.com

Website: www.ucobank.com

Punjab National Bank

45, G.G. Tower, MCB Siya Ganj

Indore 452 001

Tel.: +91 731 2542501/4210

Fax: +91 731 2431077

Contact Person: Mr. Somnath Jindal/ Mr. James Minz

Email: 0213@pnb.co.in

Website: www.pnb.co.in

Central Bank of India

2nd Floor, Palika Plaza, Phase I,

M.T.H. Compound,

Indore – 452 007

Tel.: +91 731 2540335

Fax: +91 731 2540250

Contact Person: Mr. M. K. Bajaj

Email: cmindo0764@centralbank.co.in

Website: www.centralbankofindia.co.in

State Bank of India

Commercial Branch, Near GPO

A.B. Road

Indore 452 001

Tel.: +91 731 4273220

Fax: +91 731 2707309

Contact Person: Mr. Pramod Bhavsar

Email: pramod.bhavsar@sbi.co.in

Website: www.sbi.co.in

State Bank of Patiala

Mid Corporate Branch, Lower Ground Floor

Orbit Mall, A.B. Road

Indore 452 010

Tel.: +91 731 2554867

Fax: +91 731 4246392

Contact Person: Mr. S.S Arora

Email: b5895@sbp.co.in

Website: www.sbp.co.in

The Hongkong & Shanghai Banking Corporation Ltd

52/60, Mahatma Gandhi Road,

Mumbai 400 001

Tel.: +91 22 22674921

Fax: +91 22 22658309

Contact Person: Mr. Lalit Lahoti

Email: lalitlahoti@hsbc.co.in, animeshvjain@hsbc.co.in, info@hsbc.co.in

Website: www.hsbc.co.in

Axis Bank Limited

Kamal Palace

1, Yeshwant Colony,

Y.N. Road

Indore 452 003

Tel: +91 731 4295235

Fax: +91 731 4295235

Contact Person: Mr. Sambit Das

Email: sambit.das@axisbank.com

Website: www.axisbank.com

Banker(s) to the Issue and Escrow Collection Bank(s)

HDFC Bank Limited

HDFC Bank Ltd., FIG-OPS Department, Lodha,
I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (E),
Mumbai – 400042.

Tel: +91 22 30752928

Fax: +91 22 25799801

Contact Person: Mr. Deepak Rane

Email: deepak.rane@hdfcbank.com

Website: www.hdfcbank.com

SEBI Registration No: INBI00000063

Punjab National Bank

Capital Market service branch

PNB House, 2nd floor,

Sir. P.M. Road, Fort,

Mumbai- 400001

Tel: +91 022 22621122, 22621123

Fax: +91 022 22621124

Contact Person: Mr. K.K. Khurana

Email: pnbcapsmumbai@pnb.co.in

Website: www.pnbindia.in

SEBI Registration No: INBI00000084

Refund Bank

HDFC Bank Limited

HDFC Bank Ltd., FIG-OPS Department, Lodha,
I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (E),
Mumbai – 400042.

Tel: +91 22 30752928

Fax: +91 22 25799801

Contact Person: Mr. Deepak Rane

Email: deepak.rane@hdfcbank.com

Website: www.hdfcbank.com

SEBI Registration No: INBI00000063

Self-certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned link.

Branches for Syndicate ASBA

The list of branches of the SCSBs that have been notified by SEBI where the members of the Syndicate (including sub-syndicate members) are required to submit ASBA bids under Syndicate ASBA forms are provided on <http://www.sebi.gov.in>.

Credit Rating

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

IPO grading

This Issue has been graded by Credit Analysis & Research Limited (“CARE”) and has been assigned the “CARE IPO Grade 3” indicating average fundamentals.

A copy of the report provided by CARE, furnishing the rationale for its grading has been annexed to the RHP. We have not obtained IPO Grading from any other agency.

For disclaimer clause of CARE, see the section “Other Regulatory and Statutory Disclosures – Disclaimer of IPO Grading Agency” on pages 422 to 423 of the RHP.

Trustees

As this is an issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

Since the Issue size shall not exceed ₹ 5,000 million no monitoring agency has been appointed to monitor the funds proposed to be raised in the Issue.

Statement of Inter se Allocation of Responsibilities for the Issue

Collins Stewart Inga Private Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

Appraising Agency

The objects of the Issue have not been appraised by any agency. The objects of the Issue and the means of the Finance are therefore based on the internal estimates of our management.

Experts

Except for the below stated reports and certificate included in the RHP, our Company has not obtained any expert opinions:

1. Certificate issued by Mr. Salil Kumar Barjatya, Chartered Engineer on the installed production capacity of our Company; and
2. Reports of the Statutory Auditor of our Company on the restated financial statements and Statement of Tax Benefits.
3. Report of Credit Analysis & Research Limited in respect of the IPO Grading of this Issue (a copy of which has been annexed to the RHP as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange.

Public Announcement pursuant to filing of the DRHP

Pursuant to the filing of the DRHP with SEBI and in compliance with Regulation 9 of the ICDR Regulations, our Company had, on March 30, 2011, issued a Public Announcement in an English national newspaper, a Hindi national newspaper and in one Bengali newspaper, each with wide circulation. This Public Announcement, subject to the provisions of Section 60 of the Companies Act, invited the public to give their comments to SEBI and the BRLM in respect of disclosures made in the DRHP.

BOOK BUILDING PROCESS

The Book Building refers to the process of collection of Bids on the basis of the RHP within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- The Selling Shareholder;
- BRLM;
- Registrar to the Issue;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with Stock Exchanges and eligible to act as Underwriters. The Syndicate Members have been appointed by our Company in consultation with the Book Running Lead Manager;
- SCSBs; and
- Escrow Collection Banks.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to eligible QIBs. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is atleast ₹ 100 million. Further, Anchor Investors shall pay the Bid Amount at the time of submission of the Bid cum Application Form to the BRLM.

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details please refer to the section “Issue Structure” beginning on page 432 of the RHP.

Our Company shall comply with the ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company have appointed Collins Stewart Inga Private Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

Non Institutional Bidders and Qualified Institutional Buyers will mandatorily participate in the Issue through the ASBA process. Retail Individual Bidders may at their option participate in the Issue through the ASBA process, but Anchor Investors will not have the option to submit their Bids under the ASBA process, which would entail blocking of funds in the investor’s bank account rather than immediate transfer of funds to the respective Escrow Accounts.

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

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

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

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

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

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (please refer to the section "Issue Procedure - Who Can Bid?" on pages 440 to 441 of the RHP);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or ASBA Bid cum Application Form, as the case may be;
3. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Bid cum Application Form (please refer to the section "Issue Procedure – Permanent Account Number ("PAN")" on page 463 of the RHP); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in the RHP and in the Bid cum Application Form or ASBA Form and submitted to SCSBs or Syndicate /sub syndicate member, as the case may be;
5. Ensure the correctness of your demographic details (as defined in the "Issue Procedure-Bidder's Depository Account and Bank Account Details" on pages 458 to 459 of the RHP) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
6. QIBs (excluding Anchor Investors) who Bid through the ASBA process / Syndicate ASBA process shall submit the Bids to the Designated Branch of the SCSBs /members of the Syndicate (including sub-syndicate member) as the case may be. Bids by Anchor Investors shall be submitted only to the BRLM; and
7. Bids by ASBA Bidders will have to be submitted to (i) the members of the Syndicate (including sub-syndicate member), if Bidding under Syndicate ASBA process; or (ii) the Designated Branches of SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission of the ASBA Bid cum Application Form to the members of the Syndicate (including sub- syndicate members) or to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers. The public notice shall be given in the same newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh DRHP with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

BID/ISSUE OPENS ON*	THURSDAY, SEPTEMBER 29, 2011
BID/ISSUE CLOSES ON	TUESDAY, OCTOBER 4, 2011 FOR QIB BIDDERS WEDNESDAY, OCTOBER 5, 2011 FOR OTHER BIDDERS

* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to Bid/ Issue Opening Date.

Bids and any revision in Bids (except in relation to the Bids received from the Anchor Investors) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE and NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the Bidders, except Anchor Investors are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 pm on the Bid/Issue Closing Date. Bidders other than Anchor Investors 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 may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation in the Issue. Bids by ASBA Bidders shall be uploaded in the electronic system to be provided by the Stock Exchanges either by (i) a member of the Syndicate (including sub-syndicate member), in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the SCSB. If such Bids are not uploaded, our Company, the Selling Shareholder, BRLM and Syndicate Members will not be responsible.

It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded in the electronic system to be provided by the Stock Exchanges either by (i) a member of the Syndicate (including sub-syndicate member), in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the SCSBs.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical/ electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from a member of the Syndicate, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres or from the SCSBs if the Bid submitted by an ASBA Bidder at the Designated Branch, as the case may be.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis a vis* the data contained in any physical Bid cum Application Form for a particular Bidder.

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

Our Company and the Selling Shareholder in consultation with the BRLM reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the ICDR Regulations. Under ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e. 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.

In case of revision of the Price Band, the Issue Period will be extended for atleast three additional Working Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.

Underwriting Agreement

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

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

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

Name, Address, Telephone, Email and Fax of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after determination of the Issue Price and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guidelines.

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

CAPITAL STRUCTURE

Share capital of our Company as at the date of the RHP is as set forth below:

	Share Capital	Aggregate Value at nominal value	Aggregate Value at Issue Price
A.	Authorised Share Capital		
	25,000,000 Equity Shares of ₹ 10 each	250,000,000	
B.	Issued, Subscribed and Paid Up Equity Share Capital (before the Issue)		
	17,212,110 Equity Shares of ₹ 10 each ⁽¹⁾	172,121,100	
C.	Present Issue in Terms of The RHP		
	Offer of 6,750,000 Equity Shares of ₹ 10 each ⁽²⁾	67,500,000	[●]
	Comprising		
	1) Fresh issue		
	4,500,000 Equity Shares of ₹ 10 each	45,000,000	
	2) Offer for Sale⁽³⁾		
	Up to 2,250,000 Equity Shares of ₹10 each	22,500,000	
	Of Which		
	QIB Portion not more than 3,375,000 Equity Shares ⁽⁴⁾⁽⁵⁾	33,750,000	
	Anchor Investor Portion upto 1,012,500 Equity Shares		
	Net QIB Portion of not more than 2,362,500 Equity Shares		
	Of which		
	Mutual Fund Portion is 118,125 Equity Shares		
	Other QIBs (including Mutual Funds) 2,244,375 Equity Shares		
	Non-Institutional Portion of not less than 1,012,500 Equity Shares ⁽⁴⁾	10,125,000	
	Retail Portion of not less than 2,362,500 Equity Shares ⁽⁴⁾	23,625,000	
D.	Issued, Subscribed and Paid Up Equity Share Capital (After The Issue)		
	21,712,110 Equity Shares of ₹ 10 each ⁽⁶⁾	217,121,100	[●]
E.	Share Premium Account		
	Before the Issue	833,596,923	
	After the Issue		[●]

⁽¹⁾ All Equity Shares issued by our Company are fully paid-up.

⁽²⁾ The Issue has been authorized pursuant to a Board resolution dated July 14, 2010 and approved by our shareholders vide resolution passed at the Extra-ordinary General Meeting held on January 7, 2011 under Section 81(1A) of the Companies Act.

⁽³⁾ **Offer for Sale**

The Equity Shares forming part of the Offer for Sale were issued in favour of the Selling Shareholder pursuant to conversion of Fully Convertible Debentures and have been held by the Selling Shareholder for a period more than one year prior to the date of the DRHP, such period including the period that the said Fully Convertible Debentures were held by the Selling Shareholder. Consequently, the said Equity Shares are eligible to be offered for sale. The

Selling Shareholder has authorized the Offer for Sale of up to 2,250,000 Equity Shares held by it as part of the Issue pursuant to resolution dated February 24, 2011 passed by its board of directors.

(4) Subject to valid bids being received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion shall be made on a proportionate basis. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

(5) Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids.

(6) Our Company has at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Pursuant to the same, our Company has granted 1,061,750 options to various employees.

For further details, please refer to the section titled “Issue Procedure” beginning on page 437 of the RHP.

Details of Increase in Authorized Share Capital of our Company

Date of General Meeting	Increase in Authorised Share Capital (No of Equity Shares)	Cumulative Number of Equity Shares	Face Value of Equity Shares (in ₹)	Authorized Capital (in ₹)
April 8, 1993 (At Incorporation)	-	500,000	10	5,000,000
September 11, 2002	4,500,000	5,000,000	10	50,000,000
October 30, 2006	10,000,000	15,000,000	10	150,000,000
September 30, 2009	5,000,000	20,000,000	10	200,000,000
December 8, 2010	5,000,000	25,000,000	10	250,000,000

NOTES TO THE CAPITAL STRUCTURE:

1. Share Capital History of our Company

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Paid-up Capital (₹)	Cumulative Securities Premium (₹)	Consideration	Reasons for allotment
April 8, 1993 (At Incorporation)	30,000	10	10	300,000	-	Cash	Subscriber to Memorandum of Association
May 26, 1993	210,000	10	10	2,400,000	-	Cash	Right Issue in the ratio of 7:1.
December 11, 2002	201,000	10	100	4,410,000	18,090,000	Cash	Preferential allotment
March 31, 2003	62,000	10	100	5,030,000	23,670,000	Cash	Preferential allotment
June 30, 2003	180,000	10	100	6,830,000	39,870,000	Cash	Preferential

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Paid-up Capital (₹)	Cumulative Securities Premium (₹)	Consideration	Reasons for allotment
							allotment
March 20, 2004	528,500	10	100	12,115,000	87,435,000	Cash	Preferential allotment
April 20, 2004	253,000	10	100	14,645,000	110,205,000	Cash	Preferential allotment
July 23, 2004	425,000	10	100	18,895,000	148,455,000	Cash	Preferential allotment
August 12, 2004	100,000	10	100	19,895,000	157,455,000	Cash	Preferential allotment
March 31, 2007	708,376	10	100	26,978,760	221,208,840	Cash	Preferential allotment
October 17, 2007	7,554,053*	10	-	102,519,290	145,668,310	Nil	Bonus Issue in the ratio of 28:10
November 30, 2007	501,401	10	118	107,533,300	199,819,618	Cash	Preferential allotment
January 10, 2008	100	10	110	107,534,300	199,829,618	Cash	Preferential allotment
February 6, 2008	338,000	10	118	110,914,300	236,333,618	Cash	Preferential allotment
December 9, 2008	223,000	10	118	113,144,300	260,417,618	Cash	Conversion of 223,000 Share Warrants [#]
March 12, 2010	209,000	10	118	115,234,300	282,989,618	Cash	Conversion of 209,000 Share Warrants [#]
July 14, 2010	640,000	10	118	121,634,300	352,109,618	Cash	Conversion of 640,000 Share Warrants [#]
September 20, 2010	233,000	10	118	123,964,300	377,273,618	Cash	Conversion of 233,000 Share Warrants [#]
September 20, 2010	134,188	10	160	125,306,180	397,401,818	Cash	Preferential allotment
December 31, 2010	195,000	10	118	127,256,180	418,461,818	Cash	Conversion of 195,000 Share Warrants [#]
February 24, 2011	4,486,492	10	102.53	172,121,100	833,596,923	Cash	Conversion of 92 FCDs ^{##}

Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.

* Issue of bonus Equity Shares by way of capitalization of the securities premium account

[#] Convertible Share Warrants

Our Company's shareholders at the extraordinary general meeting held on November 30, 2007 approved the issuance of 1,500,000 convertible share warrants at a price of ₹ 118 per convertible share warrant. Thereafter, our Board vide resolution dated January 10, 2008 allotted 1,500,000 convertible share warrants in favour of Kalani Industries Private Limited, one of our Promoters, at a price of ₹ 118 per convertible share warrant whereby 5% of the issue price was payable upon issuance of the share warrants and the balance at the time of conversion of the

share warrants into Equity Shares. In accordance with the terms of issue of the convertible share warrants, Kalani Industries Private Limited exercised its option to convert 223,000, 209,000, 640,000, 233,000 and 195,000 convertible share warrants in to Equity Shares on December 9, 2008, March 12, 2010, July 14, 2010, September 20, 2010 and December 31, 2010 respectively. For details relating to the terms of issue of the convertible share warrants please refer to the section “History and Certain Corporate Matters” beginning on page 154 of the RHP.

Details of Fully Convertible Debentures issued by our Company

Our Company’s shareholders at the extraordinary general meeting held on November 30, 2007 approved the issuance of 92 (ninety two) 0% Fully Convertible Debentures (FCDs) having a face value of ₹ 5,000,000 per debenture in favour of Clearwater Capital Partners (Cyprus) Limited, the Selling Shareholder at par aggregating to ₹ 460,000,000. Thereafter, the Board vide resolution dated January 10, 2008 allotted the said FCDs in favour of the Selling Shareholder. The Selling Shareholder exercised its option to convert all 92 FCDs into 4,486,492 Equity Shares on February 18, 2011 and such Equity Shares were allotted on February 24, 2011.

2. Equity shares allotted for consideration other than Cash

Our Company has not issued any Equity Shares for consideration other than cash or out of revaluation reserves other than as given below. The bonus shares as per the details mentioned below were issued and allotted pursuant to capitalization of the securities premium account.

Date of allotment	Ratio of the Bonus Issue	Number of Equity Shares issued	Face Value of Shares (₹)	Amount of Share premium capitalized (₹)	Persons to whom Equity share allotted	Reasons for Issue	Benefits to the Issuer
October 17, 2007	28:10	7,554,053	10	75,540,530	Existing shareholders of the Company	Bonus Issue	Nil

3. Build up of Promoter’s shareholding

Capital Build up of the Promoters’ Equity Shareholding in our Company

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of Consideration	Nature of acquisition Allotment/ Transfer	Cumulative No. of Equity Shares	% of Pre Issue Capital	% of Post Issue Capital
Kalani Industries Private Limited								
September 12, 2002	239,900	10	10	Cash	Transfer	239,900		
December 11, 2002	6,000	10	100	Cash	Allotment	245,900		
March 31, 2003	100	10	10	Cash	Transfer	246,000		
June 30, 2003	95,000	10	100	Cash	Allotment	341,000		
March 20, 2004	181,000	10	100	Cash	Allotment	522,000		
October 17, 2007	1,461,600	10	-	Nil	Allotment (Bonus Issue)	1,983,600		
December 9, 2008	223,000	10	118	Cash	Allotment	2,206,600		
March 12, 2010	209,000	10	118	Cash	Allotment	2,415,600		
July 14, 2010	640,000	10	118	Cash	Allotment	3,055,600		

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of Consideration	Nature of acquisition Allotment/ Transfer	Cumulative No. of Equity Shares	% of Pre Issue Capital	% of Post Issue Capital
September 20, 2010	233,000	10	118	Cash	Allotment	3,288,600		
December 31, 2010	195,000	10	118	Cash	Allotment	3,483,600	20.24	16.04
Miscellani Global Private Limited								
December 23, 2005	147,000	10	10	Cash	Transfer	147,000		
November 1, 2006	5,000	10	10	Cash	Transfer	152,000		
March 31, 2007	50,000	10	100	Cash	Allotment	202,000		
June 30, 2007	118,400	10	15	Cash	Transfer	320,400		
October 17, 2007	897,120	10	-	Nil	Allotment (Bonus Issue)	1,217,520	7.07	5.61
Sanovi Trading Private Limited								
August 28, 2005	157,500	10	10	Cash	Transfer	157,500		
December 28, 2005	30,000	10	10	Cash	Transfer	187,500		
June 30, 2007	59,000	10	100	Cash	Transfer	246,500		
October 17, 2007	690,200	10	-	Nil	Allotment (Bonus Issue)	936,700	5.44	4.31
Total						5,637,820	32.75	25.97

All Equity Shares were fully paid up on allotment. All Equity Shares held by our Promoters are free from pledge or any encumbrance.

4. Details of Promoter Contribution and Lock-in:

Pursuant to the Regulation 36 (a) of the ICDR Regulations, an aggregate of 20% of the post Issue equity share capital of our Company held by the Promoters shall be locked in as minimum Promoters' contribution. Such lock-in shall commence from the date of Allotment in the Issue and shall continue for a period of three years from such date. The Equity Shares, which are being locked-in as minimum Promoter's contribution, are eligible for computation of minimum Promoter's contribution in accordance with the provisions of the ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the ICDR Regulations.

The details of the Equity Shares forming part of the promoter's contribution which shall be locked in for a period of three years have been provided below:

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of Consideration	Nature of acquisition Allotment/ Transfer	Cumulative No. of Equity Shares	% of Post Issue Capital
Kalani Industries Private Limited							
September 12, 2002	239,900	10	10	Cash	Transfer	239,900	

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of Consideration	Nature of acquisition Allotment/ Transfer	Cumulative No. of Equity Shares	% of Post Issue Capital
December 11, 2002	6,000	10	100	Cash	Allotment	245,900	
March 31, 2003	100	10	10	Cash	Transfer	246,000	
June 30, 2003	95,000	10	100	Cash	Allotment	341,000	
March 20, 2004	181,000	10	100	Cash	Allotment	522,000	
October 17, 2007	1,461,600	10	-	Nil	Allotment (Bonus Issue)	1,983,600	
December 9, 2008	223,000	10	118	Cash	Allotment	2,206,600	10.16
Miscellani Global Private Limited							
December 23, 2005	147,000	10	10	Cash	Transfer	147,000	
November 1, 2006	5,000	10	10	Cash	Transfer	152,000	
March 31, 2007	50,000	10	100	Cash	Allotment	202,000	
June 30, 2007	118,400	10	15	Cash	Transfer	320,400	
October 17, 2007	897,120	10	-	Nil	Allotment (Bonus Issue)	1,217,520	5.61
Sanovi Trading Private Limited							
August 28, 2005	157,500	10	10	Cash	Transfer	157,500	
December 28, 2005	30,000	10	10	Cash	Transfer	187,500	
June 30, 2007	59,000	10	100	Cash	Transfer	246,500	
October 17, 2007	690,200	10	-	Nil	Allotment (Bonus Issue)	936,700	4.31
Total							20.08

Our Company has obtained specific written consent from the Promoters for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoters have given an undertaking dated March 22, 2011 to the effect that they shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of the DRHP till the date of commencement of lock-in as per the ICDR Regulations.

The Equity Shares held by the Promoters and offered as minimum Promoters' contribution are free from pledge.

(a) **Details of Equity Share capital locked-in for one year**

In terms of the ICDR Regulations, in addition to the lock-in of 20% of the post-Issue shareholding of the Promoters for three years as specified above, the balance pre-Issue share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Issue other than the Equity Shares which are being transferred and sold in the Offer for Sale.

(b) Other requirements in respect of lock-in

As per Regulation 39 read with Regulation 36 (a) and 36(b) of the ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or financial institutions as collateral security for loans granted by such bank or financial institution, provided that the pledge of Equity Shares can be created when the loan has been granted by such bank or financial institution for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

Further, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan

As per Regulation 40 read with Regulation 37 of the ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue and which are locked-in for period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with Equity Shares proposed to be transferred subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the provisions of the Takeover Regulations as applicable

In terms of Regulation 40 of the ICDR Regulations, the Equity Shares held by the Promoter may be transferred inter se, to any Promoter or persons constituting the Promoter Group or to new promoters 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 the provisions of the Takeover Regulations as applicable.

Our Company has obtained a consent dated March 22, 2011 from our Promoters for the lock-in of the said 4,360,820 Equity Shares, held by them, for three years from the date of Allotment and for lock-in of the balance pre-Issue Equity Share capital of our Company, held by them, for a period of one year from the date of Allotment.

(c) Lock-in of Equity Shares to be issued, if any, to the Anchor Investor

In terms of Schedule XI of the ICDR Regulations, any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

5. Selling Shareholder and build up of its shareholding in our Company

Corporate Information:

Clearwater Capital Partners (Cyprus) Limited ("CCPCL") was incorporated on February 10, 2004, as a Limited Liability Company, in the Republic of Cyprus, under the Companies Law, Cap.113. The Corporate Identification Number ("CIN") of CCPCL is 145518. The registered office of CCPCL is situated at 12th Esperidon Street, 4th floor, PC 1087 Nicosia Cyprus. As per Memorandum of Association of CCPCL, the objects for which it is established are to carry business of a holding and an investment company, to provide services as business consultants, to acquire and lease property and equipment and to acquire other businesses etc. The principal activity of CCPCL is investing in securities (equity and debt) in Asia.

The board of directors of CCPCL comprises of Mr. Robert Dean Petty, Ms. Arlene Nahikian and Mr. Costas Christoforou.

Capital Structure and Shareholding:

The Authorised Share Capital of the company is Euro (€) 4,27,500 comprising of 2,50,000 shares of € 1.71 each and Paid up Share Capital is € 10,260 comprising of 6,000 shares of € 1.71 each which are 100% held by various Clearwater Funds. The shareholding pattern of CCPCL is set out below:

Sr. No.	Shareholder	No. of shares held
1.	Clearwater Capital Partners Fund I, L.P.	1,334
2.	Clearwater Capital Partners Fund II, L.P.	1,000
3.	Clearwater Capital Partners Fund III, L.P.	1,000
4.	Asia Development Finance, L.P.	1,333
5.	Clearwater Capital Partners LTV Master, L.P.	1,333
	Total	6,000

Capital build up of the Selling Shareholder in our Company is as follows:

Date of Allotment / Transfer	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of Consideration	Nature of acquisition Allotment/ Transfer	Cumulative No. of Equity Shares
January 10, 2008	100	10	110	Cash	Allotment	100
May 5, 2009	338,000	10	0.50	Cash	Transfer	338,100
February 23, 2011	(338,000)	10	0.50	Cash	Transfer	100
February 24, 2011	4,486,492	10	102.53	Cash	Allotment	4,486,592

6. Shareholding pattern of our Company

(i) The table below presents our Company's shareholding pattern as per Clause 35 of the Listing Agreement:

Category Code	Category of shareholders	No. of shareholders	Total Number of shares	Number of shares held in dematerialized form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
I	II	III	IV	V	VI	VII	VIII	(IX)=(VIII)/(IV)* 100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate :	3	5,637,820	5,637,820	32.75	32.75		
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub Total (A) (1)	3	5,637,820	5,637,820	32.75	32.75	-	-
2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate:	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-

Category Code	Category of shareholders	No. of shareholders	Total Number of shares	Number of shares held in dematerialized form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
I	II	III	IV	V	VI	VII	VIII	(IX)=(VIII)/(IV)*100
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub Total (A) (2)	-	-	-	-	-	-	-
	Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	3	5,637,820	5,637,820	32.75	32.75	-	-
(B)	Public Shareholding							
1	Institutions							
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub Total (B) (1)	-	-	-	-	-	-	-
2	Non-Institutions							
(a)	Bodies Corporate	10	11,333,667	10,207,872	65.85	65.85		
	Sub Total 2(a)	10	11,333,667	10,207,872	65.85	65.85	-	-
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1	7,600	7,600	0.04	0.04		
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3	233,023	11,400	1.35	1.35		
(c)	Any Others (Specify)							
	Sub Total (B)(2)	14	11,574,290	10,226,872	67.25	67.25	-	-
	Total Public shareholding (B) = (B)(1) + (B)(2)	14	11,574,290	10,226,872	67.25	67.25	-	-
	Total (A)+(B)	17	17,212,110	15,864,692	100.00	100.00	-	-
(C)	Shares held by Custodians and against which		-	-	-	-	-	-

Category Code	Category of shareholders	No. of shareholders	Total Number of shares	Number of shares held in dematerialized form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
I	II	III	IV	V	VI	VII	VIII	(IX)=(VIII)/(IV)* 100
	Depository Receipts have been issued							
1	Promoter and Promoter Group		-	-	-	-	-	-
2	Public		-	-	-	-	-	-
	Total (A)+(B)+(C)	17	17,212,110	15,864,692	100.00	100.00	-	-

7. The pre and post-Issue shareholding pattern of our Company is set out below:

Category	Equity Shares held Pre-Issue		Equity Shares held Post-Issue**	
	Number of Shares	% of equity share capital	Number of Shares	% of equity share capital
A. Promoters*				
Kalani Industries Pvt. Ltd	3,483,600	20.24	3,483,600	16.04
Miscellani Global Pvt. Ltd	1,217,520	7.07	1,217,520	5.61
Sanovi Trading Pvt. Ltd	936,700	5.44	936,700	4.31
Sub Total (A)	5,637,820	32.75	5,637,820	25.97
B. Promoter Group (Other than Promoter)	-	-	-	-
Sub Total (B)	-	-	-	-
Promoter and Promoter Group Total (A+ B)	5,637,820	32.75	5,637,820	25.97
C. Others (others than Promoter and Promoter Group)				
Clearwater Capital Partners (Cyprus) Limited	4,486,592	26.07	2,236,592	10.30
Sorley Holdings Limited	653,607	3.80	653,607	3.01
Pack Plast Pte Limited	134,188	0.78	134,188	0.62
Mamta Ashra	114,429	0.66	114,429	0.53
Narsimha Shibroor Kamath	107,194	0.62	107,194	0.49
Saurabh Properties Private Limited	1,270,530	7.38	1,270,530	5.85
Seven Star Properties Private Limited	952,470	5.53	952,470	4.39
Anshuman Properties Private Limited	940,500	5.46	940,500	4.33
Fantasy Real Estates Private Limited	915,800	5.32	915,800	4.22
High Skey Properties Private Limited	904,400	5.25	904,400	4.17
Sunrise Properties Private Limited	737,580	4.29	737,580	3.39
Manish Kalani	11,400	0.07	11,400	0.05
Manisha Kalani	7,600	0.04	7,600	0.04
Angelfire Holdings Limited	338,000	1.96	338,000	1.55
Sub Total (c)	11,574,290	67.25	9,324,290	42.94

Category	Equity Shares held Pre-Issue		Equity Shares held Post-Issue**	
	Number of Shares	% of equity share capital	Number of Shares	% of equity share capital
Public in the Issue	-	-	6,750,000	31.09
Total	17,212,110	100.00	21,712,110	100.00

* None of our promoters or members of our promoter group shall participate in the Issue.

**The figures provided in this table shall be finalised based upon the actual subscription level in the Issue and the number of Equity Shares to be issued in the Issue, consequent to the Book Building Process.

8. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

(a) As on the date of RHP:

Sr. No	Name of the Shareholder	No. of Equity Shares	% shareholding
1.	Clearwater Capital Partners (Cyprus) Limited	4,486,592	26.07
2.	Kalani Industries Private Limited	3,483,600	20.24
3.	Saurabh Properties Private Limited	1,270,530	7.38
4.	Miscellani Global Private Limited	1,217,520	7.07
5.	Seven Star Properties Private Limited	952,470	5.53
6.	Anshuman Properties Private Limited	940,500	5.46
7.	Sanovi Trading Private Limited	936,700	5.44
8.	Fantasy Real Estates Private Limited	915,800	5.32
9.	High Skey Properties Private Limited	904,400	5.25
10.	Sunrise Properties Private Limited	737,580	4.29
	Total	15,845,692	92.05

(b) As of ten days prior to the date of RHP

Sr. No	Name of the Shareholder	No. of Equity Shares	% shareholding
1.	Clearwater Capital Partners (Cyprus) Limited	4,486,592	26.07
2.	Kalani Industries Private Limited	3,483,600	20.24
3.	Saurabh Properties Private Limited	1,270,530	7.38
4.	Miscellani Global Private Limited	1,217,520	7.07
5.	Seven Star Properties Private Limited	952,470	5.53
6.	Anshuman Properties Private Limited	940,500	5.46
7.	Sanovi Trading Private Limited	936,700	5.44
8.	Fantasy Real Estates Private Limited	915,800	5.32
9.	High Skey Properties Private Limited	904,400	5.25
10.	Sunrise Properties Private Limited	737,580	4.29
	Total	15,845,692	92.05

(c) As of two years prior to the date of the RHP:

Sr. No	Name of the Shareholder	No. of Equity Shares	% shareholding
1.	Kalani Industries Private Limited	2,206,600	19.50
2.	Saurabh Properties Private Limited	1,270,530	11.23
3.	Miscellani Global Private Limited	1,217,520	10.76
4.	Seven Star Properties Private Limited	952,470	8.42

Sr. No	Name of the Shareholder	No. of Equity Shares	% shareholding
5.	Anshuman Properties Private Limited	940,500	8.31
6.	Sanovi Trading Private Limited	936,700	8.28
7.	Fantasy Real Estates Private Limited	915,800	8.09
8.	High Skey Properties Private Limited	904,400	7.99
9.	Sorley Holdings Limited	875,230	7.74
10.	Sunrise Properties Private Limited	737,580	6.52
	Total	10,957,330	96.84

9. None of the directors of our Promoters hold any Equity Shares in our Company.

10. Save and except as detailed below, none of our Promoters, Promoter Group, directors of our Corporate Promoters, our Directors and their immediate relatives and the BRLM have purchased or sold any Equity Shares during a period of six months immediately preceding the date on which the DRHP has been filed with SEBI.

Sr. No.	Name	Date of Transaction	No. of Equity Shares	Price (in ₹)	Nature of Transaction
1.	Kalani Industries Private Limited	December 31, 2010	195,000	118.00	Conversion of 195,000 Share Warrants

11. Our Company, Promoters, our Directors and the BRLM have not entered into any buy-back and/or safety net facility for purchase of Equity Shares from any person.

12. The BRLM and its associates currently do not hold any Equity Shares in our Company.

13. There has been no financing arrangement whereby our Company, our Promoters, Promoter Group, directors of our Corporate Promoters and our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the DRHP.

14. The Equity Shares held by our Promoters are not subject to any pledge.

15. Our Company has instituted Employee Stock Option Scheme 2011 ("ESOP 2011"), pursuant to the approval of the shareholders of our Company at their Extra Ordinary General Meeting held on January 7, 2011. As per shareholders approval, employee stock options shall be exercisable into such number of Equity Shares which shall not exceed 1,075,000 Equity Shares. Options may be issued to eligible employees and directors of our Company and its subsidiaries in India. Under ESOP 2011, on January 7, 2011, our Company has granted 1,061,750 options convertible into equal number of Equity Shares of face value of ₹10 each. The following table sets forth the particulars of the options granted during the Financial Year 2010-11 under ESOP 2011 as on the date of the RHP. No options have been granted prior to this. The ESOP 2011 in compliance with SEBI ESOP Guidelines.

No.	Particulars	Details
1	Options granted	a) Grant I – Growth Options, consisting of 776,500 options. b) Grant II - Loyalty Options, consisting of 285,250 options.
2	Date of Grant of option	January 7, 2011
3	Exercise price of options	₹95
4	Options Vested	NIL

No.	Particulars	Details
5	Vesting Schedule	<ul style="list-style-type: none"> Grant I - Growth Options: <ul style="list-style-type: none"> - 20% on January 7, 2012 - 20% on January 7, 2013 - 30% on January 7, 2014 - 30% on January 7, 2015 Grant II – Loyalty Options: 100% vesting on January 7, 2012
6	Options Exercised	NIL
7	Total number of Equity Shares arising as a result of exercise of options	N. A.
8	Options lapsed	19,000 options granted to Mr. Uttam Kapoor have lapsed on account of his resignation.
9	Variations in terms of options	NIL
10	Money realised by exercise of options (₹)	NIL
11	Total Number of options in force	1,042,750
12	Employee wise details of options granted to:	

No.	Particulars	Details		
i)	Key Managerial Personnel			

No.	Particulars	Details																
13	Diluted Earnings Per Share pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	N. A.																
14	Difference, if any between the employee compensation costs calculated using the intrinsic value of stock options and the employee compensation cost calculated using the fair value of the options and the impact of this difference on profits and on the EPS of the issuer.	If the Company follows fair value method for accounting the stock options, compensation cost would have been higher by ₹ 2.6 million for Financial Year 2010-11. Consequently Profit for Financial Year 2010-11 would be lower by ₹ 2.6 million and accordingly earnings per share will get diluted to the extent of stock options granted.																
15	Weighted average exercise prices and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock.	<table><tr><th colspan="2">Weighted average exercise price of options granted during the year whose:</th></tr><tr><td>Exercise price equals market price on the date of grant</td><td>N.A.</td></tr><tr><td>Exercise price is greater than market price on the date of grant</td><td>₹ 95 per option</td></tr><tr><td>Exercise price is less than market price on the date of grant</td><td>N.A.</td></tr><tr><th colspan="2">Weighted average fair value of options granted during the year whose:</th></tr><tr><td>Exercise price equals market price on the date of grant</td><td>N.A.</td></tr><tr><td>Exercise price is greater than market price on the date of grant</td><td>₹ 18.65 per option</td></tr><tr><td>Exercise price is less than market price on the date of grant</td><td>N.A.</td></tr></table>	Weighted average exercise price of options granted during the year whose:		Exercise price equals market price on the date of grant	N.A.	Exercise price is greater than market price on the date of grant	₹ 95 per option	Exercise price is less than market price on the date of grant	N.A.	Weighted average fair value of options granted during the year whose:		Exercise price equals market price on the date of grant	N.A.	Exercise price is greater than market price on the date of grant	₹ 18.65 per option	Exercise price is less than market price on the date of grant	N.A.
Weighted average exercise price of options granted during the year whose:																		
Exercise price equals market price on the date of grant	N.A.																	
Exercise price is greater than market price on the date of grant	₹ 95 per option																	
Exercise price is less than market price on the date of grant	N.A.																	
Weighted average fair value of options granted during the year whose:																		
Exercise price equals market price on the date of grant	N.A.																	
Exercise price is greater than market price on the date of grant	₹ 18.65 per option																	
Exercise price is less than market price on the date of grant	N.A.																	

No.	Particulars	Details																					
16	<p>Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,</p> <p>(i) Risk-free interest rate (ii) Expected life, (iii) Expected volatility, (iv) Expected dividends, (v) Fair Value of the underlying share at the time of grant of the option.</p>	<p>The fair value of the options has been calculated using the Black Scholes Options Pricing Model and the significant assumptions used for the two grants are as follows:</p> <table> <tr> <th>Particulars</th><th>Grant I</th><th>Grant II</th></tr> <tr> <td>Risk Free Interest Rate</td><td>7.79%</td><td>7.63%</td></tr> <tr> <td>Expected Life</td><td>3.70 years</td><td>2 years</td></tr> <tr> <td>Expected Volatility</td><td>Since the company was unlisted at the time of grant, volatility has been taken as zero</td><td>Since the company was unlisted at the time of grant, volatility has been taken as zero</td></tr> <tr> <td>Expected Dividend</td><td>0.25%</td><td>0.25%</td></tr> <tr> <td>Exercise Price</td><td>₹ 95</td><td>₹ 95</td></tr> <tr> <td>Fair Value of the underlying share at the time of the option grant.</td><td>₹ 94</td><td>₹ 94</td></tr> </table> <p>Based on the above assumptions, the Fair Value per option for Grant I is ₹ 21.24 and for Grant II is ₹ 11.61.</p>	Particulars	Grant I	Grant II	Risk Free Interest Rate	7.79%	7.63%	Expected Life	3.70 years	2 years	Expected Volatility	Since the company was unlisted at the time of grant, volatility has been taken as zero	Since the company was unlisted at the time of grant, volatility has been taken as zero	Expected Dividend	0.25%	0.25%	Exercise Price	₹ 95	₹ 95	Fair Value of the underlying share at the time of the option grant.	₹ 94	₹ 94
Particulars	Grant I	Grant II																					
Risk Free Interest Rate	7.79%	7.63%																					
Expected Life	3.70 years	2 years																					
Expected Volatility	Since the company was unlisted at the time of grant, volatility has been taken as zero	Since the company was unlisted at the time of grant, volatility has been taken as zero																					
Expected Dividend	0.25%	0.25%																					
Exercise Price	₹ 95	₹ 95																					
Fair Value of the underlying share at the time of the option grant.	₹ 94	₹ 94																					
17	<p>Impact on the profits and on the Earnings Per Share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.</p>	<p>Options have been granted only in the F.Y. 2010-11 and the impact it will have on the profits has been provided above.</p>																					

No.	Particulars	Details
18	The intention of the holders of the Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any. In case of an employee stock option scheme, this information same shall be disclosed regardless of whether Equity Shares arise out of options exercised before or after the initial public offer.	None

No.	Particulars	Details
19	The intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one percent of the issued capital (excluding outstanding warrants and conversions), which inter-alia shall include name, designation and quantum of the Equity Shares issued under an employee stock option scheme or employee stock purchase scheme and the quantum they intend to sell within three months.	None

16. The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to QIBs on a proportionate basis. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
17. Under-subscription, if any, in any category would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.
18. Our Promoters and members of our Promoter Group will not subscribe to or apply for Equity Shares in this Issue.
19. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

20. Except for Mr. Manish Kalani, our Managing Director, who holds 11,400 Equity Shares, none of our Directors and key managerial employees holds any Equity Shares in our Company.
21. There would be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the DRHP with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
22. We presently do not intend nor have we entered into any negotiations to alter our capital structure within a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. We may, subject to necessary approvals and in line with the relevant statutes/ regulations, consider raising additional capital to fund our business requirements or use Equity Shares as currency for acquisition or participation in any joint ventures with the consent of the shareholders, if applicable.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date of the RHP.
25. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
26. As on the date of the RHP, the total number of shareholders in our Company is 17.
27. We have not raised any bridge loans against the proceeds of the Issue.
28. We have not revalued any of our assets nor have we issued any Equity Shares out of revaluation reserves.
29. Except as detailed herein below, our Company has not made any allotment of Equity Shares that may be lower than the Issue Price during the preceding one year:

Sr. No.	Date of Allotment	Name of person/entity	No. of Equity Shares	Issue price (₹)	Reason	Whether part of Promoter/ Promoter Group
1.	September 20, 2010	Kalani Industries Private Limited	233,000	118	Conversion of share warrants	Yes
2.	December 31, 2010	Kalani Industries Private Limited	195,000	118	Conversion of share warrants	Yes
3.	February 24, 2011	Clearwater Capital Partners (Cyprus) Limited	4,486,492	102.53	Conversion of FCDs	No

30. As of the date of the RHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoters or Shareholders, or any other person any option to receive Equity Shares after the offering.
31. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off to the nearer multiple of minimum allotment.
32. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.
33. There are certain restrictive covenants in the agreements that our Company has entered into with the lenders. These restrictive covenants require our Company to seek the prior permission of the said bank for various

activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. Our Company has received no objection for the Issue from our lenders. For further details, please refer to the section "Financial Indebtedness" beginning on page 353 of the RHP.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and Offer for Sale by the Selling Shareholder.

Offer for Sale

This Issue includes an Offer for Sale of up to 2,250,000 Equity Shares by the Selling Shareholder, which constitutes 33.33% of the issue size. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

Objects of the Fresh Issue

Our Company proposes to utilise the funds which are being raised through Fresh Issue towards funding the following objects and achieve the benefits of listing on the Stock Exchanges

1. Expansion of manufacturing facilities at SEZ and DTA units at Pithampur;
2. Setting up of Dripper Project at Kashipur;
3. Working capital requirements;
4. General corporate purposes;
5. To meet Issue expenses.

The main objects and objects incidental or ancillary to the main objects as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Fresh Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association

The fund requirements described below are based on management estimates and our Company's current business plan and have not been appraised by any bank or financial institution.

Requirement of Funds

Our Company intends to utilize the proceeds from the Fresh Issue after deducting the expenses associated with the Issue (the "Net Proceeds") for the following objects:

Particulars	Amount (₹ in Million)
Expansion of manufacturing facilities at SEZ and DTA units at Pithampur.	189.32
Setting up of Dripper Project at Kashipur	80.97
Working capital requirements	250.00
General corporate purposes	[●]
Total	[●]

Means of Finance

Particulars	Amount (₹ in Million)
Net Proceeds [#]	[●]
Total	[●]

[#] will be updated at the time of filing of the Prospectus.

Our Company proposes to meet the entire requirement of funds for the Objects from the proceeds of the Fresh Issue. Accordingly, our Company confirms that there is no requirement for us to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

In case there is short fall in the proceeds of the Fresh Issue, the same shall be met through the internal accruals. Further, if our Company incurs any amount towards any of the identified use of the proceeds of the Fresh Issue as mentioned above, our Company will recoup such expenditure from the proceeds of the Fresh Issue.

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revision of the planned expenditure at the discretion of our management.

DETAILS OF THE OBJECTS OF THE ISSUE

1. Expansion of manufacturing facilities at SEZ and DTA units at Pithampur.

Our Company has two manufacturing units in Pithampur; one in SEZ and the other in DTA. The installed capacity and the capacity utilized for the said units in FY 2011 have been summarized below:

Unit	Installed Capacity (in MT)	Capacity Utilized (in MT)	Utilization (%)
SEZ, Pithampur	12,200	14,788	121
DTA, Pithampur	12,800	9,410	74

(a) Our Company proposes to expand the FIBC manufacturing capacity at our SEZ unit at Pithampur by 1,000 MT. The estimated break up of the cost for the expansion is as follows:

Sr. No.	Expenditure items	Amount (₹ in Million)
1.	Purchase of Plant & Machinery	63.19
	Total	63.19

Our Company occupies land admeasuring 5,72,347 sq. ft. at SEZ, Pithampur in Dhar district of M.P. which is located at the distance of approximately 40 Kms from Indore. Our existing manufacturing facilities occupies approximately 295,500 square feet of land. Our Company has sufficient infrastructure for installation of the Plant & Machinery at our existing unit.

Purchase of Plant & Machinery

The total estimated cost of plant and machinery to be installed in the facility is ₹ 63.19 Mn. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company have not placed orders for any plant and machinery. We confirm that no part of the proceeds of the Fresh Issue is intended to be utilized for the purchase of second hand machinery. Further, we confirm that none of the vendors from whom quotations have been obtained are related to Promoter/Promoter Group/Group Companies/Directors.

The cost break-up of plant and machinery is as follows:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
1.	AC Motor & Main Gear Box	Lohia Starlinger Ltd	January 24, 2011	4	2.55
2.	DIA 100MM Screw (Barrier), DIA 100MM Barrel and DIA 100MM Sleeve	Shree Gopal Industries	December 23, 2010	1	1.24
3.	Heat Exchanger	Samarpan Engineering & Marketing Pvt. Ltd.	October 25, 2010	1	0.13
4.	DIA 90 MM Screw (Barrier) Sleeve & Barrel for LOREX – 1400 M/C	Shree Gopal Industries	December 23, 2010	1	1.20

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
5.	DIA 90 MM Screw (Barrier) Sleeve & Barrel for JP	Shree Gopal Industries	December 23, 2010	1	0.90
6.	DIA 120 MM Screw (Barrier) and DIA 120 MM Sleeve & Barrel for LOREX – 1200 M/C	Shree Gopal Industries	December 23, 2010	1	1.40
7.	(a) M.S. Pipe (b) G.I. Pipe and Pipe fittings thereof	Tube Trade Centre	December 25, 2010	(a) 300 (b) 800	0.51
8.	Water Cooled Compact Chiller	Prasad GWK Cooltech Pvt. Ltd.	February 5, 2011	1	1.24
9.	Screw Air Compressor	Mechnotech Engineering Corporation	November 25, 2010	1	0.28
10.	MS Cheese Pipes	Meltec Engineers	November 30, 2010	50,000	0.93
11.	Single Girder Floor Operated EOT Crane	R.K. Jain & Co.	November 21, 2010	1	0.92
12.	Sewing Machine,	Gabbar Engineering Co.	January 25, 2011	40	1.92
13.	Stand & Table	Gabbar Engineering Co.	January 25, 2011	40	0.37
14.	Electric Clutch Motor	Gabbar Engineering Co.	January 25, 2011	40	0.18
15.	S.S. STTOL & Table	Shanti Enterprises	November 14, 2010	35	0.30
16.	Hydro Hydraulic Pallet Baling Press	Hydro Products	October 21, 2010	1	0.80
17.	Autoroto Winder Model 200C	Lohia Starlinger Ltd.	January 28, 2011	200	19.00
18.	Transformer	Rajasthan Transformer & Electronics	December 6, 2010	1	2.65
19.	Utility Distribution Panel Set	Technocrats	December 23, 2010	1	0.80
20.	PVC Flexible Cu Cables 1.5sqmm*4C	Dynatech Engineers	November 27, 2010	1000 mts	0.06
21.	PVC Flexible Cu Cables 4sqmm*4C	Dynatech Engineers	November 27, 2010	900 mts	0.15
22.	Hydraulic Mobile Aerial Work Platform	Ferro Foundries Pvt. Ltd.	October 9, 2010	1	0.65
23.	Automatic Cutter	ASD Technologies	September 29, 2010	2	1.70
24.	L&T Conveying System	Larsen & Toubro Ltd	December 22, 2010	1	2.39
25.	Gravimetric Dosing Mixing Conveying System	Prasad Koch-Technik Pvt. Ltd.	February 8, 2011	1	1.01
26.	Hot Air Dryer with Hopper Loader	Prasad Koch-Technik Pvt. Ltd.	February 8, 2011	1	0.42
27.	Raw Material Tank	RKGA Consultants Pvt. Ltd.	December 2, 2010	1	2.06
28.	Acrlic Sheet	Shreeji Enterprises	January 12, 2011	352	1.35
29.	Ultrasonic Sealing & Slitting Module	Decoup +	November 10, 2010	1	2.75*
30.	Four Roll Surface Winder	J.P. Industries	December	1	1.53

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
			23, 2010		
31.	Long Drums for surface winder (318 dia X 1800 mm & 318 dia X 2500 mm)	Nikusha	November 1, 2010	1	1.60
32.	Twist Master Model 612	Minarva Machinery MFRS. Pvt. Ltd.	November 12, 2010	1	1.23
33.	Bobbins	Minarva Machinery MFRS. Pvt. Ltd.	November 12, 2010	378	0.10
34.	Deknitting Machine	SMEW Textile Machinery Pvt. Ltd.	October 28, 2010	1	0.63
<i>Add: Duties and other taxes, Freight, Insurance, Packing & Forwarding (15%)</i>					8.24
Total					63.19

*The Exchange Rate is €1 = ₹62.54 as on January 31, 2011.

(Source: <http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>)

(b) Our Company proposes to expand our FIBC manufacturing capacity at our DTA unit at Pithampur by 2,000 MT. The estimated break up of cost for the expansion is as follows:

Sr. No.	Expenditure items	Amount (₹ in Million)
1.	Factory building	42.32
2.	Plant and Machinery	83.81
	Total	126.13

Factory building:

Our Company occupies land admeasuring 117,417 sq. ft. (10,914 sq. mtrs) at our DTA unit, which is located at the distance of approximately 30 Kms from Indore. Our current factory building structure, administrative block, etc is on the ground floor. Our Company intends to renovate the existing factory building of approximately 7,747 Sq. Mtrs. of area and construct additional stitching shed of approximately 3,757 Sq. Mtrs.

For the expansion of FIBC capacity, the estimated cost of a Stitching shed of 3,757 Sq. Mts. area is ₹ 30 Million. The estimated cost for the strengthening and re-flooring in the existing shed of 7,747 sq.mts area is ₹ 10 million. Further, the estimated cost for dust free & ventilation work is ₹ 2.32 million.

Plant and Machinery:

The total estimated cost of plant and machinery to be installed in the facility is ₹ 83.81 million. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company has not placed orders for any of these plant and machinery. We confirm that no part of the proceeds of the Fresh Issue is intended to be utilized for the purchase of second hand machinery. Further, we confirm that none of the vendors from whom quotations have been obtained are related to Promoter/Promoter Group/Group Companies/Directors.

The plant and machinery requirements have been estimated as under:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
1.	Feeder Sleeve	Lohia Starlinger Ltd.	January 24, 2011	1	0.12
2.	Barrel DIA 75 MM	Lohia Starlinger Ltd.	January 24, 2011	1	0.35
3.	PP Barrier Screw	Lohia Starlinger Ltd.	January 24, 2011	1	0.70
4.	Autoroto Winder 200C	Lohia Starlinger Ltd.	January 28, 2011	200	19.00
5.	Bimattelc Barrel Dia 90	Lohia Starlinger Ltd.	January 24, 2011	1	0.40

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
6.	Nitrided PP Barrier Screw	Lohia Starlinger Ltd.	January 24, 2011	1	0.88
7.	Feeder Sleeve with Bimattalc Sleeve	Lohia Starlinger Ltd.	January 24, 2011	1	0.15
8.	Electric Forklift Truck	PM Projects & Services Pvt Ltd	December 3, 2010	1	1.02
9.	Automatic Web Cutting Machine	GCL India (P) Ltd	January 28, 2011	2	0.75
10.	Automatic Jumbo Bag Cutting Machine	GCL India (P) Ltd.	January 28, 2011	2	2.80
11.	Automatic Cutter	ASD Technologies	September 29, 2010	2	1.70
12.	4-Shuttle Loom	Gricoline Engineering	December 25, 2010	44	5.81
13.	6-Shuttle Loom	Gricoline Engineering	December 25, 2010	12	2.04
14.	Ultrasonic Sealing & Slitting Module	Decoup+	November 10, 2010	5	13.76*
15.	Four Roll Surface Winder	J.P. Industries	December 23, 2010	2	3.06
16.	Long Drums for surface winder (318 dia X 1800 mm & 318 dia X 2500 mm)	Nikusha	November 1, 2010	1	1.60
17.	Kolsite Three Layer Loan Film Plant	Kabra Extrusion technik Ltd.	January 24, 2011	1	5.92
18.	Mono Layer Blown Film Plant	Shubham Extrusion Technik Pvt. Ltd.	November 20, 2010	1	0.76
19.	PE Suspended Liner Machine	Ploytech Machinery Export Ltd.	October 30, 2010	1	4.93*
20.	Liner Sealing and Cutting Machine	S.D. Systems	December 23, 2010	2	1.25
21.	L&T Conveying System	Larsen & Toubro Ltd.	December 22, 2010	1	2.39
22.	Gravimetric Dosing Mixing Conveying System	Prasad Koch-Technik Pvt. Ltd.	February 8, 2011	1	1.01
23.	Hot Air Dryer with Hopper Loader	Prasad Koch-Technik Pvt. Ltd.	February 8, 2011	1	0.42
24.	Raw Material Tank	RKGA Consultants Pvt. Ltd.	December 2, 2010	1	2.06
<i>Add: Duties and other taxes, freight, Insurance, Packing & Forwarding (15%)</i>					10.93
Total					83.81

*The Exchange Rate is €1 = ₹62.54 as on January 31, 2011.

(Source: <http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>)

2. Setting up of Dripper Project at Kashipur :

As part of the expansion programme at Kashipur, we are proposing to manufacture drippers for drip irrigation industry.

We have already setup a line of production of compounds at Kashipur which are used as raw material for production of drip irrigation pipes. Drippers are required to be injected into the extruded drip irrigation pipes and by manufacturing drippers, we will have synergy in supplying both the components i.e. compounds as well as drippers to our existing customers of the drip irrigation industry. We propose to manufacture the Drippers which will be used in the drip irrigation systems at our Kashipur unit with an installed capacity of around 811 MT.

The estimated cost for setting up of the Dripper Project at the Kashipur unit is as follows:

Sr. No.	Expenditure items	Amount (₹ in Million)
1.	Plant and Machinery	80.97
	Total	80.97

Our Company proposes to utilise a portion of our present factory building /compound at our unit at Kashipur, Uttarakhand, to set up the Dripper Project.

Plant and Machinery:

The total estimated cost of plant and machinery to be installed in the facility is ₹ 80.97 million. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company has not placed orders for any of these plant and machinery. We confirm that no part of the proceeds of the Fresh Issue is intended to be utilized for the purchase of second hand machinery. Further, we confirm that none of the vendors from whom quotations have been obtained are related to Promoter/Promoter Group/Group Companies/Directors.

The plant and machinery requirements have been estimated as under:

Sr. No.	Particulars	Supplier/ Manufacturer	Date of Quotation	No. of Units	Amount (₹ in Million)
1.	Moulding Machines	Prevision World Co. Ltd.	October 26, 2010	2	16.36*
2.	16 MM In Line Dripper Mould	Devu Tools Pvt. Ltd.	October 18, 2010	2	27.20
3.	12 MM In Line Dripper Mould	Devu Tools Pvt. Ltd.	October 18, 2010	1	13.60
4.	76 Zone Husky Temperature Controller	Devu Tools Pvt. Ltd.	October 18, 2010	3	5.40
5.	Material Loader	Netstal Maschinen AG	December 9, 2010	2	0.59#
6.	Masterbatch Dosing Unit	Netstal Maschinen AG	December 9, 2010	2	0.59#
7.	Conveyer Belt	Netstal Maschinen AG	December 9, 2010	2	0.98#
8.	Engineering and Testing at Netstal (Service)	Netstal Maschinen AG	December 9, 2010	1	0.68#
9.	Hydraulic Mobile Aerial Work Platform	Ferro Foundries Pvt. Ltd.	October 9, 2010	2	1.30
10.	Water Cooled Compact Chiller	Prasad GWK Cooltech Pvt Ltd	February 5, 2011	1	1.24
11.	Screw Air Compressor	Mechnotech Engineering Corporation	November 25, 2010	2	0.56
12.	400 Sq.mmx3.5 Core ARMD ALUM INDL Cable	Shree NM Electricals Ltd.	October 25, 2010	2600 mts	1.91
<i>Add: Duties and other taxes, Freight, Insurance, Packing & Forwarding (15%)</i>					10.56
Total					80.97

*The Exchange Rate is 100 Japanese Yen = ₹56.02 as on January 31, 2011.

(Source: <http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>)

The Exchange Rate is 1 Swiss Franc = ₹ 48.86 as on January 31, 2011.

(Source: www.xe.com/ict)

3. Working Capital Requirement

Considering the existing growth rate of our Company the working capital needs of our Company are expected at approximately ₹ 1,970.36 million for FY 2012 as assessed based on the working of our Company. The additional

working capital will be required during FY 2011-12, mainly on account of expansion plans of our Company. These expansions are expected to be completed by FY 2011-12, thereby increasing the operations of our Company and requirement of working capital.

Our Company intends to meet its working capital requirement to the extent of ₹ 250.00 million from the proceeds of IPO and the balance will be met from bank and other borrowings and internal accruals at an appropriate time as per the requirement.

Following tables depicts the actual capacity utilisation for FY 2011 and the projected capacity for FY 2012:

Year	2010-2011			2011-12 (E)		
Class of Goods	Installed Capacity MT	Capacity Utilised (as per audited B/S) MT	Utilization (%)	Installed Capacity MT	Capacity Utilised MT	Utilization (%)
FIBC (jumbo/HDPE bags)	25,000	24,198	97 %	32,000	29,800	93 %
Geo textile fabric and Ground cover	1,600	1,710	107 %	1,600	1,680	105%
BOPP Bags	7,200	5,681	79 %	7,200	6,840	95%
Small PP Bags/ Leno bags/ Sheets	7,200	5,600	78%	7,200	6,840	95 %
Injection Moulding Products	NIL	NIL	NIL	4,811	1,203	25%
Polymer Compounding	NIL	NIL	NIL	10,000	8,500	85%
Total	41,000	37,189	91%	62,811	54,863	87%

The estimated installed capacity and estimated capacity utilisation for FY 2012 (on standalone basis), as shown in the table above, has been used for calculating the estimated working capital requirements. Our existing working capital available (FY 2011), estimated working capital requirement for FY 2012 and the funding for the same is as follows:

(₹ in Million)		
Particulars	FY 2011 (Actual)	FY 2012 (Estimated)
Inventories		
-Raw material	317.89	544.65
-Finished goods & work in progress	643.86	829.19
Sundry Debtors	1,194.78	1,325.49
Other Current Assets	387.58	590.39
Less: Current Liabilities and provisions	1,304.08	1,319.35
Total Working Capital Requirements	1,240.03	1,970.36
Funding Pattern		
Bank and other Borrowings	1,035.49	1,190.00**
Internal Accruals	204.54	530.36
IPO Proceeds	-	250.00

** Following are the details of the working capital loans (fund based) available to the Company for its working capital requirements as on March 31, 2011 and as appearing under the head “Annexure – VII – B” on pages 267 to 268 of the RHP:

Statement of Working Capital Loans

(₹ in Million)

UCO Bank, Pipliyahana Branch, Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit	230.00	Base rate + 4%p.a.(monthly rests) i.e. presently 12% p.a., however if any consortium partner bank charge higher ROI, then the same will be applicable
	EPC /FBD	200.00	Gold card holder and in line with the bank's extant guide lines. Beside this, an additional stand by limit, concession in ROI & service charges etc. As entitled in the scheme in terms of bank circular no ID/IBD/1847/2004 dt.09-08-2004 for UCO EXPO GOLD CARD FOR EXPORTERS.
	Additional Stand by Limit against Gold Card	40.00	
	Total Exposure (A)	470.00	
Punjab National Bank, Siyaganj, Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit	100.00	Base Rate+4.5% -1% i.e. presently 12.50% to be charged at monthly rests. ROI is subject to change as per RBI / HO guidelines issued from time to time.
	EPC	252.50	As per extant bank's guidelines. ROI is subject to change as per RBI/HO guidelines
	FOBNLC/ FOUBNLC	78.50	As per Bank's guideline HO/FEDAI rules
	Total Exposure (B)	431.00	
Central Bank of India, Siyaganj, Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit	18.20	BPLR+1.5% as per RBI/ C.O. guideline
	EPC	6.50	as per RBI guideline/ C.O. guideline
	FBD	7.80	As per C.O. circular
	Total Exposure (C)	32.50	
State Bank of India, (Erstwhile State Bank Of Indore) Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit	7.50	BPLR - 0.25%, subject to min of 12.50% p.a.
	EPC	62.50	-As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be charges.
	Total Exposure (D)	70.00	

State Bank of Patiala, Orbit Mall, Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit	22.50	4.25% Above Base rate
	EPC	14.00	As applicable to Gold Card Scheme.
	Total Exposure (E)	36.50	
Axis Bank Ltd., Y.N. Road, Indore			
S.No.	Nature of Facility	Limit	Interest/ Commission
	<i>Working Capital - Fund Based</i>		
	Cash Credit/ EPC	150.00	-CC:- Axis Bank Base Rate (ABBR) + 4% i.e.11.50% Payable at monthly interval
			-EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.)
			PCFC: Disbursal is subject to availability and pricing will be subject to approval from treasury deptt.
	Total Exposure (F)	150.00	
	Total (A+B+C+D+E+F)	1,190.00	

Details of additional Working Capital

The expected additional working capital requirement for FY 2012 is as follows:

		(₹ in Million)
Particulars		FY 2012 (Estimated)
Inventories		
-Raw material		226.76
-Finished goods & work in progress		185.32
Sundry Debtors		130.71
Other Current Assets		202.81
Less: Current Liabilities and provisions		15.27
Additional Working Capital Requirement		730.32
Funding Pattern		
Bank and other Borrowings		154.51
Internal Accruals		325.82
IPO Proceeds		250.00

The assumptions for current assets and liabilities for our Company are given in the table below:

Particulars	FY 2012
Current Assets:	
Inventories -raw material	51 days
Inventories – finished goods & work in progress	59 days
Debtors	70 days
Current Liabilities:	
Creditors	70 days
Provision for Tax	20.01% of the book profit

4. General Corporate Purpose

Our Company proposes to utilize part of the Net Proceeds aggregating ₹ [●] million towards general corporate purposes, including but not limited to upgradation of infrastructure facilities, development of additional facilities, funding cost overruns, various inorganic opportunities, any form of exigencies faced by our Company, repayment of loans, etc.

Issue Related Expenses

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges etc. The total expenses for this Issue are estimated at ₹ [●] million, which is [●] % of the Issue size, which shall be met out of the proceeds of this Issue and the break-up of the same is as follows:

Sr. No.	Particulars	Amount* (₹ in Million)	As % of total Issue Size*
1.	Issue management (lead management fees, underwriting, selling commission including commission paid to members of the Syndicate for procuring ASBA bids and submitting the same with SCSBs and processing fees paid to SCSB for processing Syndicate ASBA bids.**)	[●]	[●]
2.	Registrars fees	[●]	[●]
3.	Printing of stationery	[●]	[●]
4.	Advertising and marketing expenses	[●]	[●]
5.	Other expenses (including legal advisors fee, SCSB commission, regulatory fees including fees paid to SEBI and Stock Exchanges, IPO grading expenses etc.)	[●]	[●]
	Total	[●]	[●]

* will be incorporated after finalisation of the Issue Price

** The range of fees that the SCSBs would be entitled to for processing the ASBA Bid cum Application Forms procured by members of the Syndicate and submitted to the SCSBs under the Syndicate ASBA process would be as stated in the section "Issue Procedure – Information specific to ASBA Bidders" on page 447 of the RHP.

While our Company intends to utilise the Net Proceeds in the manner provided above, in the event of a surplus, our Company will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

In the event our Company intends to utilize any portion of the Net Proceeds for any purpose not stated above, such fund utilization shall be subject to shareholders' approval.

APPRAISAL

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency.

SCHEDULE OF IMPLEMENTATION

SEZ, Pithampur Unit

Activity	Start Date	End Date
Land	Already available	
Factory building	Already available	
Placement of orders for plant and machinery	May, 2011	August, 2011
Installation of plant and machinery	August, 2011	November, 2011

Activity	Start Date	End Date
Trial Run for production	November, 2011	
Commercial Production	December, 2011	

DTA, Pithampur Unit

Activity	Start Date	End Date
Land	Already available	
Construction of Factory building	April, 2011	August, 2011
Placement of orders for plant and machinery	May, 2011	August, 2011
Installation of plant and machinery	August, 2011	November, 2011
Trial Run for production	November, 2011	
Commercial Production	December, 2011	

Dripper Project at Kashipur Unit

Activity	Start Date	End Date
Land	Already available	
Factory building	Already available	
Placement of orders for plant and machinery	July, 2011	September, 2011
Installation of plant and machinery	September, 2011	November, 2011
Trial Run for production	November, 2011	
Commercial Production	December, 2011	

Deployment of Funds

Till July 31, 2011 our Company has incurred ₹ 11.99 million towards Issue expenses which has been financed from our internal accruals.

The same has been certified by M/s. L.K. Maheshwari & Co, Chartered Accountants, vide certificate dated August 1, 2011.

Funds Deployment Schedule

Year-wise proposed deployment of proceeds from the Fresh Issue as estimated by our Company is given below:
(₹ in Million)

Particulars	Total Funds Required	Amount Incurred till July 31, 2011 [#]	Balance Deployment in FY 2012
Expansion of existing manufacturing facilities at SEZ ,Pithampur	63.19	Nil	63.19
Expansion of existing manufacturing facilities DTA, Pithampur	126.13	Nil	126.13
Setting up of Dripper Project at Kashipur	80.97	Nil	80.97
Working Capital	250.00	Nil	250.00
General Corporate Purposes	[●]	Nil	[●]
Issue Related Expenses	[●]	11.99	[●]
Total	[●]	11.99	[●]

[#] Same has been certified by L. K. Maheshwari & Co., Chartered Accountants; vide their certificate dated August 1, 2011.

Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility in deploying the proceeds received from the Fresh Issue. The particular composition, timing and schedule of

deployment of the Net Proceeds will be determined by our Company based on the development of the expansion plans. Pending utilization of the proceeds out of the Fresh Issue for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board / committee thereof.

Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than ₹ 5,000 Mn. Our Board will monitor the utilization of the Net Proceeds of the Fresh Issue. We will disclose the details of the utilization of the proceeds of the Fresh Issue, under a separate head along with details, if any, of such unutilized proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue in our Balance Sheet for the relevant Financial Years commencing from FY 2012.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Fresh Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the RHP and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Fresh Issue have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the process of the Fresh Issue from the objects of the Issue as stated above. This information will also be published newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the proceeds from the Fresh Issue will be paid by our Company as consideration to the Promoters, the Directors, our Company's key management personnel or companies promoted by the Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value.

Qualitative Factors

The key competitive strengths of our Company include the following:

1. Multi product portfolio
2. Multi location company
3. Multi market company
4. Fully integrated, state-of-the-art manufacturing facility
5. Brand recognition
6. End to end solutions
7. Proven management band-width
8. Research and development capability

For details, please refer to the section “Business Overview” beginning on page 123 of the RHP.

Information presented in this section is derived from our audited restated standalone and consolidated financial statements prepared in accordance with Indian GAAP. Investors should evaluate us taking into consideration our earnings and based on our consolidated growth strategy. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

1. ADJUSTED BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic Earnings per Share

Period	Consolidated (₹ per Equity Share)	Standalone (₹ per Equity Share)	Weight
Year ended March 31, 2011	26.67	23.88	3
Year ended March 31, 2010	5.21	7.78	2
Year ended March 31, 2009	6.18	6.21	1
Weighted Average	16.10	15.57	

Diluted Earnings per Share

Period	Consolidated (₹ per Equity Share)	Standalone (₹ per Equity Share)	Weight
Year ended March 31, 2011	20.17	18.06	3
Year ended March 31, 2010	3.86	5.76	2
Year ended March 31, 2009	4.56	4.58	1
Weighted Average	12.13	11.71	

Notes:

- i. The basic and diluted EPS have been calculated in compliance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India.
- ii. The face value of each equity share is ₹ 10 each.

2. Price/ Earning Ratio

Price Earning Ratio (P/E) in relation to the Issue Price of ₹ [•] per Equity Share of ₹ 10 each

Sr. No.	Particulars	Consolidated	Standalone
1.	P/E based on Basic EPS for the year ended March 31, 2011	[•]	[•]
2.	P/E based on Diluted EPS for the year ended March 31, 2011	[•]	[•]
3.	Industry P/E		
	Highest		69.7
	Lowest		2.1
	Industry Composite		5.2

(Source: Capital Market Vol. XXVI/09, Jun 27 – Jul 10, Industry – ‘Packaging’)

3. Return on Net Worth (RONW)

Period	RONW (%) (Consolidated)	RONW (%) (Standalone)	Weight
Year ended March 31, 2011	20.70	18.55	3
Year ended March 31, 2010	7.28	10.46	2
Year ended March 31, 2009	9.89	9.93	1
Weighted Average	14.43	14.42	

Note:

The return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year/ period.

4. Minimum return on increased Net Worth required to maintain pre-Issue Basic EPS is [•].

5. Net Asset Value

Particulars	Consolidated (₹)	Standalone (₹)
Net Asset Value per Equity Share as of March 31, 2011	94.67	94.60
Net Asset Value per Equity Share after the Issue	[•]	[•]
Issue Price per Equity Share		[•]

Note:

Net Asset Value per Equity Share represents Net Worth at the end of the year/ period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.

6. Comparison of accounting ratios with Industry Peers

Name of the company		Face Value (₹)	Sales (₹ in crore)	EPS (₹)		RONW (%)	NAV per Equity Share (₹)	P/E Ratio
				Basic	Diluted			
Flexituff International Limited*	Consolidated	10.00	577.94	26.67	20.17	20.70	94.67	[•]
	Standalone	10.00	489.08	23.88	18.06	18.55	94.60	[•]
Peer Group								
Jumbo Bag Limited [#]		10.00	102.82	0.76	0.76	3.4	22.60	23.88
Neo Corp International Limited ^{##}		10.00	229.9	8.9	**	17.8	70.3	5.1
Emmbi Polyarns Limited [#]		10.00	75.40	1.56	1.56	5.5	28.4	8.1

*Based on Restated Summary Statements of the Company for the year ended March 31, 2011.

[#]Source: Audited Financial Results for the year ended March 31, 2011. Figures are based on audited standalone financial statements. P/E is computed based on the closing market price as on July 1, 2011, taken from www.bseindia.com

^{##}Source: Capital Market Vol. XXVI/09, Jun 27 – Jul 10, Industry – ‘Packaging’. The figures are based on audited standalone financial statements.

^{**}Diluted EPS is not available.

The Issue Price of ₹ [●] has been determined by our Company and the Selling Shareholder in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The Issue Price of ₹ [●] is [●] times of the face value at the lower end of the price band and [●] times of the face value at the higher end of the price band. Our Company and the BRLM believes that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should review the entire RHP, including the sections “Risk Factors”, “Industry Overview”, “Business Overview” and “Financial Statements” beginning on pages 13, 109, 123 and 231 respectively of the RHP, to get a more informed view before making any investment decision.

STATEMENT OF TAX BENEFITS

July 12, 2011

To,
The Board of Directors
Flexituff International Limited
2nd Floor of Main Building,
19, R.N. Mukerjee Road,
KOLKATA – 700 001

Dear Sirs,

Statement of Possible Tax Benefits available to Flexituff International Limited and its Shareholders

We report that the enclosed statement states the possible tax benefits available to Flexituff International Limited (the 'Company') and to the shareholders of the Company under the Income Tax Act, 1961 and other direct and indirect taxes laws, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. Further, the statement does not include comments on the disallowances or other such implications, if any that are associated with the benefits specified therein. 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.

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

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

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.

The enclosed annexure is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with the proposed issue and is not to be used, referred to or distributed for any other purpose without prior written consent.

Thanking you,

Yours faithfully,

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

ANNEXURE TO STATEMENT OF TAX BENEFITS

These are the special tax benefits available to the Company, subject to compliance with relevant provisions.

(I) SPECIAL TAX BENEFITS

(a) SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

I Under the Income Tax Act, 1961 (the “Act”)

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ). U/s 10A(1A) of the Act, the Company is entitled to deduction of such profits and gains as are derived by SEZ from the export of manufactured goods while computing taxable income of the assessee, subject to compliance with conditions specified in Section 10A of the Act. It may be noted that such deduction under section 10A is admissible for the Company, only up to Assessment Year 2013-14 (i.e. year ending on March 31, 2013).

2. The Company has a Unit located at Kashipur (Uttaranchal), which is industrial area notified U/s. 80-IC of the Act, the Company is entitled to deduction of one hundred per cent of such profits and gains for five assessment years commencing with the initial assessment year and thereafter, twenty five per cent (or thirty per cent where the assessee is a company) of the profits and gains for next five assessment years, as are derived by said unit from the manufacturing of goods while computing taxable income of the assessee, subject to compliance with conditions specified in Section 80-IC of the Act. It may be noted that such deduction under section 80-IC is admissible for the Company, only up to Assessment Year 2018-19 (i.e. year ending on March 31, 2018).

(b) SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the Company.

II UNDER THE CENTRAL EXCISE ACT, 1944

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and therefore enjoying exemption from payment of Excise duty. Any goods brought into the SEZ from a DTA are exempt from Excise duty.
2. The Company has a Unit located at Kashipur (Uttaranchal), which is enjoying exemption from payment of Excise duty under notification No.50/2003 dated 10.06.2003 for the period from 20.01.2009 to 19.01.2019

III Under the Finance Act, 1994 (Service Tax)

The SEZ unit enjoys the exemption from Service Tax on the taxable services by any service provider for consumption of the services within Indore Special Economic Zone as per notification no.4/2004-ST dated 31.03.2004.

IV Under the Madhya Pradesh VAT Act, 2002

The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and which is enjoying exemption from payment of VAT Tax. Any goods brought into the SEZ from a DTA are exempt from VAT Tax.

V Under the Central Sales Tax Act, 1958

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and which is enjoying exemption from payment of Central Sales Tax.

2. The Company has a Unit located at Kashipur (Uttaranchal), which is enjoying concessional rate of tax on clearance of the goods as per notification no. Commercial Tax/2005 dated 09.01.2006 under section 8 (5) of the Central Sales Tax Act, 1958.

(II) GENERAL TAX BENEFITS

These are the general tax benefits available to the Company and shareholders, subject to compliance with relevant provisions.

A. Under the Income Tax Act, 1961 (the “Act”)

I. General Tax Benefits available to the Company.

Dividend Exempt under section 10(34)

1. Under section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies on which dividend distribution tax is payable by such companies) received on the shares of a domestic company is exempt from tax.

Income from units of Mutual Fund exempt under section 10(35)

2. As per section 10(35) of the Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Act, is exempt from tax.

3. As per section 2(29A) read with section 2(42A) of the Act, shares held in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are held for more than twelve months.

Computation of Capital Gains and tax thereon

4. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

As per section 115JB, while calculating “book profits”, the Company will not be able to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax at the specified rate on such book profits.

5. As per the provisions of section 24(b) of the Act, where the property has been acquired, constructed, repaired, renewed or reconstructed by the Company with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or completion of construction of such property.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in a long term specified asset by an assessee during any

financial year cannot exceed ₹ 50 Lacs. However, such exempt capital gains cannot be reduced from “book profits” of the Company under section 115JB and the Company will be required to pay Minimum Alternate Tax at the specified rate on such book profits.

However, if the Company transfers or converts the long term specified asset into money 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.

A “long term specified asset” for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after the April 1, 2007 by:

(i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

Business income

7. Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, machinery, plant or furniture and intangible assets such as know-how, patents, copyrights, trademarks, licenses, franchises or other business or commercial rights of similar nature if acquired on or after April 1, 1998, subject to satisfaction of conditions. In terms of sub section (2) of 32 of the Act, the Company is entitled to carry forward and set off the unabsorbed depreciation arising due to absence / insufficiency of profits or gains chargeable for the previous year. The amount is allowed to be carried forward and set off in the succeeding previous years against any income (not restricted to business income) until the amount is exhausted, without any time limit.

8. Under Section 35D of the Act, the Company will be entitled to a deduction equal to one fifth of the expenditure incurred of the nature specified in that section, including expenditure incurred on the present public issue of shares, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, subject to the stipulated limits specified in section 35D(3) of the Act. Other business expenses specifically referred to in sections 29 to 37 of the Act incurred by the Company are eligible for deduction in computing the taxable profits and gains of the business of the Company subject to conditions, if any, specified in the respective provisions.

9. Under section 49 of the Act, in cases where an asset held by the Company becomes its property under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the Company would be deemed to be the cost at which the previous owner of the asset acquired it. Further, on transfer of such asset by the Company, the period of holding of the previous owner would be included in the period of holding of the Company in order to determine the nature of capital gain (ie whether short term or long term).

10. As per provisions of section 71B of the Act, the company is entitled to carry forward losses arising under the head income from house property, that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head “Income from house property” in such assessment year.

11. As per provisions of section 72 of the Act, the company is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head “Profits and gains from business or profession” in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

12. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year, in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

13. The Company is entitled to deduction under section 80G of the Act in respect of amounts contributed as donations to certain funds, charitable institutions etc. covered under that section, subject to fulfillment of conditions specified therein.

14. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to Companies.

15. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is lower. All other long term capital gains (excluding capital gains on sale of depreciable assets) are chargeable at concessional rate of 20% (plus applicable surcharge and education cess).

16. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward to be set off against the difference between normal tax liability and MAT, for a period of up to ten years succeeding the year in which the MAT credit arises.

II General Tax Benefits available to resident shareholders of the Company

1. Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of ₹ 1,500 per minor child.

2. Under Section 10(34) of the Act, any income by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies on which dividend distribution tax is payable by such companies) received on the shares of a domestic company is exempt from income-tax in the hands of the shareholders.

3. As per section 2(29A) read with section 2(42A) of the Act, shares held in a company are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately

preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.

4. Under Section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company, where such transaction is chargeable to securities transaction tax, shall be exempt from tax. However, in case of a company, such long term capital gains shall be taken into account in computing tax payable under section 115JB of the Act.

5. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

6. Under section 48 of the Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in case not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/ improvement the same proportion as cost inflation index for the year in which the asset is transferred, bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

7. Under section 49 of the Act, in cases where the shares in the Company becomes the property of a shareholder under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the shareholder would be deemed to be the cost at which the previous owner of the shares acquired it. Further, on transfer of such shares by the shareholder, the period of holding of the previous owner would be included in the period of holding of the shareholder in order to determine the nature of capital gain (ie whether short term or long term).

8. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets such as shares of the Company (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

However, if the shareholder transfers or converts the long term specified asset into money 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.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the April 1 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

9. Under Section 54F of the Act, where in the case of an individual or HUF capital gains arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38) of the Act) such as shares of the Company, then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of

residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

Such benefit will not be available:

(a) If the individual or Hindu Undivided Family-

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

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares of the Company, is chargeable under the head “Income from house property”.

If another residential house is purchased within the period of two years after the date of the transfer of the shares in the Company, or constructed within the period of three years after such date and the income from the new house is chargeable under the head “Income from house property”, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head “Capital Gains” relating to long term capital assets of the year in which the new residential house is purchased or constructed.

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

10. Under section 72 of the Act, the shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head “Profits and gains from business or profession” in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads ‘Interest on securities’, ‘Income from house property’, ‘Capital gains’ and ‘Income from other sources’ or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

11. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year, in which such loss arises, for claiming set-off against subsequent years’ short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance

loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

12. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to securities transaction tax will be taxable under the Act at the rate of 15% (plus surcharge, if applicable and educational cess). However, if the total income as reduced by such short-term capital gains of an individual or a HUF, is below the maximum amount which is not chargeable to income-tax, then, such gains will be reduced by the amount by which the total income falls short of the maximum amount which is not chargeable to income-tax and the balance amount will be subject to tax at the rate of fifteen percent.

However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to the transferee of shares.

13. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in a listed company, held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus surcharge, if applicable and educational cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) without indexation, whichever is lower.

However, if the total income as reduced by such long term capital gains of an individual or a HUF, is below the maximum amount which is not chargeable to income-tax, then, such gains will be reduced by the amount by which the total income falls short of the maximum amount which is not chargeable to income-tax and the balance amount will be subject to tax at the rate of twenty/ ten percent, as applicable.

III. General Tax Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than Foreign Institutional Investors)

1. Under section 10(34) of the Act, any income earned by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies on which dividend distribution tax is payable by such companies), is exempt from tax in the hands of the shareholders.
2. Under section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. Under section 10(38) of the Act, long term capital gains arising to a shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax, shall be exempt from tax. However, in case of a company, such long term capital gains shall be taken into account in computing tax payable under section 115JB of the Act.
4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.
5. Section 48 of the Act contains special provisions in relation to computation of long term capital gain on transfer of an Indian company's shares by non-residents. Under the first proviso to section 48 of the Act, in the case of a non resident shareholder, the capital gains/ loss arising from transfer of shares of the Company, acquired in convertible foreign exchange is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. The

capital gain computed in the original foreign currency is then re-converted into Indian rupees at the prevailing/ prescribed rate of exchange. However, indexation benefit cannot be availed by non residents in computing the capital gains as prescribed above.

6. Under section 49 of the Act, in cases where the shares in the company becomes the property of a shareholder under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the shareholder would be deemed to be the cost at which the previous owner of the shares acquired it. Further, on transfer of such shares by the shareholder, the period of holding of the previous owner would be included in the period of holding of the shareholder in order to determine the nature of capital gain (ie whether short term or long term).
7. Under section 54EC of the Act , capital gains arising from the transfer of long term capital assets (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a “long term specified asset”, specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

However, if the shareholder transfers or converts the long term specified asset into money 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.

A “long term specified asset” for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after April 1, 2007 by:

- (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
- (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

8. Under Section 54F of the Act, where in the case of an individual or HUF capital gains arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38) of the Act) such as shares of the Company, then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

Such benefit will not be available:

(a) If the individual or Hindu Undivided Family-

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

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares of the Company, is chargeable under the head “Income from house property”.

If another residential house is purchased within the period of two years after the date of the transfer of the shares in the Company, or constructed within the period of three years after such date and the income from the new house is chargeable under the head "Income from house property", the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the new residential house is purchased or constructed.

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

9. Under section 72 of the Act, a shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

10. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
11. Under section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to securities transaction tax will be taxable under the Act at the rate of 15% (plus surcharge, if applicable and educational cess). However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to the transferee of shares.
12. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in a company, if such shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus surcharge, if applicable and educational cess). However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus surcharge, if applicable and cess), without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.
13. As per section 115E of the Act, in the case of a shareholder being a Non-Resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable cess), without any indexation benefit.

14. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a Non-Resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will 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. 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.
15. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
16. As per section 115H of the Act, where 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 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.
17. As per 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 a declaration along with his return of income for that assessment year under section 139 of the Act, 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. For the purpose of aforesaid clauses "Non-Resident Indian" means an Individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

Provisions of the Act vis-à-vis provisions of the Tax Treaty

18. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is resident. As per the provisions of section 90(2) of the Act, the provisions of the Tax Treaty would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident.

IV General Tax Benefits available to Foreign Institutional Investors (FIIs)

1. Under section 10(34) of the Act, any income earned by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies on which dividend distribution tax is payable by such companies), are exempt from tax in the hands of the institutional investor.
2. Under section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. Under section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax, shall be exempt from tax.
4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction

if the income arising from such taxable securities transactions is included in the income computed under the head “Profit and gains of business or profession”. However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Under section 54EC of the Act, capital gains arising from the transfer of long term capital assets (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a “long term specified asset”, specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

However, if the investor transfers or converts the long term specified asset into money 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.

A “long term specified asset” for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after April 1, 2007 by:

(i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

6. Under section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years’ short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years’ long term capital gains.
7. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15 % (plus applicable surcharge and cess).
8. As per section 115AD of the Act, FIIs will be taxed on income or capital gains arising in respect of securities (other than unit referred to in section 115AB), at the following rates:

Nature of income	Rate of tax* (%)
Long term capital gains other than exempt under the provision of section 10(38)	10
Short term capital gains other than referred to in section 111A	30

*Plus applicable surcharge and cess.

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

9. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

Provisions of the ITA vis-à-vis provisions of the Tax Treaty

10. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is resident. As per the provisions of section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

V. General Tax Benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

VI. General Tax Benefits available to Venture Capital Companies/ Funds under the Act

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, which is set up to raise funds for investment in a venture capital undertaking is exempt from income tax. As per the provisions of Income tax Act, “venture capital undertaking” means a domestic company whose shares are not listed in a recognized stock exchange of India and which is engaged the business of:

- Nanotechnology;
 - Information technology relating to hardware and software development;
 - Seed research and development;
 - Bio-technology;
 - Research and development of new chemical entities in the pharmaceutical sector;
 - Production of bio-fuels;
 - Building and operating composite hotel-cum-convention center with seating capacity of more than three thousand;
- or
- Developing or operating and maintaining or development, operating and maintaining any infrastructure facility as defined in the Income Tax Act; or
 - Dairy or poultry industry.

Provisions of the ITA vis-à-vis provisions of the Tax Treaty

The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the Venture Capital Companies/ Funds is resident. As per the provisions of section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the Venture Capital Companies/ Funds.

B. General Tax 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 of the Company are not liable to wealth tax in the hands of shareholders.

C. General Tax Benefits available under the Gift Tax Act, 1958

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

Notes:

- (i) All the above benefits are as per the current tax laws. Accordingly, any change or amendment in the laws/regulation, including provision of proposed Direct Taxes Code, would impact the same.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.
- (iii) The above statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

SECTION IV - ABOUT THE ISSUER

INDUSTRY OVERVIEW

Investors should note that this is only an overview and does not contain all information that should be considered before investing in our Company's Equity Shares. The information presented in this section has been obtained from publicly available documents from various sources and Company estimates. We may have reclassified such data for the purposes of presentation in this section. These sources generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information from the sources contained in this section has not been independently verified. Similarly, internal Company estimates, which we believe to be reliable, have not been verified by any independent agency. You should read the entire RHP, including the information in sections "Risk Factors" and "Financial Statements" beginning on pages 13 and 231, respectively of the RHP, before deciding to invest in our Company's equity shares.

Polymer Industry

Twentieth century revolutionized almost every aspect of human life throughout the world. There were numerous inventions; we sent humans to the moon, invented computers and discovered nuclear power. The invention that made the most dramatic impact of all was "plastic". Imagine a day without plastics: wooden toothbrushes with wooden bristles, solid metal laptops, glass screens and bottles, food packaged in cloth, it is inconceivable. Annually, more than 90 million tons of plastic are made worldwide. The plastics industry adds a lot of value to the society through employment and creating revenue and also replacement of scarce forest resources. It continues to play a crucial role in many innovations that lead to high standards of living, education, and health care. Plastics have made spectacular changes in the manufacturing processes of automobile and aviation industries because of its light weight and ease in maintenance and natural sparkle. The space industry benefits as well. One of the most important fields that have benefited from plastics is biomedicine. Plastic plays a part in almost all materials we use in our daily lives, and the future is bright with abundant possibilities with demand for better materials, greater functional use, more economical packaging and versatile and durable all-weather products.

(Source: AIPMA, Diamond Jubilee edition)

Global Polymer Industry

World-wide, the plastics and polymer consumption will have an average growth rate of 5% and it will touch a figure of 227 Million Tons by 2015. Globally, it is projected that PET (Bottle grade) will have the highest growth rate of about 11% AAGR (Annual Average Growth Rate) amongst all polymers, followed by PP, PE, PVC and PS in the descending order.

Furthermore, the grades of PE (HDPE, LLDPE, LDPE) are expected to grow above GDP growth annually upto 2020. The forecast about global polyethylene demand is as follows:

- Global polyethylene (PE) demand is forecast to grow an average 4.4% annually through 2020. This is about 1% above the expected global GDP growth.
- LLDPE is expected to experience the fastest growth with an average annual growth rate of 6.2 percent. This comes at the expense of LDPE, which is expected to grow only 1.8% during the same period.
- HDPE growth is forecast to average 4.6 per cent.

(Source: AIPMA, Diamond Jubilee edition)

The Indian Polymer Industry

Despite global competition, the Indian plastics industry is expanding. Large projects have been set up or are under construction for the production of polymers. The Indian industry has the capacity to export polymers in million of tons, which will go up as some of the Indian petrochemical majors are currently operating at low capacity utilisation. With the steady build-up of capacities, the downstream products industry is increasingly accessing local supplies.

The per capita consumption of polymers in India is 4 kg p.a. against around 90 kg p.a. in the US, around 60 kg p.a. in the Europe and a global average of 17 kg p.a. With the end user profile changing and new applications being introduced,

the demand for plastics is expected to increase at a greater rate and likely to go up to 8 kg p.a. in next couple of years. Six fold increase is expected by the year 2020.

India is one of the fastest growing polymers market in the world, and the world's third largest polymers market after the US and China. The significant domestic demand growth is expected from the user industries such as telecom, food and beverages, packaging, transportation, automobiles, entertainment electronics & appliances and consumer durables, and from continued substitution of traditional materials like wood, metal and glass. Plastics have also penetrated into agriculture through green houses and PVC pipes. Plastic materials being used in plastic extrusion are: LDPE, LLDPE, HDPE, PP, HIPS, PET, etc.

Indian plastics industry is growing faster than most other countries in the world. Mainly due to increasing urbanization, growing population agricultural development, focus on infrastructure development, booming white goods industry, change in packaging bulk and retail and new applications in irrigation, water management, etc.

(Source: AIPMA, Diamond Jubilee edition)

Packaging Industry

Packaging today is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages.

Packaging industry serves the following purposes in India:

1. **Containment:** Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. Faulty packaging (or under packaging) can lead to spillages and result in major losses and serious damage.
2. **Protection and Preservation:** Packaging plays a vital role in protecting products as they go from the manufacturer to the consumer. Packaging is designed to ensure that the product reaches the consumer in good condition. The product is protected during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; from infestation.
3. **Supplementary Product Protection:** Packaging can also provide supplementary product protection. This may be achieved by forms of cushioning such as shredded papers, sheets of corrugated paperboard, foamed plastic or wrappings. Packaging therefore contributes to food safety, quality and nutrition. Packaging technology has made major contributions to advancing food science and food safety and reduction of food spoilage.
4. **Communication:** 'A package must protect what it sells and sell what it protects'. Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.
5. **Convenience:** Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers. Frozen food packs, microwavable containers, wine cardboard casks, easy-open beverage and food cans and aseptic cartons are good examples of convenience packaging. These types of packaging reflect the demand for convenience and quick food preparation in a way that guarantees freshness. Lightweight medical devices are packaged in peel-open, pre-sterilised containers designed for easy use in operating rooms, patients' rooms, or laboratories. In the administration of drugs, unit-dose packaging, solid and liquid, in small containers allows sealed, unused drugs to be returned to stock. Medical packaging also reduces the risk of accidental overdose or improper use by children (child resistant closures).
6. **Environmental Aspects:** Packaging reduces the amount of waste going to landfill. Without the benefit of packaging to preserve food, a higher proportion of food would become spoiled and consequently consigned

to garbage collection for land disposal. When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable by-products.

7. **Reduction of Pilferage:** Packaging of a wide variety of products sold from self-service counters is designed to reduce stealing. The product may be sold in a blister package sealed to a large paperboard backing. The large card makes the package more difficult to conceal and steal. Other examples of security packages are lock-on caps and tamperproof closures.
8. **Marketing Trends:** Marketing trends are placing increasing emphasis on the look, sales appeal and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience. The continuously changing demands of consumers will require higher quality graphics and promotional links between graphics and advertising to support brand identities, plus the ability to reflect current consumer trends and images.

Heightened competition in all product sectors within the country as also the increasing need to look for export markets have contributed to the rising demand for appropriate, and at the same time cost-effective, packaging material and technologies.

The packaging industry's growth has led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.

(Source: *Report on Packaging Industry in India* by Indo Italian Chamber of Commerce at www.centroesteroeneto.com)

Indian Packaging Industry

The Indian packaging industry can broadly be classified into rigid and flexible packaging. Rigid packing comprises of injection-moulded plastic containers, metal containers, wooden crates, paper board etc while flexible packaging comprises of paper, jute, cotton / plastic bags and pouches.

Factors Affecting Growth of Packaging Industry in India:

1. **Urbanization:** Modern technology is now an integral part of nation's society today with high-end package usage increasing rapidly. As consumerism is rising, rural India is also slowly changing into more of an urban society. The liberalization of the Indian economy, coupled with globalization and the influx of the multi-nationals, has improved the quality of all types of primary and secondary packaging. Also industrialization and expected emergence of the organized retail industry is fuelling the growth of packaging industry.
2. **Increasing Health Consciousness:** As people are becoming more health conscious, there is a growing trend towards well packed, branded products rather than the loose and unpackaged formats. Today even a common man is conscious about the food intake he consumes in day-to-day life.
3. **Low Purchasing Power resulting in Purchase of Small Packets:** India being a growing country, purchasing power capacity of Indian consumers is lower; the consumer goods come in small, affordable packages. Apart from the normal products packed in flexible packaging, the use of flexible in India includes some novel applications not usually seen in the developed world. Products like toothpaste, toothpowder, and fairness creams in laminated pouches are highly innovative and are not used elsewhere. Another typical example of such applications is tobacco and betel nut-based intoxicants and mouth fresheners catering to unique Indian taste.
4. **Indian Economy Experiencing Good Growth Prospects:** The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

5. **Changing Food Habits amongst Indians:** Changing lifestyles and lesser time to spend in kitchens are resulting in more incidence of eating away from homes resulting in explosive growth of restaurants and fast food outlets all over the country. Indians are trying out newer cuisines and also purchasing similar food items for their homes. Therefore, the review period has seen new products like pasta, soups, and noodles being launched in India, fuelling the growth of packaging industry in India.
6. **Personal health consciousness amongst Indians:** With growing awareness towards contagious diseases like AIDS and other STDs, awareness towards usage of contraceptives and disposables syringes have increased the demand for packaging required for the same.
7. **Rural Marketing Pushing Demand for Sachets:** India comprises of a big rural market and there has been growing focus on rural marketing, whereby manufacturers are introducing low-priced goods in smaller pack sizes. Low priced sachets have proved to be extremely popular in smaller towns and villages, where people do not prefer to buy larger packs due to financial constraints.

(Source: *Report on Packaging Industry in India* by Indo Italian Chamber of Commerce at www.centroesteroveneto.com)

Indian Economy Experiencing Good Growth Prospects

The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

The BMI India Retail Report for the third-quarter of 2010, forecasts that the total retail sales will grow from US\$ 353 billion in 2010 to US\$ 543.2 billion by 2014. With the expanding middle and upper class consumer base, there will also be opportunities in India's tier II and III cities. The greater availability of personal credit and a growing vehicle population to improve mobility also contribute to a trend towards annual retail sales growth of 11.4%. Mass grocery retail (MGR) sales in India are forecast to undergo enormous growth over the forecast period. BMI further predicts that sales through MGR outlets will increase by 154% to reach US\$ 15.29 billion by 2014. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets.

China and India are predicted to account for almost 91% of the regional retail sales in 2010 and by 2014 their share of the regional market is expected to be more than 92%. Growth in regional retail sales for 2010-2014 is estimated by BMI at 72.2%, an annual average of 14%. India should experience the most rapid rate of growth in the region, followed by China. For India, its forecast market share of 13.9% in 2010 is expected to increase to 14.3% by 2014.

Moreover, for the 4th time in five years, India has been ranked as the most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney in its 8th annual Global Retail Development Index (GRDI) 2009. India remains among the leaders in the 2010 GRDI and presents major retail opportunities. India's retail market is expected to be worth about US\$ 410 billion, with 5% of sales through organised retail, meaning that the opportunity in India remains immense. Retail should continue to grow rapidly up to US\$ 535 billion in 2013, with 10% coming from organised retail, reflecting a fast-growing middle class, demanding higher quality shopping environments and stronger brands, the report added. Bharti Retail strengthened its position in northern India by opening 59 stores, Bharti Wal-Mart is expected to open 10 to 15 wholesale locations in the next three years, and Marks & Spencer is considering plans to open additional outlets in the next few years.

(Source: *India Brand Equity Foundation* at www.ibef.org)

Industry perspective of the products manufactured by our Company

Our Company manufactures the following products:

1. Flexible Intermediate Bulk Containers (FIBC)
2. Geo-Textile Fabric Ground Covers
3. Reverse Printed BOPP Woven Bags
4. Polyolefin Woven Sacks and Leno Bags.

A summary of the industry perspective for the above products is set out below:

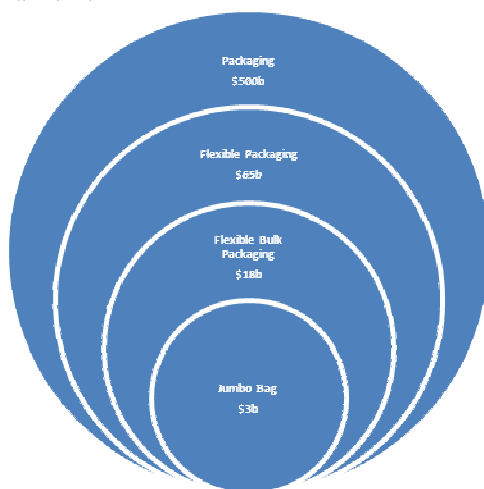
a) Flexible Intermediate Bulk Containers (FIBC)

The Indian FIBC Industry is the third largest producer in the world and the Indian producers are supplying to virtually every country across the globe. While the primary mode of selling overseas is through resellers, direct supply to end users is also increasing rapidly.



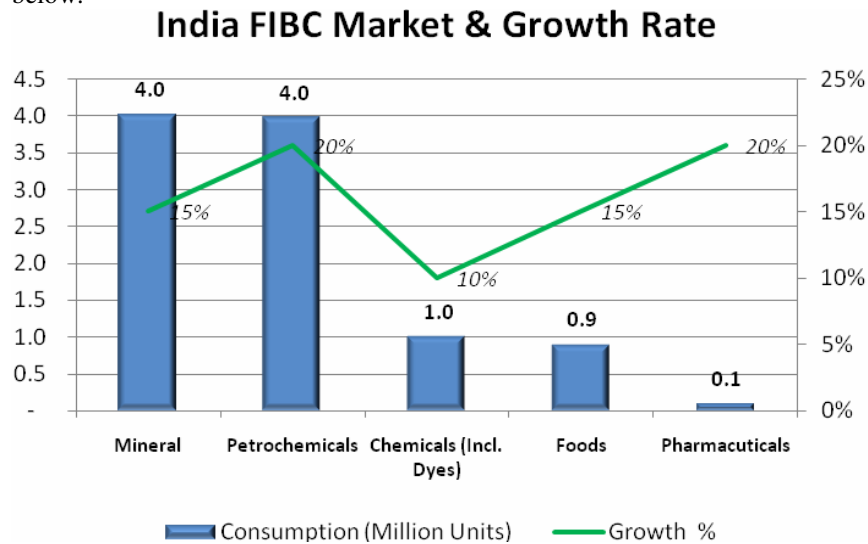
As Jumbo bags gains prominence in the existing markets in India, there is a lot of effort already being made to penetrate new markets which have huge potential in the future. For instance, infrastructure is growing at a phenomenal rate in India and cement being one of the basic raw material offers a huge potential as more and more manufacturers start to adapt bulk transportation that will facilitate cost savings, practical advantages as a result of lesser unit cost of packing and substantial reduction in wastage. In this respect the packaging industry stands to gain in relation to the growing infrastructure sector for manufacturing packages for cements and other raw materials.

The US market has been growing at rate of 10% - 15% per annum in the past whereas Europe has registered annual growth of about 4.5% in the recent past. 5 years ago, the market share of India in FIBC was hardly 3%. Today India commands a considerable portion of the market share. India is currently exporting approximately 75,000 metric tones per annum.



FIBC consumption in the packaging universe

As mentioned above, the market for FIBC has grown considerably and a graphical representation of the same is seen below:



(Source: Indian Flexible Intermediate Bulk Container Association)

b) Geo-Textile Fabric Ground Covers

Geotech segment comprises of technical textile products used in Geotechnical applications pertaining to soil, rock, earth etc. This class of products is loosely called Geotextiles. However Geotextiles specifically refers to permeable fabric or synthetic material, woven or non-woven, which can be used with geotechnical engineering material.

The principal functions performed by Geotextiles are confinement /separation, reinforcement, filtration and drainage, and protection. Application areas include Civil Engineering (roads and pavements, slope stabilization and embankment protection, tunnels, rail-track bed stabilization, ground stabilization and drainage etc), Marine Engineering (Soil Erosion control and embankment protection, breakwaters) and Environmental Engineering (landfills and waste management).

Other specialized Geotech products comprise Geogrids (plastics filaments and tapes etc formed into a very open, grid like configuration having large apertures), Geonets (extruded polymer ribs set in net like fashion with small apertures), Geomembranes (impermeable fabric as barrier) and Geocomposites (products using two or more Geotextiles e.g. Pre-fabricated Drains-PVD).

Geotextiles can be defined as any permeable fabric or synthetic material, woven or non-woven, which can be used in association with soil, rock, earth or any other geotechnical engineering related material. The principal functions performed by Geotextiles are confinement /separation, reinforcement, filtration and drainage, and protection. These functions can be described thus:

- a) **Confinement / Separation:** Confinement provides a media between the aggregate and the subsoil which absorbs the load in the form of tension and prevents change in alignment of the aggregate. Geotextile economically helps the separation concept of keeping two dissimilar materials apart to maximise the physical attributes of each of those materials. The object of separation by geotextiles is to prevent a well defined material or rich material from penetrating the sub-grade or the poor soil. If the separating media of geotextiles is absent, the infiltration of the sub-grade decreases permeability of the aggregate to the point where it cannot adequately transport the water reaching it. Suitable geotextile fabric with good puncture/tear resistance when used as a separator media - eliminates the loss of costly aggregate material

into subsoil, prevents upward pumping of subsoil, eliminates contamination and maintains porosity of different levels. For separation purposes, both woven / nonwoven geotextiles may be used.

- b) **Reinforcement:** The purpose of geotextiles in the reinforcement function is to reinforce the weak sub-grade or subsoil. It helps to strengthen the soil surface and to increase the soil's ability to stay put especially on the slopes. Due to this the slopes are stabilised either permanently or temporarily and creep stops or at least diminishes. Further, it helps in preventing water from permeating a slope and controlling the amount of infiltration that occurs during various rain events. Reinforcing aspect of geotextiles can be used for roads, temporary roads, pavements, air strips, stabilised road slopes, retaining walls, containment systems, controlling reflective cracking, fibre or fabric reinforced concrete etc. Asphalt impregnated geotextile is used as a paving fabric, relieving stress and acting as moisture barrier. For reinforcement synthetic woven fabric or spun-bond is preferred. Reinforcement is further enhanced by use of geo-grids or geo-nets.
- c) **Filtration:** The purpose of geotextiles with reference to drainage and filtration is simply to retain soil while allowing the passage of water. When geotextiles are used as drains, the water flow is within the plane of the geotextile itself i.e., they have high lateral permeability. At the same time, geotextiles must possess adequate dimensional stability to retain their thickness under pressure. The life of pavement of highways/air fields etc is affected by the time for which the water remains under the structural section and its drainage system which is responsible for the removal of free water which is fed directly from the stone base course beneath the structure. Needle punched nonwoven is the preferred geotextile for such applications where primary requirement is filtration.
- d) **Drainage:** The use of geotextiles in drainage has made significant strides in changing the conventional procedure of using graded filters. Outstanding advantages of geotextiles in drainage are:
 - (a) It eliminates the filter sand with the dual media backfill.
 - (b) In some cases, it eliminates the need for perforated pipes.
 - (c) In situations where only sand backfill is available, it is possible to wrap the drainage pipe with fabric to act as a screening agent. The fabric, thereby, prevents the sand from entering perforation in the pipe.
 - (d) With geotextiles, trench excavation is considerably reduced.
 - (e) Many times the use of geotextiles eliminates the need for trench shoring.

Needle-punched nonwoven geotextile is preferred where drainage is the primary functional requirement.

- e) **Protection:** Lining is used for cushioning and protection of membrane used for applications such as land fill and waste containment from puncture or tearing by sharp stone or stress. Geotextiles can also be impregnated with polymeric or mineral sealing materials such as bentonite clay to provide flexible barriers to mixture. Usually spun bond or needle-punched nonwovens are preferred for such applications.

Each of these functions calls for highly specific textile performance characteristics. As the functional requirements are to be met over many years of the life of the civil construction, durability is often a very key requirement. Many applications require several of the above functions to be met simultaneously. Further, the cost of the geotechnical solution is also an important factor to be taken into account in evaluating solutions.

Further, specialized segments (Geogrid, Geonet and Geomembrane) also exist within the Geotextiles space. These are as follows:

- a) **Geo-grids** represent a rapidly growing segment within the geotextiles area. Geogrids are plastics filaments, rovings, and tapes etc formed into a very open, grid like configuration having large apertures, unlike woven, nonwoven or knit textiles. These apertures may vary in size from 1 to even more than 10 cm. They can be mono-axial or bi-axial i.e. be stretched in one or two directions for improved physical properties. Geogrids are mainly used for reinforcement – beneath aggregate in unpaved roads, reinforcement of embankment fills/earth dams, repairing slope failures/landslides, as inserts between geotextiles/geomembranes etc.

- b) Geonets constitute another specialized segment within the geo-synthetic area. Geonets are usually formed by a continuous extrusion of parallel sets of polymeric ribs at acute angles to one another. When the ribs are opened, relatively large apertures are formed into a netlike configuration. Geonets are made of polypropylene (PP) or Polyethylene (PE). Geonets are used almost exclusively for their drainage capability for applications like water drainage behind retaining walls, seeping rock slopes, beneath sport fields, building foundations; leachate drainage of landfill side slopes, above landfill liners and surface water drainage within landfill caps.
- c) Geo-membranes are impermeable membranes, used where the primary function is to have an impervious barrier for fluids. However, as the possibility of punctures or tears is high in many areas of use, it is common to protect these membranes by use of Geotextiles. Often the geotextiles also perform other functions besides protection of the membrane. Geomembranes are made from continuous polymeric sheets that are very flexible, but can also be made by impregnation of geotextile with asphalt or elastomer sprays or bitumen composites. Geomembranes are used in applications such as liners for water canals, waste canals, solid-waste landfills, covers for solid-waste landfills, waterproofing within tunnels, to control odors in landfills, to prevent infiltration of water in sensitive areas, and beneath asphalt overlays as a waterproofing layer.
- d) Geo-composites: these consist of two or more geosynthetic products put together to increase the combinations ability to optimally address the specific application (say filtration/ reinforcement etc) at minimum cost. The best features of different materials are combined in such a way that the benefit/cost ratio is maximized. An example of this is known as wick drains in the U.S. and prefabricated vertical drains, PVDs, in Europe. These consist of a 100 mm wide by 5 mm thick polymer cores, for conducting water, with a geotextile acting as a filter and separator socked around the core.
- e) Gabions are rectangular or cylindrical containers fabricated from polymer/metal meshes, usually filled with stone and used for structural purposes (retaining walls, slope and embankment protection etc). These have been used in India since 70s.

Product characteristics

In general, the vast majority of Geotextiles are made from polypropylene (PP), polyethylene or polyester formed into fabrics based on type of process. The mechanical and hydraulic properties vary widely depending on type of application designed for. Depending on type (woven/non-woven), process (thermal bonded/resin bonded), desired performance specifications (load bearing ability, tear resistance etc), Geotextiles can range from under 40 GSM to over 3000 GSM (used in landfill applications). Geogrids are usually knitted and PVC coated. Products are designed to be resistant to mildew, bacteria, soil acids (PP) and alkalis (PP, PES) and most chemicals. Apart from the above, Agro based Geotextiles (woven textiles based on Jute, Coir) are also a niche but growing segment. These have the advantage of being bio-degradable as well as being cheaper.

Market dynamics and key growth drivers: Infrastructure sector in India

India's economic performance, particularly over the past three years, has been robust on several counts. Economic growth accelerated and averaged over 8 per cent per annum. From Planning commission estimates, it became obvious that to sustain this rate of growth, the country's infrastructure spending would have to increase substantially. Over the past 3-4 years, a clear political consensus has emerged on the need for spending up the development of the country's infrastructure. A number of large infrastructure projects have received support from the government, irrespective of which political party is in power. A key Governmental step has been deregulation/ Policy Streamlining – The government has announced commitments to build large infrastructure projects through significant public expenditure and with the help of private partners - including, for the first time, foreign investors. Currently, few limits exist on foreign direct investment in infrastructure. The Government has also begun the process of privatizing significant government-owned infrastructure assets. Other initiatives in this direction include deregulation of highways, establishing a national highway toll system (including provisions for toll increases), establishing a fair and transparent process for the award of projects in most sectors and putting a sound contractual system in place to protect investor interests (providing model concession agreements for investment in some

sectors). The major use of Geotextiles has been in roads – wherein the major function has been separation and reinforcement

Consumption of Geogrids has mostly been for Mechanically Stabilized Earth (MSE) and Reinforced Soil Slope (RSS) applications. Geogrids in NHAI projects have mostly been used in reinforced soil retaining walls and approaches to flyover.

The potential for geo-textile in India for infrastructure projects can be determined from the total expected spend of the infrastructure over next few years as shown below :-

Sectors	Investment needs during 2006-07 to 2010-11 (₹ Crore)	Projects with potential use of Geotextiles, assuming low penetration	Potential Geotech Spend @ 1% - 2% of project cost (₹ Crore)	Average Geotech spend per annum possible over five year period	Estimated Geotech Spend (₹ Crore '07-08
Roads (excluding PMGSY)	245,000	29,400	441	88	76
Power	665,000	33,250	333	67	NA
Ports	86,000	8,600	172	34	30
Airports	40,000	800	8	2	0
Railways	122,000	7,320	73	15	4
Urban infrastructure	22,000	2,200	33	7	2
Others (Gas pipelines, SEZs, tourism etc.)**	420,000	50,400	504	101	73
Total	1,600,000	131,970	1,564	313	185

Note: **Others overlap with Oekotech as end-use etc. also occurs for waste management.

(Source: Baseline survey of the technical textile industry in India at Ministry of Textiles- www.technotex.gov.in)

c) Reverse Printed BOPP Woven Bags

This is basically a new development which has led an ordinary woven polypropylene bag to have additional usage and widened its market. A standard woven polypropylene bag which is widely used across the globe has printing limitations and can only be printed with very basic colours or designs. On the other hand, a flexible film like BOPP can be printed with any kind of graphics, designs, pictures as one sees in everyday life with any product packed in a flexible packaging.

A reverse-printed BOPP woven bag has added strengths of beautiful looks to a normal woven polypropylene bag which had its advantages basically in strength and tear resistance.

The advantages of BOPP bags are as follows:-

1. Strong / tear resistant
2. Weather resistant, can be stored outside
3. Resistant to water, grease and Oils.
4. Better shelf visibility
5. High-impact gloss finish
6. Excellent clarity with best of the graphical colorful printing

Thus, the usage of reverse-printed BOPP woven bag is for packing of products in 5 to 50 kilo capacities where customer is looking for attractiveness in terms of printing and, at the same time, strength of a woven polypropylene bag.

Therefore it has found its users mainly in the retail segment in the world market where goods are sold through retail-chains, super-markets and commercial establishments. In USA, a reverse-printed BOPP woven bag is generally used by industry who was using paper bags to have a stronger bag than paper, at the same time, retaining or improving printing qualities which, in turn, improves aesthetics of the bag. The reverse-printed BOPP woven bag is making inroads in this large market.

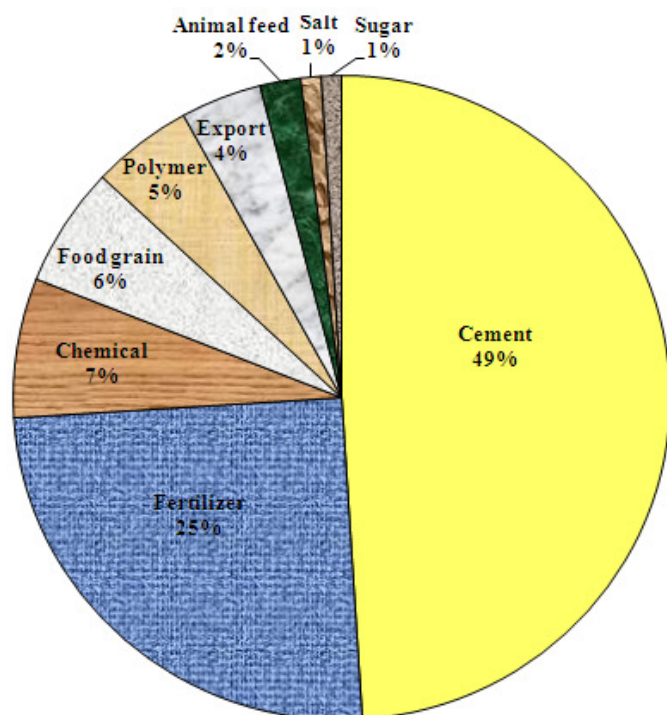
BOPP woven bags were mainly exported to USA from China. However, in the year 2010 the U.S. has imposed anti-dumping duty on BOPP bags from China. This has given a huge opportunity for the Indian manufacturers to enter the USA's vast market.

d) Polyolefin Woven Sacks and Leno Bags

Polypropylene bags are made out of Polypropylene woven fabrics and are used for packing 5 to 50 kilo products. The list of user – industries where they are used is:

- a) Cement
- b) Fertilizer
- c) Chemical
- d) Food-grain
- e) Animal feed
- f) Salt
- g) Sugar
- h) Polymer
- i) Export of Sack
- j) Others

The distribution of the sacks in the various segments are as under:



Source: AIFTMA –32nd Annual session Report, IMaCS Analysis

Expected growth rates of end-user industries:

Category	Expected Growth
Cement	12%
Fertilizer	10%
Chemical	10%
Food grain	6%
Sacks – export	25%
Polymer	4%
Animal feed	8%
Salt	5%
Sugar	4%

(Source: Industry survey, IMA CS Analysis)

The Current and future forecast of woven sacks consumption is given below:

Market size for woven sacks	2007-08	2012-13
Quantity	0.641 million MT	1.127 million MT
Value	₹ 6725 Crores	₹ 12950 Crores

(Source: Industry survey, IMA CS Analysis)

LENO BAGS

Leno bags are excellent for packing & preserving vegetables like potato, onion, ginger, garlic, cabbage etc. and fruits like pineapple, citrus fruits, raw mango, coconut etc.

Product Characteristics

The Leno bags have widths between 20cm to 72cm. The length also varies as per the customer's requirements. The mesh again is as per requirement with a maximum of 574 tapes in the warp in different colours. Leno bags on an average weigh 50g (or less).

Size (In cm) Width * height	Application
56.0 x 105.0	50 Kg Potato/ Onion
45.8 x 84.0	25 Kg Potato/ Onion
30.5 x 66.0	10 Kg Potato / Onion

The Leno Bag is made of netted fabric of virgin Polypropylene (PP) with colour Masterbatch.

Advantages of a Leno Bag

- Superior aesthetics
- Excellent mechanical properties
- Chemically Inert
- Ease in handling & storage
- Reuse & recyclable
- Cost Effective

Market dynamics and key growth drivers

There is great potential for the leno bags in India and few reasons of the same are mentioned below:

- Suitable for dry skin vegetables (Potato, Onion, Garlic etc.) (India is the 3rd biggest producer)
- Suitable for fruits and vegetables (India is the 2nd biggest producer of fruit and vegetables in the world),

- Suitable for cold storage
- High output from a single loom: Output of single loom = 3.3 MT/month

Market Size and future forecast

The current and future forecast of Leno bags consumption is given below:

Market size for Leno bags	2007-08	2012-13
Quantity in '000s	5.4 MT	10.8 MT
Value	₹ 57 crore	₹ 125 crore

(Source: Industry survey, IMA CS Analysis)

The size of the Leno bags industry today is very small - around ₹ 57 crore, but, is expected to grow at over 12% CAGR and reach a size of ₹ 125 crore by 2012-13. In India, there are about 1000 Leno looms.

(Source: Baseline survey of the technical textile industry in India at Ministry of Textiles- www.technotex.gov.in)

Industry prospects of the future products to be manufactured by our Company

Various products which we are going to start producing and selling are:-

1. Polymer Compounding.
2. Injection Moulded Articles for drip irrigation industry major being drippers.

A summary of industry prospects for these two is set out below:-

1. Polymer Compounding

In spite of all the technological prowess of modern times, plastic compounding has a mysterious aura around it and still remains some-what of an art. This is due to not so well understood structure and behaviour of complex polymeric molecules or due to the empirical nature of many formulations or due to extreme variety and complexity of raw materials.

In 1983, thermoplastic compounding was a less organized industry. Raw materials were difficult to come by. Tariff barriers strongly discouraged imports of good machines and materials.

Simultaneously the tariff barriers were falling making way for importing the best of machines and materials. The Indian Compounding industry became aware that modernization was imperative for survival. So, in spite of the fragmented nature of this industry, pockets of excellence started to emerge.

There are a few new technologies currently on the horizon of the Indian compounding industry, about to make it big in the coming years

- Long fiber technology is certain to make waves in the automotive industry as the pressure on quality and costs keep mounting. Some processes utilize in-line compression moulding as an immediate post compounding operation. Others may use pultrusion type of process to impregnate the fibres with polymer. Recent work in India using conventional twin screw extruders with specially designed screws and barrel achieves in making PP compounds with a significant percentage of well wetted fibers longer than 25-30mm.
- Biodegradable is another segment of plastic that is gaining ground. True biodegradable are the ones which have a polymer backbone that itself degrades, triggered by the presence of light, moisture, soil, gases, or just with time.
- Nanoparticles, lately there has been significant progress in compounding nanofillers. Even though it requires special care in designing the extruder, small amount of nanofillers added to the polymer lead to very significant increase in properties. The cost of nanofillers still remains on the higher side but as volume

pick up, it is bound to fall. Automotive industry has a lot to gain from these materials because without significant increase in density shedding kilos from the auto weight thereby increasing fuel efficiency.

- Highly Filled compounds making filler master batches containing more than 80% fillers on twin screw extruders has always been a challenge of sorts. Either it has to be batch process in kneaders or more than one pass is needed thereby making the entire operation inefficient in more than one way. Recent trials have confirmed the possibility of adding fillers in excess of 80% to make highly filled master batches on “Conventional” twin screw extruders at relatively high throughputs in a single pass. Special design of the extruder and feeding system is necessary but this development opens up a new opportunity of a continuous, efficient, fully automated process for compounding of highly filled materials.

The future of compounding is vivid, bright, endless. As new materials and compounding technologies are evolving continuously, markets will explode and it may be no surprise to see the Indian compounding industry double in five years.

(Source: IPI Journal, The Official Publication of Indian Plastic Institute - Silver Jubilee edition)

2. Drip Irrigation

Drip irrigation is a method which optimises the use of irrigation water by providing it uniformly and directly to the roots of the plants, through a closed network of plastic pipes and emitters. Nutrients can be dissolved in the water to reach the roots.

Drip irrigation has had a remarkably successful track record in India. Today it irrigates more than 600,000 ha in the country. Adoption of drip irrigation has resulted in high yields in sugarcane, grapes, banana, mango, guava, pomegranate, sapota, okra, cabbage, cauliflower, cotton, coconut, arecanut, and roses in the country.

There are over 50 drip system manufacturers in the country. Industry is likely to grow at a much faster rate in the coming years.

Advantages of Drip Irrigation

- Saving of water by 30 to 50% as compared to conventional mode of irrigation.
- Yield increase from 50 to 100%.
- Reduction in fertilizer usage - resulting in cost saving.
- Increased pest control management / efficacy.
- Cultivation of undulated land possible.
- Efficient water management of heavy and light soils.
- Weed growth control.

(Source: National Committee on Plasticulture Applications in Horticulture at www.ncpahindia.com)

Indian Market:

In India, the irrigated area consists of about 36 percent of the net sown area in India. Presently, the agricultural sector accounts for about 83 percent of all water uses. The remaining uses include 5, 3, 6 and 3 per cent respectively, by domestic, industrial and energy sectors and other consumers. Increasing competition with the other water users in the future would limit the water availability for expanding irrigated area.

In India, there has been a tremendous growth in the area under drip irrigation during the last 15 years. At present, around 3.51 Lakh hectare area is under drip irrigation with the efforts of the Government of India, while it was only 40 hectare area in 1960. Maharashtra (94,000 hectare area), Karnataka (66,000 hectare area) and Tamil Nadu (55,000 hectare area) are some of the states where large areas have been brought under drip irrigation. Many crops are irrigated by the drip method in India with the tree crops occupying the maximum percentage of the total area under drip irrigation, followed by vine crops, vegetables, field crops, flowers and other crops.

The National Committee on Plasticulture Applications in Horticulture (NCPAH), Ministry of Agriculture,

Government of India (GOI) has estimated a total of 27 million hectares area in the country that has the potential of drip irrigation application.

The use of drip irrigation can be traced back to the ancient custom in certain parts of India of irrigating a *tulsi* plant kept in the courtyard. During the summer months, the plant was irrigated by a hanging pitcher containing water and a minute hole at its bottom to allow the trickling of water on to the plant. The tribal farmers of Arunachal Pradesh practised a primitive form of drip irrigation system using a slender bamboo as the conduit for water flow. The use of drippers in sub-surface irrigation network was first experimented with-in Germany in 1869. The conspicuous growth of the petrochemical industry during and after the 1950s facilitated manufacturing of plastic pipes at a cost much cheaper than the cost of metallic or cement concrete pipes. Plastic pipes are convenient for water conveyance under pressure and the plastic material are easily formed into the desired configuration. These features of plastic made the field-scale use of drip irrigation practicable.

The drip system was developed for field crops in Israel in the early 1960s and in Australia and North America in the late 1960s. The area under drip irrigation system in the USA alone is about 1 Million hectares.

(Source: Indian Agricultural Research Institute at www.iari.res.in)

Under the Centrally Sponsored Scheme out of the total cost of the MI System, 40% will be borne by the Central Government, 10% by the State Government and the remaining 50% will be borne by the beneficiary, either through his/her own resources or soft loan from financial institutions. In the case of drip irrigation, the assistance will be limited to 50% of the cost of the system for the specified crop spacing and for the area covered under the crop by the farmer.

(Source: National Committee on Plasticulture Applications in Horticulture at www.ncpahindia.com)

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section should be read along with the more detailed financial and other information in the RHP, including the information contained in the section “Risk Factors” beginning on page 13 of the RHP. In this section “the Company”, “us”, “we”, “our” refers to Flexituff International Limited and its Subsidiaries on a consolidated basis. Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian Accounting Policies set forth in the RHP.

OVERVIEW

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were, Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttarakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

Recently, we have manufactured Trap bags for AmeriGlobe USA, who was contracted by the City of Fargo to provide Trap bag Container Barrier System for flood protection in eight Fargo City locations. We have manufactured 35 miles of 100 feet long, 4 and 6 feet tall Trap bags chains, which have been air freighted to different flood locations at Fargo, North Dakota and Lafayette, Los Angeles for Red river and Mississippi river.

Trap bags are designed to allow very rapid and cost effective deployment of a barrier that can be filled with sand, soil or concrete to create a permanent or temporary barrier which can stop pollutant spills, flooding, mudslides and prevent soil and beach erosion.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units. We believe that we are one of the leading integrated manufacturers of FIBC (*Source: IFIBCA*) having clean-room area at our SEZ unit.

Our product wise consolidated sales for last 3 years are as under:-

(₹ in Million)

Products	FY 2009	FY 2010	FY 2011
FIBC	2,312.70	2,182.89	3,915.90
Geo-textile Fabric and Ground Covers	-	99.20	256.03
Reverse Printed BOPP Woven Bags	-	200.60	817.24
Special PP Bags and Leno Bags	280.98	499.96	473.49
Sale of Recycled Granules & Agglomerates	-	27.18	140.96
Trading of FIBC	-	172.68	144.36
Others	20.43	28.51	31.42
Total	2,614.11	3,211.02	5,779.40

We are a major exporter of FIBC and woven products from India and have been receiving the Top Exporter Award from the PLEXCONCIL, Ministry of Commerce from 2005-06 to 2008-09 every year.

Our consolidated sales for last 3 years in the domestic and overseas market are as under:

(₹ in Million)

Particulars	FY 2009	% to sales	FY 2010	% to sales	FY 2011	% to sales
Domestic	301.40	11.53	1,028.13	32.02	1,375.84	23.81
Overseas	2,312.71	88.47	2,182.89	67.98	4,403.55	76.19
Sales	2,614.11	100.00	3,211.02	100.00	5,779.40	100.00

We export to around 30 countries across the globe and are present in 4 continents with major thrust of exports being to U.S.A and Europe.

Our unit in SEZ, Pithampur which manufactures food grade FIBC, has the following accreditations/certifications.

- AIB-USFDA for Food Contact Packaging Facility (with “Superior” Category).
- BRC-IoP, UK for Food Packaging System. Certificates for Category-1.
- ISO 9001:2008 for Quality System from DNV.
- Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
- Complies with ISO-7 (class 10000) for Liner Section.
- Complies with ISO-8 (class 100000) for Liner Section (other than liner forming).
- ISO 14001:2004 certified for conforming to environmental management system standards.
- ISO 22000:2005 certified for conforming to food safety standards.
- Customs Trade Partnership against Terrorism (CTPAT) from Ameriglobe FIBC Solutions, U.S.A.

We have witnessed consistent growth in our business and profitability. As per restated consolidated financial results, our Sales and EBIDTA for the last 3 years are as under:

(₹ in Million)

Financial Year	Sales	EBIDTA
2008-09	2,614.11	362.14
2009-10	3,211.02	422.37
2010-11	5,779.40	768.65

COMPETITIVE STRENGTHS

Our competitive strengths are as under:

Multi-Product Portfolio:

Our mission statement is to be one-stop shop to our customers for all packaging woven products. We have been expanding and broad-basing our product portfolio and we currently produce FIBCs (500 kg and above), Special PP Bags and Reverse Printed BOPP Woven Bags (5 to 50 kg), Leno Bags for Agri-products packing, Woven Geo-

Textile Bags and Fabric for prevention of land-slides, control for soil erosion, river bank protection, underlay of roads etc. We also manufacture reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags. Thus, we have a multi-product portfolio and have the ability to adjust to needs of our customers.

Multi-Location Company:

We are present at 3 different locations in India and have 4 separate completely integrated facilities which gives us an edge in terms of better management and control, regional advantages, ability to manage labour, proximity to local markets. Over and above this, it mitigates the risk of any calamity, catastrophe at any single location.

Our manufacturing units at Pithampur (SEZ) and Kashipur enjoy various fiscal advantages due to their location. SEZ enjoys duty-free import and export and various other SEZ advantages including tax reliefs. Similarly, Kashipur enjoys 10 years tax holiday for excise duty, concessional central sales tax @ 1% and income tax benefits for 10 years under section 80 IC of Income Tax Act, 1961.

We also have 2 step down subsidiaries abroad; one in the United Kingdom, Flexiglobal (UK) Limited and the other in the U.S.A, Lakshmi Incorporated. The Flexiglobal (UK) Limited is engaged in distribution and marketing of FIBCs whereas Lakshmi Incorporated is engaged in the manufacturing of a special closure which is added on to make a bag (paper, polyethylene or woven) into a re-closable bag and acts as a distribution platform for our products in U.S.A.

Multi-market company:

We are not dependent on a single market and are present both in overseas as well as domestic market. Our products are exported to 30 different countries and in the domestic market we supply our products on PAN India basis. Further, we have exported around 9.3 million FIBC bags during FY 2011 from our SEZ Unit.

Fully Integrated, State-of-the-Art Manufacturing Facility:

All our manufacturing units are integrated and self sufficient. Our SEZ unit at Pithampur operates in a dust and micro organism free environment where all materials and processes are carried out at off floor levels and away from the walls. All workers and staff are oriented for Good Manufacturing Practices and strict adherence towards cleanliness has been implemented. In pursuit of clean room conditions, air entry and discharge is controlled and entry of air is filtered through-10 micron air filter and cooled to maintain an ambient temperature in the sheds. The facility is also Hazard Analysis and Critical Control Point enabled.

Brand Recognition:

We are recognized as one of the most reputed producers of FIBC in the world. Our manufacturing facility at SEZ, Pithampur is one of the few AIB, BRC compliant clean room facilities in the world, which has created the brand recognition in the international and domestic market. Most of our end customers (many of them are Fortune-Global-500 companies) have visited and audited our plant and have approved the same for purchase of our products. Some of our eminent end users are LG Dow, Eastman Chemicals etc. We have also been recognized by PLEXCONCIL, Ministry of Commerce, Government of India as the top exporter for FIBC. Brand recognition combined with our technical competencies and ability to meet client requirements has won us repeat orders from our clients.

End to End Solutions:

We offer solutions for various technical issues which the customers face in using FIBCs. We also help and design customized FIBCs, by offering complete range of FIBC for packaging all possible products including fine powdered products, food products, chemicals, liquids, hazardous goods etc. This enables our customers to improve performance and to reduce the cost. Our ability to offer the complete range of FIBCs helps us in retaining our customers and also helps us in getting price advantage over other suppliers.

Proven Management Band-Width:

We believe, that our qualified and experienced management has contributed to the growth of our business operations. Our management team has demonstrated business ability by adopting new business models based on market dynamics and offered products catering to the need of our customers. We believe that our management team has various skills which are critical to the successful implementation and delivery of our products.

We have various people in our production and marketing team who have been working with us for more than seven years and have more than fifteen years of experience in the trade.

Research and Development Capability:

Our endeavour is to focus and invest substantially in Research & Development activities. We have ear-marked a separate area admeasuring about 15000 sq.ft. dedicated to research and development activities and employ 34 people exclusively for such activities. The Company has spent ₹ 245.47 million on research and development for the period April 1, 2007 till June 30, 2011.

We have developed in-house technology for coating silver onto yarn to make a conductive bag without depending on any external material. A conductive bag is a special bag which when grounded, allows static electricity during filling and discharge of bag to pass through to earth harmlessly. In absence of this, the user runs the risk of an explosion or a high voltage electrical discharge which could lead to fire or explosion in the work-place.

WEAKNESS / THREATS**Reduction or termination of tax incentives and benefits to units in Special Economic Zone (SEZ)**

The Company has established its facilities at Pithampur SEZ and Kashipur (tax exempted area). A SEZ unit in India is entitled to certain tax incentives and benefits, subject to the fulfilment of the terms and conditions imposed by the SEZ authorities. As per the Finance Act 2011, units located in SEZ will have to pay Minimum Alternate Tax (MAT) from FY 2012 which may adversely affect our profitability.

Major revenue from exports to US and Europe

The major revenue of the Company is generated from exports to US and Europe. Any change in the policies governing the packaging industry and /or an economic slowdown in these regions which may negatively affect Company's business. Further any local social unrest, change in governmental policies and natural disaster in and around these regions could have a material adverse effect on its business, financial position and results of operations. Further, since export proceeds are received in foreign currency, any adverse movement in exchange rate would impact the operating margin of the Company.

Absence of long term contracts with Customers

The Company does not have long term binding contracts with its customers and substantial portion of our business comes from spot purchase orders. For the year ending March 31, 2011, around 90% of our Company's sales orders, on standalone basis, aggregating to ₹ 4,399 million in value, were procured as spot orders. Thus there is an uncertainty of procuring such orders on a continuous basis.

Competition from other producers and unorganized sector

The Company faces competition from other existing organized and unorganized domestic producers and potential entrants to the industry in which it operate. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record. The Company expects that the competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of the competitors may have access to significantly greater resources and hence the ability to compete more effectively.

CHALLENGES

Raw material

The Company has not entered into any supply agreement for the major raw materials required for manufacturing of its products and may get exposed to shortage of raw material. A significant or prolonged shortage of raw materials will disturb the production schedule, which would adversely affect the sales, margins and customer relations.

Availability of labour

The Company operates in a labour intensive industry and any labour disruptions may significantly hamper manufacturing operations adversely affecting its business. On June 22, 2011 there has been an accidental death of one of our worker at Kashipur unit which resulted in protest, loss of assets and closure of operation for three days. For further details please refer to section “Outstanding Litigations and Material Developments” beginning on page 378 of the RHP.

Capital Intensive business

The Company requires significant amount of capital for growth of business whether by debt or otherwise to keep pace with its growth plans and day to day operations. In the event that the Company is unable to procure capital including debt in a timely manner or at terms that are acceptable to the Company, growth and business operations of the Company may be adversely affected

OUR BUSINESS STRATEGY

Our business strategy is based upon on our competitive strengths and business opportunities. We intend to excel in our business by implementing the following strategies to our benefit:

As a strategy, we always wanted to be one-stop shop for all woven packaging needs of our customers. To this end, we have developed ourselves as a multi-product, multi-location and multi-market company serving to the needs of our customers. Going forward, we propose to add value added products in our product portfolio. We also propose to further invest in forward and backward integration.

- **Focus on core competence:**

Manufacturing of FIBC is our core competence and we believe that we enjoy leadership in this field. Our product quality is appreciated worldwide. There is a huge market potential and we need to continuously expand our core competence area to cater to the increasing demand. Uptill now, FIBC is used mostly in developed countries but with the change and shift in the world economic scenario, India and other developing countries have also started using FIBC. We believe that the growing industrial and agricultural production in India will create a larger market for FIBC in times to come. With our capacity, scale of operation and skilled manpower we are rightly placed to leverage our strengths to cater to such rise in demand.

- **Adding products in the core competence area to increase value addition:**

We have added products like woven Geo- textiles, BOPP woven bags and special application fabric which have a large growth potential in India. These products are being used in high growth sector of infrastructure such as roads and coastal development programmes. These products are used for prevention of soil erosion, soil separation, strengthening of underlay of roads and for prevention of land slides etc.

Since, these products can be manufactured by our Company using its existing infrastructure without incurring substantial additional costs, it provides us a high growth potential.

- **Diversified applications for recycled polymer:**

We have been able to get specific technology to recycle in-house waste into plastic granules in a single step process. This has helped in bringing down the percentage of wastage at our units at Pithampur from around 8.5% to 7% over a period of 4 years.

Taking this development further, we started a full-fledged plastic waste recycling plant at Kandla.

As a strategy to value add and incentivise the customer, we are offering waste disposal service to our FIBC customers. Most of the FIBC's are used once and are then needed to be disposed off. This provides us access to a cheap source of raw material for our products made out of recycled material. In this manner, we are also contributing towards a greener environment.

We also propose to make products like polymer compounds for the drip irrigation industry and injection moulded palletes for the international and domestic market from the recycled material.

- **In house Research & Development and product development centre:**

We are focusing on in house research and product development to develop plastic processing solutions and import substitute products to save costs for our customers.

Currently we are working on import substitute products like Halogen Free Flame Retardant, Nylon Elastomer, Fluoropolymer, ASA (Acrylonitrile Styrene Acrylate).

- **Connecting with the end customers:**

Presently, we are selling most of our goods to the end customers through middlemen. As we are growing larger, we are getting recognised by the end user which will enable us to deal directly. This will also reduce our marketing cost.

PRODUCTS

Presently our Company is mainly engaged in the manufacture and sale of following products namely:

- a) Flexible Intermediate Bulk Containers (FIBC)
- b) Geo-Textile Fabric and Ground Covers
- c) Reverse Printed BOPP Woven Bags
- d) Special PP Bags and Leno Bags

A brief description of our products is as follows:

a) FIBC (Jumbo Bags):

Jumbo bags are giant size bags in drum or box shape and are internationally known as Bulk bags or Big bags or Flexible Intermediate Bulk Containers. These bags are made out of high tenacity UV stabilized Nylon or Polypropylene or HDPE fabric with four corner loops for easy handling at all points. The capacities of these bags range from 0.5 MT to 2 MT depending on the bulk density of the material.

FIBCs have a very vast use. It is mainly used as a labour-saving device by various industries to package materials in bulk and enables mechanical handling. Thus, various products right from sand and waste products, aggregates, cement, chemicals, minerals, food products, grains, cereals, fruits, vegetables, beans, sugar, salt, plastic, carbon, fertilizer etc are being packed in various kinds of FIBCs.

There are different types of FIBC bags which are manufactured by us at our units, which are as follows:

Conductive Type-C Bags: These are special bags which allow static electricity to pass through the bag when the bag is earthed. Fast filling and discharge of an FIBC by a powdered material causes static electricity to accumulate inside the bag. Further, to avert the dangers of explosion due to such accumulation of static charge, conductive properties are created in the bag and bag is earthed to allow safe discharge of electrical charge.

Dissipative Type-D Bags: These bags are made by using a technology which allows static electricity charge to dissipate in micro-volts without a bag being earthed.

High-end Bags for food and pharma industry: These bags are made with a high degree of precision. Precautions have to be taken so as to avoid contamination of any kind from entering the bag. These are normally laminated or lined bags made in a clean environment. Their main application is in packaging of food products, pharmaceutical products, special plastics for manufacture of specialized electronic items such as compact discs, circuit boards, etc.

Sift-proof Bags: These bags are needed for products which are powdery in nature and are stitched in a special manner so as to block needle holes thereby preventing sifting of powder from bags.

Baffle Bags: These bags have baffle restraints stitched onto all corners of the bag which prevent the bags from expanding beyond a point. Mainly these bags are used where cargo has to be containerised or space has to be saved.

Form-fitted Liner Bags: These are special FIBCs where the liner of the bag is also shaped in the shape of a bag itself. These liners can be attached to bag by various methods i.e. gluing, tabbing or sewing. The main purpose of doing this is to avoid extra liners inside the bag and liner easily forms the shape of the, bag rather than creating bulges in the bag.

Builder Bag / Tunnel-lift Bag: These are used specifically in construction and aggregate industry and are used for filling sand, construction waste or aggregates. They are simple FIBCs and are high volume usage bags owing to nature of the industries that they are used in. A relatively recent development in this industry has created a tunnel-lift bag which effectively can be used without a pallet and uses body fabric as a lifting mechanism apart from 4-loops. By avoiding the use of pallets, it saves cost to end-users as a package.

Single-loop Bags: These bags are normally made for fertilizer or cement packaging. These bags are different in construction where body-fabric of bag itself is formed into a lifting loop.

Sling Bags: These are mainly used to carry 20 to 40 bags of 25 to 50 kg each. Thus, it is an outer bag which enables easy carrying or mechanical handling of small bags without using pallets.

b) Geo-textile fabric and ground covers:

These are special woven polypropylene fabrics with properties to ensure passage to measured quantity of water or soil particles and having the desired strength. The use and construction of the fabric is technical and is manufactured following stringent procedures.

These products are being used in high growth sectors of infrastructure development such as roads coastal development programmes. These products are used for prevention of soil erosion, soil separation, strengthening of underlay of roads and for prevention of land slides, river bank protection etc. This product enables the separation of the subsoil from the road aggregates, reduces the crust thickness, improves the performance of the road for longevity and prevents soil fines from pumping up through road aggregates.

We have imported 40 Sulzer Looms especially for the manufacture of Geo-textile fabrics. Our manufacturing capacity is approximately 1,600 MT of this product per annum.

c) Reverse-Printed BOPP Woven Bags:

These bags are small polypropylene woven bags which have been laminated with a reverse printed BOPP film. The bag is made of PP woven fabric laminated with printed BOPP film on the outer surface. The BOPP film is printed with roto gravure printing technology and could be printed up to 9 colors, covering all graphics, picture and any type

of fonts. They are used for packing products which weigh between 5 to 50 kg such as rice, flour, sugar, animal feed, fertilizers, special chemicals, etc. They are usually used for packing products which are sold in the retail market.

d) Special PP Bags and Leno Bags:

These bags are made out of polypropylene woven fabric made from circular looms as a tube thereby reducing stitching needs. We manufacture this product for niche industries like builder bag industry, soya industry, sugar industry meeting their specific requirements.

We manufacture leno bags which are used for packaging of agro products. These bags are made out of mesh fabric made on special looms which create a mesh-locking effect and allows a bag to retain its shape in spite of gaps in weaving. The gaps in the weave allow air to go through bag to avoid germination and rotting of agro products.

In addition to the above products, we also recycle plastic at our Kandla unit and these recycled items can be further processed for the manufacture of Polymer compounding and Injection moulded articles.

PROPOSED PROJECTS

- **Polymer Compounding**

Compounding refers to blending of polymers and various additives to make a consistent homogenous mixture which can be directly used to produce a specific product or to be added in a fixed percent in polymers as a masterbatch.

It can be broadly divided into two main categories viz.

- Filler compounds (like Calcium, Elastomer) and
- Modifier compounds (like UV/Colour Masterbatch, Bonding agents, Drip Masterbatch, etc.)

We have installed machinery to produce 10,000 MT of various compounds at Kashipur. We are already pilot-producing these compounds and are test-marketing the same. Our own captive requirement stands at 5,000 MT of compounds every year. The main thrust would be given to high growth areas like drip irrigation compounds and specially developed compounds. Some of the key end user industries of polymer compounding products are automobile, appliances, wires and cables etc.

- **Injection-moulded articles**

At present, at Kashipur, we have started trial production for pallets, crates, boxes and other industrial / domestic injection moulded articles.

As part of the expansion programme at Kashipur, we are proposing to manufacture injection moulded articles for drip irrigation industry, with a thrust on production of drippers.

Drip irrigation is a technology widely used in agriculture, landscape, greenhouses and nurseries to apply water directly where it is needed. Drip irrigation minimizes the use of water and enables the injection of fertilizers through the drip irrigation system while at the same time growing healthier plants that have less disease.

Drip irrigation system delivers water to the crop using a network of mainlines, sub-mains and lateral lines with emission points spaced along their lengths. Each dripper/emitter, orifice supplies a measured, precisely controlled uniform application of water, nutrients and other required growth substances directly into the roots of the plant.

Water and nutrients enter the soil from the emitters, moving into the root zone of the plants through the combined forces of gravity and capillary. In this way, the plant's withdrawal of moisture and nutrients are replenished almost immediately, ensuring that the plant never suffers from water stress, thus enhancing quality, its ability to achieve optimum growth and high yield.

There are different kinds of drippers:

Non-Pressure Compensating Drippers: These types of drippers constitute majority of the market share and are of the following types:

- **Round Drippers:** In India, majority of the market is for round drippers as this is approved by ISI and is eligible for government subsidy.
- **Flat Drippers:** This is a new technology to save cost of pipe and drippers. This product is substantially economical compared to round drippers. Presently most of the flat drippers are being imported.

Pressure Compensating (PC) drippers: This is the latest technology and used especially in hilly areas to compensate for difference in water velocity at the top of the hill or at the bottom of the hill and is able to emit water at a constant rate. Currently, these drippers are expensive and are not widely used in India.

Other moulded articles for drip irrigation industry and general industry: We can manufacture other moulded articles for drip irrigation industry such as T-joints, connectors etc and would be able to cater various types of requirements for the drip irrigation industry.

MANUFACTURING PROCESSES OF THE PRODUCTS OF OUR COMPANY:

I. RAW MATERIAL

Polymer resin, currently being used by us as the main raw material is of the following types:

- PP (Polypropylene)
- HDPE (High Density Polyethylene)
- LDPE (Low Density Polyethylene)
- LLDPE (Linear Low Density Polyethylene)

Other master-batches and additives used other than the above raw materials are:-

- UV powder:** It is used to protect polypropylene products from harmful UV rays and substantially delay its degradation on account of UV effect.
- Titanium Dioxide:** It is mainly used to make an opaque white plastic product.
- Colour master-batches:** This is added to make a specific colour plastic product.
- Calcium Carbonate:** This is added as a filler and also to instill anti-fibrillation properties in the product.

Combination of Raw Materials used for our Products is as follows

Product	Raw material			
	PP	HDPE/LDPE/ LLDPE *	Masterbatches / Additives, etc	Scrap
FIBC	90%	5%	5%	-
Geo-textile fabric and ground cover	90%	5%	5%	-
BOPP Woven bags	70%	10%	20%	-

Product	Raw material			
	PP	HDPE/LDPE/ LLDPE *	Masterbatches / Additives, etc	Scrap
Special PP bags	90%	-	10%	-
PP compound	20% to 80%	20% to 30%	20% to 80%	0% to 30%
Injection moulded products	20% to 80%	20% to 80%	10%	0% to 80%

* LDPE/LLDPE is used for Laminates & Liners

II. KEY MANUFACTURING PROCESSES

i. Tape Extrusion:

PP granules in differing combinations along with other raw materials are loaded into the mixer, where the granules are compounded in the mixer for a minimum period of 10 minutes. The mix is fed through the hopper into the extruder and the melt is filtered through a combination of screens and extruded into a film. The film is slit into strips which are stretched in the machine direction (stretching), annealed through a set of hot and cold godets operating under controlled condition of temperature and speed. The resultant tapes are wound on cheese pipes and the bobbins so formed are loaded into the trolley.

ii. Beaming

It involves process of loading bobbins onto creel stand. The bobbins are loaded, drawn through various combs aided by rollers and the reed before being pulled by take up rolls is wound on a beam.

iii. Weaving

Weaving of fabric involves the process of loading of bobbins onto the creel stand. The bobbins are loaded, drawn through various combs aided by rollers, the reed and weaving rings before being pulled by take up rolls and winders. Simultaneously, the weft is inserted through a set of shuttles in the reed ring. As the shuttles rotate, the fabric thus woven is pulled by draw rolls and delivered to winders where it is wound on the rolls.

iv. Webbing

Webbing of belt involves the process of loading of bobbins onto the creel stand. The bobbins are loaded, drawn through various combs aided by rollers and the reed before being pulled by draw rolls and winders. Simultaneously, the weft is inserted through a weft needle placed after the reed. During the shedding of warp tapes, weft needle inserts the weft yarn, which is held in place by a latch thread at one edge of the belt. The belt thus woven is pulled by draw rolls and delivered to winders where it is rolled into the rolls.

v. Extrusion Lamination

Extrusion lamination involves laying of a thin layer of molten polymer onto the uncoated surface of the fabric. Uncoated fabric is pulled through a cleaning tensioning and preheating mechanism by a laminating roll and delivered to winders for winding. Simultaneously the polymer is heated and pushed through a 'T' die just over the fabric, at the laminating roll. Rubberized pressure roll along with the chilled laminating roll, cools and adheres the molten polymer on to the fabric.

vi. Liner Extrusion

Polymer granules mix is heated and passed through die by extruder. The extruded film is blown to the desired ratio, size and thickness and cooled in air as it is being pulled by a haul off assembly. The extruded film is wound onto plastic pipes on the winder.

vii. Fabric Cutting

Fabric cutting operations are carried out both manually and on the auto cutting machines by cutting operators. The fabric is cut into the desired size as per the customer order.

viii. Printing

As per the printing design, the Stereos (printing blocks) are placed on to the drums. The printing inks are fed into the trays, which is then transferred in the required thickness to the printing blocks by a set of rubber and anilox rolls. The printing drum rotates and the cut pieces are fed manually into the machine. The printed pieces are manually collected at the end of the conveyor.

ix. Stitching

Personnel from the stitching section pick various cut pieces from the cutting section which are stitched together as per the specification.

x. Knotting / Folding and Baling

After stitching the bottom spouts of the bags are closed by knotting it as per the specification. The bags are then folded and pass through a metal detector if required. Conforming FIBC are packed order wise with the help of fabric sheet sand bailed in required numbers. Bales are duly identified for exports and quality through a tag / label.

xi. Flat Weaving (Sulzer Looms)

The beam is loaded onto the loom and the tapes are drawn through the shedding mechanism, forming the warp. A weft bobbin is separately fed through an accumulator. The shuttle of the loom grips the weft tape and travels through the width of the fabric while the loom is running to weave the fabric onto the loom. The fabric is then pulled and then is wound by the winder as a roll of fabric.

xii. Rotogravure Printing and Inspection

The plastic film to be printed is fed on the machine through various sets of rollers as per the design. The rollers have engraving on them to transfer the ink from the tray onto the film in the desired pattern. The ink is dried with the help of hot air and the printed film is wound on a winder. The printed film is then inspected and misprints taken out.

xiii. Tubing

The laminated fabric with the printed film is loaded onto the unwinder and is fed into the machine. The fabric is tubed by the machine and edges sealed on a overlap of approx. 50 mm by multiple lines of extruded resin which are being extruded simultaneously and falling on to the 50 mm overlap edge. Thus the machine converts a flat fabric into a tube and cuts the tube in desired length. .

xiv. Easy open stitching

The tubed cut lengths are fed in the stitching machine which travel with the help of a conveyor. Simultaneously a flat narrow fabric unwinds and is folded over the edge of the tubed cut piece just before the sewing head. The sewing head stitches this folded piece of fabric onto the cut length with an easy open stitch to see one of the ends of the tube, thereby converting the cut tube into a bag.

Polymer Compounding:

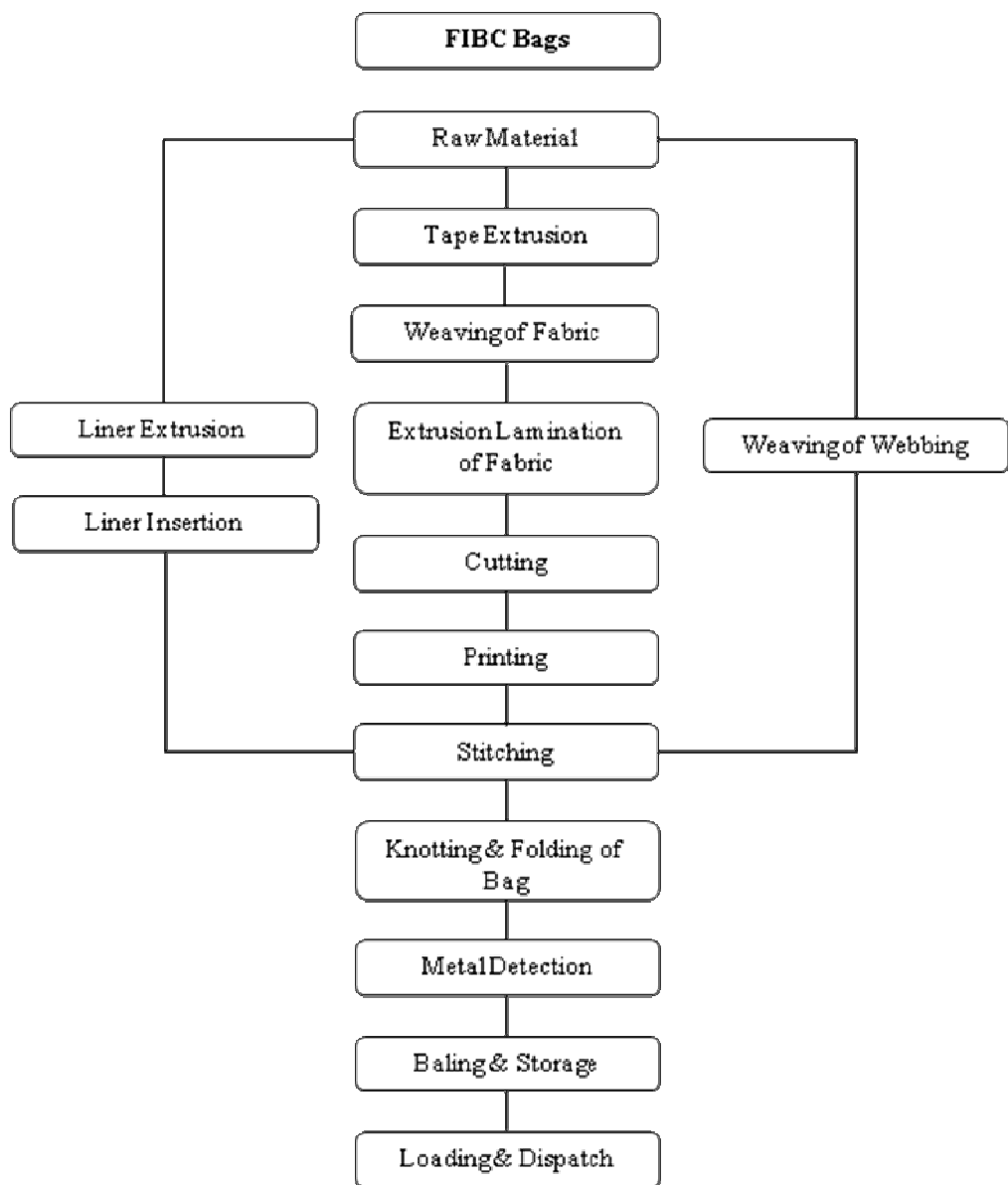
Various polymers and additives which are needed to be mixed and form the compound are fed through multiple feeders onto a twin-screw extruder which uses its sheer force and heating to create a homogenous mixture. The important part of the process is accuracy of these multiple feeders which helps in dosing right amount of material as per formula to create a perfect mix and blend in the right proportion for the final quality of the product and to achieve cost-effectiveness. The extruder then pushes this homogenous mixture through a die creating strands, which are then cooled by immersing the same in water. These hardened strands of plastics are then cut by using a palletizer to make the final product in usable form. The end product is then tested to ensure that the product is within the

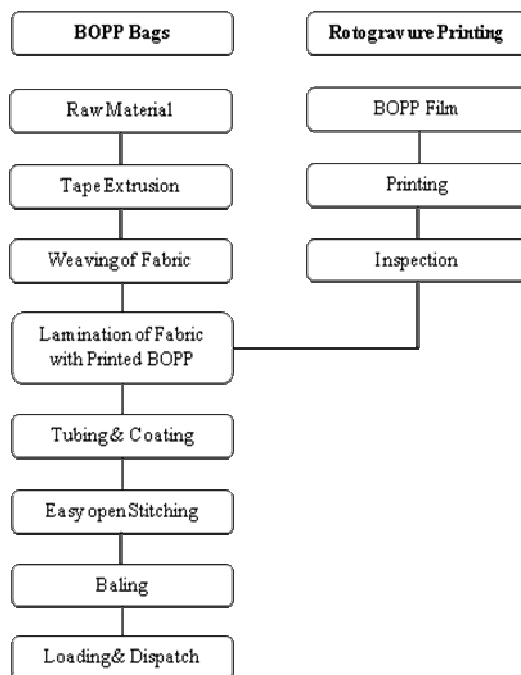
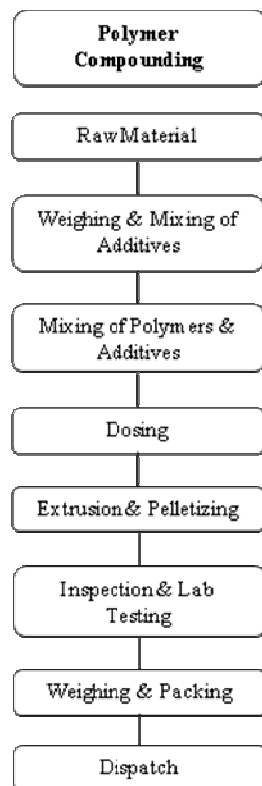
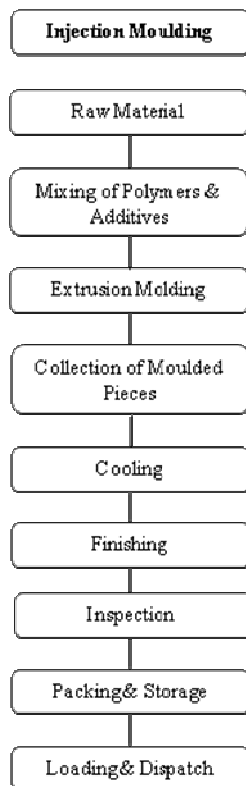
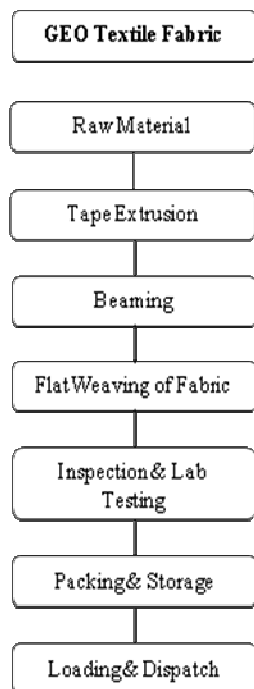
acceptable norm. The granules, chips which conforms to the norms are then packed in 25/50/1000 kg packings and dispatched to customers.

Injection-moulded Products:

To produce injection-moulded products, the additives are mixed in the polymers and fed through a continuous process machine which has an extruder to melt the mixed polymer and additives being fed through its hopper. The molten plastic is then injected in a mould and allowed to cool from inside of the mould thereby retaining and forming a perfect shape. The mould then opens to enable the made-out products to fall out and become ready to take next injection shot of molten plastic. The final product is finished by removing the burrs or any extra piece of plastic sticking to the product and is then inspected before being packed and dispatched to customers.

PRODUCT WISE FLOW-DIAGRAM OF THE MANUFACTURING PROCESS





MANUFACTURING AND OTHER UNITS

a) Units at Pithampur

(i) Unit at Pithampur, SEZ

The unit at SEZ was started in the financial year 2003-04 and our Company manufactures FIBC at this unit. This unit had a capacity of manufacturing 12,200 MTPA in the financial year 2010-11.

The facility operates in a dust and micro organism free environment where all materials and processes are carried out at off floor levels and away from the walls. All workers and staff are oriented for Good Manufacturing Practices (GMP) and strict adherence towards cleanliness has been implemented. In pursuit of clean room conditions, the air entry and discharge is controlled and entry of air is filtered through 10 micron air filter and cooled to maintain an ambient temperature of 23°C to 24°C in the shed. The facility is also Hazard Analysis and Critical Control Point enabled.

SEZ enjoys duty-free import and export and certain tax deductions.

The installed capacity and production at SEZ unit for last 5 years is as under:-

(Quantity in MT)

Financial Year	Installed Capacity	Production
2006-07	10,800	10,043
2007-08	12,200	13,913
2008-09	12,200	14,713
2009-10	12,200	13,108
2010-11	12,200	14,788

(ii) Unit at Pithampur, DTA

This was our first unit which started in financial year 1993-94 and our Company manufacture FIBCs/ HDPE bags at this unit. This unit had a manufacturing capacity of 12,800 MTPA in the financial year 2010-11. This facility though does not have clean room environment, however, it follows same practices and principles in general and produces high quality products.

The installed capacity and production at DTA unit for last 5 years is as under:

(Quantity in MT)

Financial Year	Installed Capacity	Production
2006-07	8,400	4,356
2007-08	10,800	4,530
2008-09	10,800	5,610
2009-10	10,800	7,422
2010-11	12,800	9,410

b) Unit at Kashipur, Uttarakhand

The manufacturing unit at Kashipur, Uttarakhand was started in the financial year 2009-10. This unit had a capacity of 16,000 MT in the financial year 2010-11 and was utilised for the manufacture of Reverse Printed BOPP Woven Bags, Geo-textile Fabrics, Leno Bags and special PP bags. The unit at Kashipur is located in the excise free zone and we have received a tax exemption for a period of 10 years from payment of excise duty and income tax exemption for 5 years.

The installed capacity and production of our unit at Kashipur for the financial year ended 2010-2011 is 16,000 MT and 12,991 MT respectively.

c) Recycling and reprocessing unit, Kandla

This unit is operating under our subsidiary, Satguru Polyfab Private Limited and is engaged in the business of recycled granules and agglomerates. The installed capacity and production for the financial year 2010-11 is 7,500 MT and 6,526 MT respectively.

d) R&D Centre, Kashipur

We commenced our research and development programme in the year 2007. We have 11 research associates at this centre. We have three different laboratories i.e. Chemical Laboratory, Polymer Laboratory and Compounding Quality Assurance laboratory dedicated for research related activities. We are fully equipped with chemical and polymer analysis equipment.

Our Company has incurred during the period April 1, 2007 to June 30, 2011 approximately ₹ 245.47 million on various research and development activities.

CAPACITY & CAPACITY UTILIZATION

Following tables depicts the actual capacity utilization of our Company for the past three financial years and the projected capacity utilization for next two financial years:

Year	2010-2011			2009-2010			2008-09		
Class of Goods	Installed Capacity MT	Capacity Utilised (as per audited B/S) MT	Utilization (%)	Installed Capacity MT	Capacity Utilised (as per audited B/S) MT	Utilization (%)	Installed Capacity MT	Capacity Utilised (as per audited B/S) MT	Utilization (%)
FIBC (jumbo/HDPE bags)	25,000	24,198	97%	23,000	20,530	89 %	23,000	20,323	88%
Geo textile fabric and Ground cover	1,600	1,710	107%	1,600	1,051*	66 %	NIL	NIL	NIL
BOPP Bags	7,200	5,681	79%	7,200	1,169*	16 %	NIL	NIL	NIL
Small PP Bags/ Leno bags/ Sheets	7,200	5,600	78%	7,200	2,186*	30 %	NIL	259**	NIL
recycled granules and agglomerates	7,500	6,526	87%	7,500	1372***	18%	NIL	NIL	NIL
Injection Moulding Products	0	0	0	0	0	0	0	0	0
Polymer Compounding	0	0	0	0	0	0	0	0	0
Total	48,500	43,715	90%	46,500	26,308	57%	23,000	20,582	89%

* Part production started from June 16, 2009 and became fully operational from October 24, 2009.

** This is trial production and hence there is no installed capacity in F Y 2008-09.

***Production has started from October 1, 2009.

Year	2011-12 (E)			2012-13 (E)		
Class of Goods	Installed Capacity MT	Capacity Utilised MT	Utilization (%)	Installed Capacity MT	Capacity Utilised MT	Utilization (%)
FIBC (jumbo/HDPE bags)	32,000	29,800	93 %	34,000	31,200	92%
Geo textile fabric and Ground cover	1,600	1,680	105%	3,400	2,940	86%
BOPP Bags	7,200	6,840	95%	7,200	6,840	95%
Small PP Bags/ Leno bags/ Sheets	7,200	6,840	95 %	7,200	6,840	95%
recycled granules and agglomerates	7,500	7,200	96%	7,500	7,200	96%
Injection Moulding Products	4,811	1,203	25%	4,811	3,889	81%
Polymer Compounding	10,000	8,500	85%	13,200	11,740	89%
Total	70,311	62,063	88%	77,311	70,649	91%

Note:

1. Out of the proposed IPO proceeds, the company intends to increase FIBC capacity at Pithampur by 3,000 MT and moulding capacity at Kashipur unit at Uttarakhand by 811 MT.
2. Production capacity of 18,000 MT at Kashipur plant is fully operational. (Product wise break up of production capacity is: 1) FIBC- 4,000 MT 2) Injection moulding products- 4,000 MT and 3) Polymer compounding- 10,000 MT.

Reasons for increase (estimated) in capacity utilisation by more than 25% in the financial years 2011-12 and 2012-13 versus our average production for the same products in the year 2010-11 and 2009-10.

1. Small PP Bags / Leno Bags / Sheets:

We have achieved production of 5,600 MT and 2,186 MT in the financial years 2010-11 and 2009-10 respectively against our installed capacity of 7,200 MT. Our capacity utilization has increased from 30% (FY 2010) to 78% (FY 2011). Financial year 2009-10 was the first year of operation of our new plant at Kashipur where this product is being produced. We had power problems for first nine months of operations leading to low productivity and we could achieve only 2,186 MT. The Financial year 2010-11 was the first full year of operation where we have utilized the capacity upto 78% and going forward for the financial years 2011-12 & 2012-13 we should be able to achieve 95% capacity utilization

2. BOPP Bags:

This is a new product being produced at Kashipur unit and financial year 2009-10 was the first year of production. Other than reasons of power as explained above, being a new product, there were uncertainties on product off take which resulted in lower production. Our product has now been received well in the market. Against our current installed capacity of 7,200 MT we have achieved production of 5,681 MT in financial year 2010-11 as against 1,169 MT in financial year 2009-10. We expect to achieve 6, 840 MT in the financial year 2011-12 and 2012-13, which is 95% of the installed capacity.

3. Recycled Granules and Agglomerates :

The financial year 2009-10 was the first year of production for this product at our Kandla unit. We had imported machines for manufacture of this product which took time to stabilize and thus we were able to start production only from October 2009. Being a new product we had to develop our share in the market and hence produced 1,372 MT only. We have achieved production of 6,526 MT as against its installed capacity of 7,500 MT and we expect to produce 7,200 MT during the financial years 2011-12 and 2012-13.

EMPLOYEES

Our personnel policies are aimed towards recruiting the talent that we need, to facilitate integration of our employees and to encourage the development of skills in order to support our performance and growth. We seek to adopt an open culture and participative management style to enable us to maximize the benefits from the knowledge and skills

To retain and motivate our employees we have also initiated an ESOP Scheme and have granted 1,061,750 stock options to our employees and also conduct various employee motivation programmes.

As on June 30, 2011, we have a total strength of 4,727 permanent employees the details of which are given below:

Category / Department	SEZ	DTA	Kashipur	Total
Finance, Accounts and Excise	39	9	7	55
Marketing	66	8	20	94
Technical	33	23	30	86
Administrative	67	68	62	197
Supervisory	159	111	189	459
Labour (skilled / unskilled)	1,450	1,400	986	3,836
Total	1,814	1,619	1,294	4,727

We have not entered into any union agreement with our employees.

INFRASTRUCTURE FACILITIES

a) Water:

Our manufacturing process does not require much water. However, water is required for general purposes keeping in mind large labour-force requirement. The existing requirement of water is approximately 300 KL per day. This is mainly met with from our own tubewells, Madhya Pradesh Audhyogik Kendra Vikas Nigam (MPAKVN) supplies and by purchasing water through tankers.

Post expansion at Kashipur, our additional requirement of water will be 100 KL per day which will be met with through our own borewell.

b) Electricity:

The total requirement of electricity and its source is given in the table below:

(All figures in KVA)

Particulars	Pithampur		Kashipur	Kandla
	DTA	SEZ		
Electricity requirement	2,000	2,300	3,000	850
Available contracted load from State Electricity Board / NTPC / MPAKVN	2,100	2,500	4,500	1,000
D.G. Set (back-up)	1,000	1,000	4,000	--

After expansion the additional demand of electricity would be 1,000 KVA at Kashipur unit which will be met through State Electricity Board.

c) Compressed Air:

The compressed air requirement at each plant and its availability is as under:

(All figures in CFM)

Particulars	Pithampur		Kashipur	Kandla
	DTA	SEZ		
Required air	380	575	500	60
Available air	520	680	750	160

For expansion the additional requirement of air at Kashipur would be 100 CFM which would be met through existing available infrastructure.

HEALTH & SAFETY POLICY

“Safety of person overrides all the production targets” is policy of our company. Our company is committed to conduct all its activities in such manner so as to avoid harm to employees and contractors, to promote occupational health of its employees and contractors, to comply with all statutory requirements concerning Health & Safety.

Our Company has adopted various measures to ensure health and safety of its employees such as:

- (i) Conducting job safety analysis for each of the Company’s plants and processes;
- (ii) Conducting regular plant inspections, hazard identification measures and undertaking with corrective actions, if any;
- (iii) Undertaking regular testing of all lifting tackles, EOT cranes and pressure presses;
- (iv) Organizing regular trainings for workers, supervisors and managers, including class room training, on-job training and outdoor training programmes;
- (v) Conducting regular mock drills for fire fighting and emergency responses;
- (vi) Installation of a well equipped and automated fire hydrant system at its units;
- (vii) Installation of additional safety equipments to ensure safety for workers from electrical accidents

ENVIRONMENT POLICY

In our company, protection of environment is of prime concern and an important business objective. Our company is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment for sustainable development. In particular, our company is committed to comply with relevant laws and regulations as well as take any additional measures considered necessary, to follow a systematic approach to environmental management plan in order to achieve continual performance improvement, to prevent pollution, maximize recycle, reduce wastes and discharges, to plant trees, develop green belt and promote lush-green surrounds at our manufacturing locations to work in harmony with nature.

Our Company has adopted various policies and measures to ensure and maintain the ecological balances in the environment such as:

- (i) To prevent Pollution, maximum recycle, reduce wastes and discharge by replacing wooden pallets with plastic pallets;
- (ii) To prevent pollution, maximum recycle, reduce wastes and discharges by ensuring paperless documentation and electronic and electrical data control systems;
- (iii) To plant trees, develop green belt and promote lush green surroundings at our manufacturing locations to work in harmony with nature and promoting employees for tree plantation;
- (iv) To follow a systematic approach to environmental management plan in order to achieve continual performance and making awareness amongst employees for chemical storage, handling and usage;
- (v) To prevent pollution, maximize recycle, reduce wastes, and discharges by increasing the capacity of re-processing plant to recycle the process waste;

Our Company conducts environmental aspect impact analysis at regular intervals and carries out improvements so as to ensure optimal productivity and saving of electricity. Our Company has also established a separate re-cycling unit for process waste to minimize the wastage disposal.

RESEARCH & DEVELOPMENT

The Company lays emphasis in polymer research and product development.

We have a separate research laboratory and a product development centre. At our research laboratory we have a chemical laboratory, polymer laboratory and compounding quality assurance laboratory and it is dedicated to modifying polymers and developing new master-batches to be used as a process aid in the production process. In the product development centre we have dedicated professionals who work for improvement of designs of FIBCs and are continuously suggesting design developments to help customers in improving performance of FIBC or reducing cost. Towards this, we have submitted eight applications for grant of patents. For further details, please refer to the section “Government Approvals - Intellectual Property Rights” on pages 413 to 414 of the RHP.

We also work with our various clients to help them develop new patent bags and designs. In this regard, we would like to highlight our achievement in developing combo bags for our customer, M/s B.A.G. Corp., U.S.A.

In the research field, our research associates have undertaken 18 research programs out of which 15 are completed. To give it a major thrust to our research activity we have dedicated the first floor in one of our buildings admeasuring 15000 sq.ft. area. Every year, we make sizeable expenditure from our regular cash-flows to augment our research and product development activities. The expenditure incurred for the period between April 1, 2007 to June 30, 2011 towards Research & Development is ₹ 245.47 million.

MARKETING STRATEGY

Our Company is a multi-product, multi-market company and has specific marketing strategy related to each product and market segment. Strong and innovative marketing has been our prime focus and instrumental in achieving our milestones and growth.

We have marketing offices at:

- Pithampur: This office handles marketing of FIBCs.
- Delhi: This office handles marketing of BOPP, geo-textile products, special PP bags, compounding and polymers.

Apart from this, we have our sales representatives at Mumbai, Hyderabad and Kolkata and marketing offices in UK and U.S.A.

Product-Wise Marketing Strategy:

The major customers, selected on the basis of product-wise sales for FY 2011 are as under:

i. FIBC (Export)

Approximately 95% of FIBC manufactured by us is exported to various countries spread over 4 continents. We have categorised the world into 3 major groups depending on the business potential namely U.S.A, Europe and Rest of the World (ROW). Each area is headed by a senior marketing executive.

Our major customers are as under:-

- B.A.G. Corp., U.S.A
- Pankti International Pte Ltd., Singapore

- Nebig Verppanegen BV, The Netherlands
- ABP Packing Ltd, UK
- Alexander Colquhouns and Sons Pty Ltd., Australia
- Bulklift International Inc., U.S.A
- Baobag, France
- Acadia Industries Inc. U.S.A

ii. FIBC (Domestic)

This is a fast growing segment and signifies growth potential in India. Considering the future potential of FIBC market in India we have given special thrust to his segment and have a dedicated marketing team. This is headed by a senior marketing executive having more than 2 decades of experience.

Our major customers are as under:-

- Ashapura Minechem Ltd.
- Jindal Power & Steel Ltd.
- Micro Inks Ltd.
- Wolkem India Ltd.
- Ashtech India Pvt. Ltd.
- EBM India Pvt. Ltd.
- Ultratech Cement Ltd.
- Hindustan Unilver Ltd.

iii. Geo Textile Fabric and Ground Cover

This is a new product and a separate division has been established to handle this product at our Delhi marketing office. A senior marketing professional has been employed having rich experience in this industry. We propose to appoint more senior people for increasing this activity with faster momentum.

Our major customers are:-

- Iberoamericana De Plasticos (Iberoplast), Peru
- J & HM Dickson, Scotland
- Conitex Sonoco U.S.A Inc., U.S.A

iv. Reverse-Printed BOPP Bags

This product is being controlled from our Delhi office which has over 16 personnel marketing the product on PAN India basis and has 2 dedicated executives for export. Export of BOPP bags is also supported by our subsidiary in USA. For BOPP (domestic) marketing we have a senior general manager heading the division. We have a team of 13 managers and 3 executives marketing these products in different areas of the country. For this purpose we have segmented India into five zones namely north zone, south zone, western zone, central zone and eastern zone. We have 4 graphic designers to assist our customers in designing the print matter of the bags.

The major export customers are:

- Lewis Trading Corp., U.S.A
- Langston Companies, Inc., U.S.A
- Volm Companies, Inc., U.S.A
- Sacos Y Empaques Internacionales, Mexico

The major domestic customers are:

- Rajdhani Flour Mills Ltd.
- KRBL Ltd.
- Nuziveedu Seeds Ltd.
- Indian Potash Ltd.
- Kohinoor Foods Ltd.
- Zuari Rotem Speciality Fertilisers Ltd

v. Special PP Bags / Leno Bag

This product segment is being marketed through our Delhi office. A senior product manager handles the marketing of this product along with a team of marketing executives. We target end-customers on a PAN-India basis.

The major customers are:-

- National Seeds Corporation Ltd.
- Zuari Rotem Speciality Fertilisers Ltd.
- Directorate General of Supplies and Disposals, India
- Dhampur Sugar Mills Ltd.
- Chambal Fertilizers & Chemicals Ltd.
- Nagarjuna Fertilisers & Chemicals Ltd.

COLLABORATION

We have not entered into any technical collaboration with any company.

COMPETITION

Our company is a multi-product, multi-locational and multi-market company and have insulated ourselves to a great degree from various competition pockets and market segments. The FIBC industry is highly fragmented worldwide. In view of the large scale operations and state of the art food grade facility, we have competitive edge over other players.

In India, we are the largest exporter of FIBCs. In the BOPP bags segment, the industry is emerging and highly fragmented with few organized players. We do not expect any serious competition in the domestic market. However, in the export market; we face competition from manufacturers in Vietnam and Thailand.

EXPORT OBLIGATIONS

Our Company has export obligations under the EPCG Scheme and Advance Licenses Scheme. Our total outstanding export obligations under the EPCG schemes and under the Advance License schemes as on May 31, 2011 is as under:

Obligations under the EPCG Scheme

Sr. No.	Unit	Total Outstanding Export Obligation (₹ Mn)	Period upto which the obligations to be fulfilled
1.	DTA, Pithampur	72.93	January 26, 2016 – September 13, 2017
2.	Kashipur	676.79	November 2, 2015 – September 13, 2017
	Total	749.72	

Obligations under the Advance Licences Scheme

Sr. No.	Unit	Total Outstanding Export Obligation (₹ Mn)	Period upto which the obligations to be fulfilled
1.	DTA, Pithampur	128.81	June 25, 2012- October 11, 2013
2.	Kashipur	8.26	April 8, 2012 – July 26, 2013
	Total	137.07	

PROPERTY

- Our Company owns land admeasuring 15.88 hectares at Kashipur, a part of which has been occupied by our existing manufacturing unit.
- The land on which our SEZ unit is situated is on lease of 99 years from the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited.
- The land on which our DTA unit is situated and the factory sheds thereon are on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited; and from Kalani Industries Private Limited.

Property to be purchased out of the proceeds of the Issue

We do not intend to purchase any property out of the proceeds of the Issue.

INTELLECTUAL PROPERTY

For details on intellectual property of our Company, please refer to the section “Government Approvals - Intellectual Property Rights” on pages 413 to 414 of the RHP.

INSURANCE

Our Company has obtained various Insurance policies in respect of our Business and our assets such as standard fire and special perils, marine cargo, property damage, money insurance, machinery breakdown, employee mediclaim and vehicle insurance consistent with industry practice in India. The aggregate sum insured under all the insurance procured by our Company is ₹ 7,363.61 million.

Brief details of the insurance policies obtained by our Company are as follows:

Details of Insurance policies taken for DTA unit

S. No	Name of the Policy	Type of Risk Covered	Sum Insured (₹ in Million)
1.	Car Package Policy	Transit risk	0.20
2.	Vehicle Insurance Policy	Comprehensive	3.01
3.	Two Wheeler Policy	Policy coverage for fire/eq/storm, tempest, flood & inundation	0.01
4.	Machinery Break Down Policy	Operational risk	9.81
5.	Marine Cargo Open Policy	Transit risk	250.00
6.	Group Personal Accident Policy For Employee	Policy coverage for FIRE/EQ/Storm, tempest, flood & inundation	50.75
7.	Standard Fire And Special Perils Policy	Policy coverage for FIRE/EQ/Storm, tempest, flood & inundation	610.00
Total			923.78

Details of Insurance policies taken for Kashipur unit

S. No	Name of the Policy	Type of Risk Covered	Sum Insured (₹ in Million)
1.	Marine Cargo Policy	Transit Risk	700.00
2.	Private Car Insurance Policy	Comprehensive	4.16
3.	Burglary BP Policy	Burglary	1.50
4.	Standard Fire and Special Perils Policy	Policy coverage for FIRE/EQ/Storm, tempest, flood & inundation	2,761.50
5.	Money Insurance Policy	Transit risk	80.00
6.	Machinery Break down	Operational risk	15.99
Total			3,563.15

Details of Insurance policies taken for SEZ unit

S. No	Name of the Policy	Type of Risk Covered	Sum Insured (₹ in Million)
1.	Fidelity Guarantee	Fidelity	0.50
2.	Private Car Insurance Policy	Comprehensive	1.20
3.	Burglary/ Theft Policy	Burglary	11.50
4.	Marine Cargo Open Policy	Transit Risk	1,645.66
5.	Standard Fire and Special Perils Policy	Policy coverage for FIRE/EQ/Storm, tempest, flood & inundation	929.50
6.	Group Personal Accident Policy	Accident-employee	110.33
7.	Money Insurance Policy	Coverage for cash, interest, safe etc.	150.00
8.	Two Wheeler Policy	Comprehensive	0.04
9.	Machinery Breakdown Insurance	Operational Risk	12.19
10.	Contractors Plant & Machinery Insurance	Operational Risk	1.53
11.	Cellphone/Laptop	Comprehensive	2.03
12.	Keyman Insurance	Life Insurance	12.20
Total			2,876.68

REGULATIONS AND POLICIES

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

LAWS RELATED TO PACKAGING AND LABELING

Legal Metrology Act, 2009

Legal Metrology Act, 2009 was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. This act replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985 with effect from March 1, 2011.

Food Safety and Standards Act, 2006

Food Safety and Standards Act, 2006 (“FSSA”) consolidates all laws relating to food and establishes a food safety and standards authority in India. FSSA aims at regulating manufacture, storage, distribution, sale and import pertaining to food for human consumption. FSSA also aims at providing for packaging and labelling requirements and lays down the standards and guidelines for food items and the systems of enforcing various standards. The FSSA also lays down mechanisms for accreditation of certified bodies engaged in certification of food safety management system for food businesses, and procedures for accreditation of laboratories. This act replaced the Prevention of Food Adulteration Act, 1954 with effect from August 5, 2011.

TRADE RELATED LAWS

Foreign Trade (Development and Regulation) Act, 1992

Foreign Trade (Development and Regulation) Act, 1992 (“FTA”) provides for the requirement of importer exporter code for import and export of goods into/from India by any person or company. FTA also provides for suspension and cancellation of the code number under certain circumstances.

The Special Economic Zone Act, 2005 and the Special Economic Zones Rules, 2006

The Special Economic Zones Act, 2005 was passed by Parliament in May, 2005 which received Presidential assent on the June 23, 2005. The SEZ Act, 2005, supported by SEZ Rules, came into effect on February 10, 2006, providing for the simplification of procedures and for single window clearance on matters relating to central as well as state governments.

SEZs are regulated and governed by the Special Economic Zone Act, 2005 which came into force on February 10, 2006. The SEZ Act has been enacted for the generation of additional economic activity, promotion of exports of goods and services, promotion of domestic and foreign investment, development of infrastructure facilities and matters connected therewith or incidental thereto. The SEZ Act provides that the Government of India, any state government or any person either may, jointly or severally, establish a SEZ in accordance with the procedure under the SEZ Act.

SEZs are specifically delineated duty free enclaves deemed to be foreign territories for purposes of Indian custom controls, duties and tariffs. Any person who intends to set up a SEZ, after identification of the area, is required to make an application to the concerned state government or to the Board of Approval for approval. If the application is made to the State government, it may forward the application together with its recommendations to the Board of Approval. In the event the application is made directly to the Board of Approval, it may grant the approval which is subject to the approval of the concerned State government. On receipt of an application, the SEZ Board may, subject

to certain conditions approve the proposal and communicate it to the Government of India. The Government of India may grant the letter of approval, within 30 days of receipt of communication, which may be subject to certain additional conditions. The Government of India initially grants the letter of approval to the proposals for setting up of SEZs, referred to as the 'in-principle approval', which is valid for a period of one year or three years, as the case may be. The developer of the SEZ is required to take effective steps for implementation of the SEZ project within the said validity period. The developer is required to furnish intimation of fulfilment of conditions specified in the 'in-principle' approval to Department of Commerce, Ministry of Commerce and Industry, Government of India (the "DoC") within the specified validity period of the 'in-principle' approval. The DoC, on being satisfied with the proposal and compliance of the developer with the terms of the approval, issues a notification declaring the specified area as an SEZ.

The incentives and facilities offered to developers of SEZ include:

- Single window clearance for Central and State level approvals;
- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the Board of Approval;
- Income tax exemption on income derived from the business of development of SEZ in a block of ten years in 15 years under section 80-IAB of the IT Act;
- Exemption from dividend distribution tax;
- Exemption from service tax; and
- Exemption from various other duties and taxes under the enactments specified in Schedule I of the SEZ Act.

The Special Economic Zone Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from the Government of India and State governments for setting up of SEZs and a 'unit' in a SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein, with an emphasis on 'self certification' and the terms and conditions subject to which the entrepreneur and developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

Various states have their own state SEZ policies. The state SEZ policies prescribe the rules in relation to the various environmental clearances, water and power supply arrangements, state taxes, duties, local taxes and levies etc. and the Company is required to follow the state policy, in addition to any central policies.

ENVIRONMENTAL LAWS

There are certain environmental legislations such as the Environmental (Protection) Act, 1986, Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Cess Act, 1977, The Hazardous Wastes (Management and Handling) Rules, 1989 which require compliance.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc.

Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. No person operating any industrial plant, in any air pollution control area shall discharge or cause emission of any air pollutant in excess of the standards prescribed by the State Board in this regard.

Water (Prevention and Control of Pollution) Act 1974

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

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

The Water (Prevention and Control of Pollution) Cess Act, 1977 is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

The Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 (“Rules”) provide for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings and imposes an obligation on every occupier generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier generating hazardous waste is required to obtain an approval from the Pollution Control Board for collecting, storing and treating the hazardous waste.

INTELLECTUAL PROPERTY LAWS

The Patents Act, 1970

The Patents Act, 1970 (“Patents Act”) is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent. The Patents Act deems that computer programmes per se are not ‘inventions’ and are therefore not entitled to patent protection.

Trade Marks Act, 1999

Trade Marks Act, 1999 (“TM Act”) provides for protection of trademarks used by an entity. The mark may be in the nature of a word signature, device, letter, numeral, brand, heading, label etc. Once the trademark is applied for, the same is published in the trademarks journal and in the event if there are no valid oppositions, a certificate of registration is issued.

Copyright Act, 1957

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing and protecting the copyright of an author is to statutorily protect his work and inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain and any act of reproduction of the work by any person other than then the author would not amount to infringement.

Designs Act, 2000

Industrial Designs are governed by the Designs Act, 2000 and Designs Rules 2001 and administered by the Controller General of Patents, Designs and Trade Marks. The registration of a design confers on the registered proprietor the right to take action against third parties who apply the registered design without licence or consent.

The registration is valid for 10 years from the date of application i.e. date of filing or the date of priority whichever is earlier. The period may be extended by another period of 5 years on filing an application for extension of copy right before the expiry of the said period of 10 years. Under the Designs Act, “Design” has been defined as the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or 3D or in both forms. The Design should be new and original and has not been disclosed to the public in India or any other country.

LABOUR LAWS

There are certain labour legislations including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, Employee State Insurance Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965, Minimum Wages Act, 1948, Workers Compensation Act, 1923, Payment of Gratuity Act, 1972, Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, The Maternity Benefits Act, 1961 which need compliance.

The Factories Act, 1948

The Factories Act, 1948 (“Factories Act”) was enacted to provide for health, safety and welfare to workers at factory sites. The Factories Act prescribes for various norms relating to health, safety and welfare of workers and broadly prescribes the manner of licensing and registration of the factories, the authorities having control over enforcement being the inspector of factories at various levels, duties of the occupier of the factory and the working conditions to be ensured at the factory sites. There are also different registers to be maintained under this Act and submission of returns and forms to the prescribed authority on a periodical basis.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”) has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. Under CLRA, both the principal employer and the contractor requires to obtain relevant registration. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

Employee State Insurance Act, 1948

The Employee State Insurance Act, 1948 (“ESIA”) aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. Under the ESIA every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto ₹ 15,000 per month are entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation.

Payment of Wages Act, 1936

The Payment of Wages Act, 1936 (“Wages Act”) is applicable to those persons employed in the factories and other establishments where the monthly wages payable to such persons is less than Rupees 10,000. This Act provides for certain obligations in respect of payment of wages and the time periods for such payments. Apart from that, it also requires the maintenance of certain registers and the display of the abstracts of this Act and Rules there under.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (“Bonus Act”), applies to an employee in a factory or in any establishment where 20 or more persons on any day during an accounting year are employed and who are drawing salary upto ₹ 10,000 per month, who has worked for atleast 30 working days in a year. Such an employee is eligible to be paid a bonus.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MWA”) came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

Employees’ Compensation Act, 1923

The Employee’s Compensation Act, 1923 (“ECA”) formerly known as Workman’s Compensation Act, 1923, was enacted with the objective to provide for the payment of compensation to employees (as defined under the ECA) by employers for injuries by accident arising out of and in the course of employment and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/ loss of life is caused to an employee (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the ECA within one month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (“PGA”) was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- (a) on his/her superannuation;
- (b) on his/her retirement or resignation;
- (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify.

Employees’ Provident Funds and Miscellaneous Provisions Act, 1952

Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“EPFA”) was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons and factories specified in Schedule I of the EPFA. Under the EPFA, the central government has framed the “Employees’ Provident Fund Scheme”, “Employees Deposit-linked Insurance Scheme” and the “Employees’ Family Pension Scheme”. The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act 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 paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

LOCAL SHOPS AND ESTABLISHMENTS LAWS

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

TAXATION LAWS

Income-tax Act, 1961

The Income Tax Act, 1961 (“IT Act”) inter-alia provides for taxation of various persons including companies. The rates of corporate taxation, minimum alternative taxes, dividend taxation etc are provided for pursuant to the IT Act.

Service Tax

Chapter V of the Finance Act 2010 (as amended) requires that where provision of certain listed services, whole taxable services exceeds ₹ 1,000,000 a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

Central Sales Tax Act

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

Value Added Tax

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

The Central Excise Act, 1944

The Central Excise Act, 1944 (“Central Excise Act”) consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is

ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

The Customs Act, 1962

The Customs Act, 1962 (“Customs Act”) was formulated to prevent illegal imports and exports of goods. The levy and the rate of customs duty in India are governed by the Customs Act and the Customs Tariff Act 1975. Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Tariff Act. Customs duty is calculated on the transaction value of the goods. Customs duties are administered by Central Board of Excise and Customs under the Ministry of Finance.

LAW RELATING TO TRANSFER OF PROPERTY

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 (“T.P. Act”). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 (“Registration Act”) has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

The Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (“Stamp Act”) provides for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of upto 10 times the original stamp value.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 (“Easements Act”). The right of easement is derived from the ownership of property and has been defined under the Easement Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be required by the owner of immovable property, i.e. the “dominant owner”, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

LAWS REGARDING FOREIGN INVESTMENT

Foreign Ownership

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. The RBI, in exercise of its powers under

FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. As per the present FDI Policy in force, FDI is under the automatic route into companies engaged in manufacture of packaging materials. No approvals of the FIPB or the RBI are required for Allotment of Equity Shares under this Issue.

The RBI by its A.P. (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents to residents and residents to Non-Residents, subject to the terms and conditions, including pricing guidelines, specified by RBI from time to time.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership Restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap (which is 100% for the packaging materials sector) for that company after approval of the Board of Directors and shareholders of the company. As of date, no such approval has been obtained. The total holding of a single FII should not exceed 10% of the post-issue paid up capital of the Company or 5% of the total paid-up capital in case such sub-account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian as partners. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

Change in Registered Office

Following are the details regarding shifting of our Registered Office:

From	To	Date of shareholders Resolution/Board Resolution	Reasons for Change
11, Tukoganj Main Road, Indore 452001, Madhya Pradesh	C41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh	August 9, 2003	Operational Efficiency
C41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh	3A Garstin Place, 5th Floor, Kolkata 700001, West Bengal	April 13, 2006	Operational Efficiency
3A Garstin Place, 5th Floor, Kolkata, 700001, West Bengal	2nd Floor, Main Building, 19, R. N. Mukherjee Road, Kolkata 700001, West Bengal	November 18, 2006	Operational Efficiency

Our Company's corporate office is situated at C- 41-50, Sector- 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh.

Main Objects of the Company

Our main objects enable us to carry on our current business. The main objects of our Company as contained in our Memorandum of Association are as follows:

1. To manufacture, buy, sell, export, import, process, convert, laminate, reprocess or otherwise, deal in plastics, plastic products, plastic packings and materials, namely high density and low density polyethylene, polypropylene, PVC products, woven fabrics, HDPE/PP, Woven sacks, bags, jute twine, yarn, monofilament yarn, tapes, films, co extruded films, wide width films, collapsible and other issue bubes

sheets, containers, fittings, bitumen papers, aluminium foils, laminating materials, thermosettings, thermoplastics, teflon plastic, cellulose esters, esters, resins, wax, coating lacquers, shellac and varnishes.

2. To carry on the business of manufacture, processors, designers, buyers, sellers, exporters, importers, and/or otherwise, deal in plastic tubes, tyres, films, moulded goods, bottles, containers, tubes, wrapping materials, transmission belts, conveyors, similar industrial articles, pipes, tubes, hoses, containers, vessels, tanks equipments, drip irrigation systems, sprinkler irrigation systems, automation systems, valves, water filters, fertigation equipments, pipes and similar equipments, electric products, shoe products and parts thereof, toys, insulating materials and all other blown, moulded formed, extruded, calendared and dipped goods and articles.

The business of our Company as presently undertaken is as per the main objects as contained in the Memorandum of Association.

Changes in Memorandum of Association

The following amendments have been effected to the Memorandum of Association since incorporation:

Date of Shareholders Approval	Nature of Amendments	Details of the Amendments
June 26, 2001	Change of Name	Change of name of our Company from Naviska Packaging Private Limited to Giltpac International India Private Limited.
September 11, 2002	Increase in the Authorised share capital	Authorised share capital of our Company was increased from ₹ 5,000,000 (divided into 500,000 equity shares of ₹ 10 each) to ₹ 50,000,000 comprising of 5,000,000 Equity Shares of ₹ 10 each.
December 21, 2002	Change of Name	Change of the name of our Company from Giltpac International India Private Limited to Naviska Packaging Private Limited.
April 16, 2003	Conversion from Private To Public Limited and Change of Name	Conversion of our Company from Private Limited to a public limited company and change of name from Naviska Packaging Private Limited to Flexituff International Limited.
April 13, 2006	Shifting of registered office to another state	Our Registered Office was shifted from the State of Madhya Pradesh to the state of West Bengal.
October 30, 2006	Increase in the Authorised share capital	Authorised share capital was increased from ₹ 50,000,000 comprising of 5,000,000 Equity Shares of ₹ 10/- each to ₹ 150,000,000/- comprising of 15, 000,000 Equity Shares of ₹ 10 each.
September 30, 2009	Increase in the Authorised Capital	Authorised share capital was increased from ₹ 150,000,000 comprising of 15,000,000 Equity Shares of ₹ 10 each to ₹ 200,000,000 comprising of 20,000,000 equity shares of ₹ 10 each.
December 8, 2010	Increase in the Authorised Capital	Authorised share capital was increased from ₹ 200,000,000 comprising of 20,000,000 Equity Shares of ₹ 10 each to ₹ 250,000,000 comprising of 25,000,000 equity shares of ₹ 10 each.
February 1, 2011	Amendment of Main Objects	Amendment of the Main Objects of the Company. The amended main object clause is:

Date of Shareholders Approval	Nature of Amendments	Details of the Amendments
		<ol style="list-style-type: none"> 1. To manufacture, buy, sell, export, import, process, convert, laminate, reprocess or otherwise, deal in plastics, plastic products, plastic packings and materials, namely high density and low density polyethylene, polypropylene, PVC products, woven fabrics, HDPE/PP, Woven sacks, bags, jute twine, yarn, monofilament yarn, tapes, films, co extruded films, wide width films, collapsible and other issue bubbles sheets, containers, fittings, bitumen papers, aluminium foils, laminating materials, thermosettings, thermoplastics, teflon plastic, cellulose esters, esters, resins, wax, coating lacquers, shellac and varnishes. 2. To carry on the business of manufacture, processors, designers, buyers, sellers, exporters, importers, and/or otherwise, deal in plastic tubes, tyres, films, moulded goods, bottles, containers, tubes, wrapping materials, transmission belts, conveyors, similar industrial articles, pipes, tubes, hoses, containers, vessels, tanks equipments, drip irrigation systems, sprinkler irrigation systems, automation systems, valves, water filters, fertigation equipments, pipes and similar equipments, electric products, shoe products and parts thereof, toys, insulating materials and all other blown, moulded formed, extruded, calendared and dipped goods and articles.

Key Events and Milestones of our Company

Financial Year	Details
1993-94	<ul style="list-style-type: none"> • Commencement of manufacture of HDPE / PP woven sacks. • Set up the Domestic Tariff Area (DTA) unit with a capacity of 1,380 MTPA.
2002-03	<ul style="list-style-type: none"> • Expansion of manufacturing capacity at DTA unit to 2,700 MTPA.
2003-04	<ul style="list-style-type: none"> • Conversion to public limited company and simultaneous change of name to "Flexituff International Limited". • Commenced production at Special Economic Zone (SEZ) unit with a capacity of 7,800 MTPA.
2004-05	<ul style="list-style-type: none"> • Expansion of manufacturing capacity to 5,200 MTPA at the DTA unit. • Receipt of BRC certifications for food grade packing.
2005-06	<ul style="list-style-type: none"> • Receipt of AIB certifications for food grade packing.
2007-08	<ul style="list-style-type: none"> • Expansion of manufacturing capacity to 23,000 MTPA at SEZ and DTA units collectively. • Incorporation of wholly owned subsidiary, Eco Polymers Limited in Bangladesh (from which our Company disassociated in September, 2010.) • Investment of approximately ₹ 460 million by Clearwater Capital Partners (Cyprus)

Financial Year	Details
	Limited.
2008-09	<ul style="list-style-type: none"> • Incorporation of wholly owned subsidiary Flexiglobal Holdings Limited in Cyprus. • Acquisition of majority stake in Satguru Polyfab Private Limited.
2009-10	<ul style="list-style-type: none"> • Incorporation of wholly owned subsidiary Nanofil Technologies Private Limited in Kashipur, Uttarakhand. • Establishment of a step-down subsidiary, Flexiglobal (UK) Limited in the UK. • Acquisition by Flexiglobal Holdings Limited in Lakshmi Incorporated, U.S.A thereby making it an indirect subsidiary of the Company. • Establishment of a new plant having production capacity of 16,000 MTPA at Kashipur, Uttarakhand.

Awards and Accreditations

1. ISO 9001:2008 certified for conforming to quality management system standards.
2. ISO 14001:2004 certified for conforming to environmental management system standards.
3. ISO 22000:2005 certified for conforming to food safety standards.
4. Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
5. Complies with ISO-7 (class 10000) for Liner Section.
6. Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
7. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of “Silt Fence Fabric (FIL 124SF)”, “Silt Fence Fabric (FIL100SF)” “Geotextile Fabric (FIL200G)” and “Geotextile Fabric (FIL 315G)”.
8. Quality certification issued by Det Norske Veritas (DNV) certifying that our Company meets the requirements of BRC/IOP Issue 3 – Global Standard- Food Packaging and other Packaging Materials, January 2008 in category 1 in respect of manufacture of poly woven bags and FIBCs for food contact applications.
9. Recognition of Achievement issued by AIB International for the years 2011, 2009, 2008, 2007 and 2006 certifying that the Company has fulfilled the requirements of the AIB International Consolidated Standards for Food Contact Packaging Facilities Programmes.
10. Top Exporter of FIBCs (Jumbo Woven Bags) and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the years 2008-09, 2007-08, 2006-07 and 2005-06.
11. Top Exporter of woven sacks/ fabrics and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2002-03 and 2001-02
12. Second Best Exporter of Plastic Tarpaulin and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2004-05.
13. ‘Niryat Shree’ Award, Certificate of Excellence from Federation of Indian Export Organisations for outstanding export performance in the category “Residual Products – Non SSI” during the year 2004 -05.

Further, we have been selected as one of the Top Exporters of FIBCs (Jumbo Woven Bags) for the years 2009-10 and 2010-11 by The Plastics Export Promotion Council, Govt. of India.

For details regarding the business profile, technology, competitors, capacity utilization, managerial personnel and market please refer to the sections “Business Overview”, “Management” and “Industry Overview”, on pages 123, 164 and 109 respectively, of the RHP.

Number of Shareholders of our Company

As on date of the RHP, our Company has 17 shareholders.

OUR SUBSIDIARIES

Our Company has three direct subsidiaries and two step down subsidiaries. None of the subsidiaries have a negative networth.

Direct Subsidiaries:

1. Flexiglobal Holdings Limited, Cyprus (“Flexiglobal”)

Flexiglobal was incorporated as a limited liability company under Companies Law, Cap. 113 in Nicosia on September 22, 2008 bearing Registration No. HE 238405. Flexiglobal is carrying on the business of a holding and an investment company. The registered office of Flexiglobal is situated at 2, Sophouli Street, Chanteclair House, 3rd Floor, Flat/office No. 303, P.C. 1096, Nicosia, Cyprus.

The board of directors of Flexiglobal is presently comprised as under:

Name of the Director	Nature of Directorship
Mr. Aristodemos Loizou	Director
Mr. David Savva	Director

The authorised share capital of Flexiglobal is €200,000 comprising of 200,000 ordinary shares of €1.00 each. The paid up capital of the company is € 91,000 represented by 200,000 ordinary shares of €1.00 each partly paid up to the extent of € 0.455 per ordinary share.

The shareholding pattern of Flexiglobal is as under:

Sr. No.	Name of the shareholder	No. of Ordinary Shares	% shareholding
1.	Flexituff International Limited	200,000	100.00
	Total	200,000	100.00

Flexiglobal is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Flexiglobal is not declared as a wilful defaulter by the RBI or any other Government Authority.

2. Nanofil Technologies Private Limited (“Nanofil”)

Nanofil was incorporated as a private limited company under the Companies Act, 1956 in India on December 15, 2009 bearing CIN U25194WB2009PTC140211. The company is engaged in the business of carrying on research and development by using various technologies namely Nanotechnology, Chemical technology, Biochemical Technology & Polymer Technology to use in polypropylene, polyethylene, PVC products, etc. The registered office of Nanofil is situated at 2nd Floor of Main Building, 19, R. N. Mukherjee Road, Kolkata – 700001, West Bengal.

The authorised share capital of Nanofil is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the paid up capital is ₹100,000 divided into 10,000 equity shares of ₹ 10 each.

The board of directors of Nanofil as on date is comprised as under:

Name of the Director	Nature of Directorship
Mr. Banket Lal Mundra	Director
Mr. Vinod Kumar Sharma	Director
Mr. Hanif Sheikh	Director

The shareholding pattern of Nanofil is as under:

Sr. No.	Name of the shareholder	No. of Shares	% shareholding
1.	Flexituff International Limited	9,990	99.90

2.	Mr. Vinod Kumar Sharma*	10	0.10
	Total	10,000	100

* Mr. Vinod Kumar Sharma holds shares as a nominee of Flexituff International Limited

Nanofil is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the provisions of the SICA and is not under winding up.

Nanofil is not declared as a wilful defaulter by the RBI or any other Government Authority.

3. Satguru Polyfab Private Limited (“Satguru”)

Satguru was incorporated as a private limited company under the Companies Act, 1956 in India on November 10, 1997 bearing CIN U25200GJ1997PTC033290. Our Company acquired majority stake in Satguru in the financial year 2008-09 and currently holds 78.6% of its equity share capital. The company is engaged in the business of manufacturing, process, produce etc. or deal in reprocess of plastic waste to use in polypropylene, polyethylene, PVC products, etc. The registered office of Satguru is situated at Shed No. 299, Sector-II Kandla Special Economic Zone, Gandhidham, Kuch, Gujarat - 380230.

The authorised share capital of Satguru is ₹ 120,000,000 divided into 12,000,000 equity shares of ₹ 10 each and the paid up capital is ₹ 114,500,000 divided into 11,450,000 equity shares of ₹ 10 each.

The board of directors of Satguru is comprised as under:

Name of the Director	Nature of the Directorship
Mr. Uttam Kapoor	Director
Mr. Banket Lal Mundra	Director
Mr. Anand Jhavar	Whole-time Director

The shareholding pattern of Satguru is as under:

Sr. No.	Name of the shareholder	No. of Shares	% shareholding
1.	Flexituff International Limited	8,999,900	78.60
2.	Mr. Uttam Kapoor*	100	0.00
3.	Vindhya Cement Private Limited	1,000,000	8.73
4.	High Beam Reality Private Limited	300,000	2.62
5.	Gemini Heights Private Limited	300,000	2.62
6.	Samarpit Developers Private Limited	300,000	2.62
7.	Triple A Real Estates Private Limited	550,000	4.80
	Total	11,450,000	100.00

* Mr. Uttam Kapoor holds shares as a nominee of Flexituff International Limited

Satguru is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the provisions of the SICA and is not subject to any winding up proceedings.

Satguru is not declared as a wilful defaulter by the RBI or any other Government Authority.

Step down subsidiaries:

1. Flexiglobal (UK) Limited (“Flexiglobal UK”)

Flexiglobal UK has been incorporated as a private limited company under the laws of the United Kingdom on August 4, 2008 bearing company registration number 6663662. Pursuant to the 100% acquisition of shares of the company by Flexiglobal Holdings Limited, Cyprus on December 01, 2009. Flexiglobal UK became its subsidiary and consequently a step down subsidiary of our Company. The company is engaged in the business of carrying on

business of a general commercial company. The registered office of Flexiglobal UK is situated at Murdoch House, Hemingfield Road, Wombwell, Barnsley, South Yorkshire. S730LY.

The authorised share capital of Flexiglobal UK is £100,000 comprising of 100,000 ordinary shares of £1.00 each and the paid up capital is £100,000 divided into 100,000 ordinary shares of £1.00 each.

The board of directors of Flexiglobal UK is comprised as under:

Name of the Director	Nature of the Directorship
Mr. Kevan John Upperdine	Director
Mr. Allen David Cresswell	Director

The shareholding pattern of Flexiglobal UK as on date is as under:

Sr. No	Name of the shareholder	No. of Shares	% shareholding
1.	Flexiglobal Holdings Limited	100,000	100%
	Total	100,000	100%

Flexiglobal UK is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Flexiglobal UK is not declared as a wilful defaulter by the RBI or any other Government Authority.

2. Lakshmi Incorporated.

Lakshmi Incorporated is a corporation incorporated in the state of West Virginia, U.S.A formed as per the provisions of West Virginia Code bearing Company id 0745220 with effect from January 5, 2009. Pursuant to investment made by Flexiglobal Holdings Limited, Cyprus on October 07, 2009, Lakshmi Incorporated became its subsidiary and consequently a step down subsidiary of our Company. The company is currently carrying on its business of manufacturing and trading of extruded reclosable plastic profiles in the trade name “MDH Global Packaging Solutions” with its principal place of business at 2000 Connor Road, Suite 140, Herbon, KY 41048.

The authorised share capital of Lakshmi Incorporated is USD 100,000 comprising of 100,000 equity shares of USD 1.00 each and the paid up capital is USD 100,000 divided into 100,000 equity shares of USD 1.00 each.

The board of directors of Lakshmi Incorporated is comprised as under:

Name of the Director	Nature of the Directorship
Ms. Suchita Madan	Director

The shareholding pattern of Lakshmi Incorporated as on date is as under:

Sr. No.	Name of the shareholder	No. of Shares	% shareholding
1	Flexiglobal Holdings Limited	100,000	100%

Lakshmi Incorporated is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Lakshmi Incorporated is not declared as a wilful defaulter by the RBI or any other Government Authority.

Disassociation from Eco Polymers Limited

Our Company had a subsidiary in the name of Eco Polymers Limited which was incorporated in Bangladesh. However, no business was conducted in this company for lack of business prospects in Bangladesh and hence, our

Company disassociated itself from the said company on September 29, 2010 by transferring its entire shareholding in Eco Polymers Limited to a third party for a consideration ₹ 0.44 million.

Accumulated profits or losses not accounted for

The accumulated profits or losses of our subsidiary have been accounted for by our Company in the restated audited consolidated financial statements of our Company included in the RHP. For further details, please refer to the section “Financial Statements” beginning on page 231 of the RHP.

Shareholders Agreements

A. Termination Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the “Investor”), Flexituff International Limited (the “Company”) and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the “Sponsors”), as amended by letter agreement dated September 12, 2011 (the “Agreement”)

The Investor had previously subscribed to 92 (Ninety Two) Fully Convertible Debentures and 100 (One Hundred) Equity Shares of the Company, as per the terms of a Subscription Agreement dated December 14, 2007 as amended by the Addendum to the Subscription Agreement dated October 28, 2008 (the “Subscription Agreements”). The Subscription Agreements *inter alia* contain the *inter se* rights and obligations of our Company’s shareholders as well as the terms relating to the management and control of the affairs of our Company and the grant of certain special rights in favour of the Investor.

The Investor has exercised its option to convert the Fully Convertible Debentures into 4,486,492 Equity Shares at a price of ₹ 102.53 per equity share. For further details, please refer to the section “Capital Structure – Share Capital History of our Company” beginning on page 61 of the RHP.

In view of the initial public offering proposed by our Company, the Investor, Company and the Sponsors have entered into an Termination Agreement dated February 24, 2011, the key terms of which are as under:

- (i) The Subscription Agreements (as defined above) shall stand terminated, such termination being effective from March 27, 2011.
- (ii) The Investor shall, so long as it continues to hold atleast 5% of the issued and paid up capital of our Company, have a right to appoint one person as a Director on our Board.
- (iii) The affirmative vote of the Investor will be required for following matters to be decided:
 - (a) Any merger, de-mergers, spin-offs, consolidations, re-organization or any scheme of arrangement under section 391-394 of the Companies Act, 1956 in relation to the Company.
 - (b) amendments to the Memorandum and Articles of Association of the Company.
 - (c) change in the capital structure of the Company including the terms and conditions for the listing or de-listing of the Equity Shares of the Company, issuance of any equity, preference, convertible securities (warrants/debenture), or any buy-back or reduction of the share capital of the Company and including changes in class rights for shares (directly or indirectly).
 - (d) Any major project undertaken by the Company which (i) envisages an investment of more than ₹ 2500 million; and (ii) has an IRR of less than 20%.

Further, the presence of the Investor Nominee Director shall be necessary to constitute quorum for the board meetings.

The affirmative voting rights and the quorum rights as detailed hereinabove have ceased to be in force effective August 20, 2011. Further the Articles of Association of the Company have been amended to delete the above referred affirmative voting rights and quorum rights effective August 20, 2011.

(iv) The Agreement shall continue in full force and effect until the sooner of:

- (a) Any date prior to October 31, 2011 if the Company abandons or terminates the IPO process presently under way for any reason whatsoever;
- (b) October 31, 2011 or such other date as may be mutually agreed upon by the Company, Sponsors and the Investor in writing, if the shares of the Company are not listed; or
- (c) the Company, Sponsors and the Investor agreeing writing to terminate the Agreement.

Each event described above a “Termination Event”.

(v) If the Company or any of the Sponsors (the “Defaulting Party”) commits a breach of any of the covenants of the Agreement, then the Investor may, without prejudice to any other rights and remedies which it may have, serve a written notice on the Defaulting Party terminating the Agreement (“Default Termination Event”).

(vi) On the occurrence of a Termination Event:

- (a) the Agreement shall immediately and automatically terminate without any further action by any person, such termination being effective on the date of the Termination Event or Default Termination Event, as the case may be; and
- (b) an agreement, being a “Replacement Shareholders Agreement” shall automatically and without any further action by any person, become effective immediately , following such termination; and
- (c) the Company shall promptly convene a meeting of the shareholders of the Company and take appropriate steps to amend the Articles of Association to reflect the terms of the Replacement Agreement.

B. Replacement Shareholders Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the “Investor”), Flexituff International Limited (the “Company”) and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the “Sponsors”), as amended by letter agreement dated September 12, 2011

The Investor, Sponsors and the Company have executed a Replacement Shareholders Agreement dated February 24, 2011 containing *inter alia*, the *inter se* rights and obligations of our Company’s shareholders as well as the terms relating to the management and control of the affairs of our Company and the grant of certain special rights in favour of the Investor.

The Replacement Shareholders Agreement would come into force upon only upon the occurrence of any of the following:

- (a) Any date prior to October 31, 2011 if the Company abandons or terminates the IPO process presently under way for any reason whatsoever;
- (b) October 31, 2011 or such other date as may be mutually agreed upon by the Company, Sponsors and the Investor in writing, if the shares of the Company are not listed; or
- (c) the date the Company, Sponsors and the Investor agree in writing to terminate the Termination Agreement.

Upon the Replacement Shareholders Agreement coming into force, the Investor would be entitled to various special rights including affirmative voting rights, quorum rights, rights of first offer in the event of sale of shares by the Sponsors, customary exit rights viz tag along right, drag along right, strategic sale, etc. which are similar to the rights enjoyed by the Investor under the Subscription Agreements. In the event of the Replacement Shareholders Agreement coming into effect, the rights attached to the equity shares of the

Company would not rank *pari passu*, the Company shall not proceed with the proposed initial public offering and that the Investor would continue to enjoy special rights as against the rights of the other shareholders.

C. Call Option Agreement dated October 28, 2008 executed between Angelfire Holdings Limited (“Angelfire”), Clearwater Capital Partners (Cyprus) Limited (the “Investor”); and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the “Sponsors”) (the “Call Option Agreement”)

As per the Addendum to the Subscription Agreement dated October 28, 2008, it was agreed that the Investor and a shareholder nominated by the Sponsors shall execute a share purchase agreement pursuant to which the Investor shall purchase 338,000 Equity Shares from such shareholder and that the Investor shall grant a call option to the said shareholder as per the provisions of a call option agreement to be executed in this regard.

Accordingly, the parties entered into the Call Option Agreement whereby the Investor granted to Angelfire, (being the shareholder nominated by the Sponsors) a call option to be exercised in the event of the Investor exercising any of its options to fully exit the Company.

In the terms of the Addendum to the Subscription Agreement dated October 28, 2008, the Investor had purchased 338,000 Equity Shares from Angelfire. Upon the exercise of the call option by Angelfire, 338,000 Equity Shares were transferred by the Investor to Angelfire. Subsequently, the Call Option Agreement was terminated vide a Call Option Termination Agreement dated February 23, 2011.

Joint Ventures

We do not have any joint ventures as on the date of the RHP.

Strategic Partners

We do not have any strategic partners.

Financial Partners

As on the date of the RHP, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors, subject to Sections 252 and 259 of the Companies Act, 1956. Our Company currently has seven directors on the Board.

The following table sets forth details regarding the Board of Directors as of the date of the RHP

S. No.	Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN.	Age	Date of Appointment	Other Directorships
1.	Mr. Anirudh Sonpal <i>Chairman and Independent Director</i> S/o Mr. Chittaranjan Hargovind Sonpal Address: 8-Pitamber Soc, Old Padra Road Vadodara – 390020 Occupation: Professional <i>Term: Liable to retire by rotation.</i> Nationality: Indian DIN: 03367049	50 years	December 9, 2010	Nil
2.	Mr. Manish Kalani <i>Managing Director,</i> S/o Mr. P.S. Kalani Address: 11, Tukoganj Main Road, Indore 452001 Occupation: Business <i>Term: Appointed for three years w.e.f. July 4, 2011.</i> Retirement: Non rotational Nationality: Indian DIN: 00169041	42 years	July 4, 2011	1. Entertainment World Developers Limited 2. Crystal 3 Power Pvt. Ltd 3. Four Dimension Pvt. Ltd 4. Triple A Real Estate Private Limited
3.	Mr. Pawan Kumar Jain <i>Non- Executive Director</i> S/o Mr. Indori Lal Jain Address: 62, Shikshak Nagar, Aerodrome Road, Indore 452005	54 years	January 14, 2002.	1. Seven Star Properties Pvt. Ltd. 2. Sunrise Properties Pvt. Ltd 3. Triple A Construction Pvt. Ltd 4. Gagan Commercial Agencies Ltd 5. Peri Green Trading Pvt. Ltd. 6. TI Travels Pvt. Ltd.

S. No.	Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN.	Age	Date of Appointment	Other Directorships
	Occupation: Business <i>Term: Liable to retire by rotation.</i> Nationality: Indian DIN: 00012279			7. Ratangiri Vinimay Pvt. Ltd. 8. Dumet Wire India Pvt. Ltd. 9. Samarpit Developers Pvt. Ltd. 10. Herbal Dreams Ayurveda Creation Pvt. Ltd. 11. Anshuman Properties Pvt. Ltd.
4.	Mr. Ravindra Chourasiya <i>Non- Executive Director</i> S/o Mr. Krishna Kumar Chourasiya Address: 101, Amar Tower, GF - 37 Vijay Nagar, Indore 452010 Occupation: Business <i>Term: Liable to retire by rotation.</i> Nationality: Indian DIN: 00061084	43 years	March 18, 2006.	1. Shri Ram Soya Processing Pvt. Ltd 2. Marvell Mall Development Company Private Limited 3. The Baroda Commercial Corporation Limited 4. Ranvir Hanuman Agrifarms Private Limited
5.	Mr. Aswini Sahoo <i>Non-Executive Director (Nominee Director of Clearwater Capital Partners (Cyprus) Limited)</i> S/o Mr. Krishna Chandra Sahoo Address: Flat N0. 406 Tower B, Raheja Sherwood, Goregaon East, Mumbai 400 063 Occupation: Business <i>Term: Not liable to retire by rotation.</i> Nationality: Indian DIN : 01931805	36 years	January 20, 2010.	1. Diamond Power Infrastructure Limited 2. Clearwater Capital Partners India Private Limited 3. Kamat Hotels (India) Limited
7.	Mr. Kevan John Upperdine <i>Independent Director</i> S/o John Upperdine Address: 48, Wood Walk Wombell, Barnsley, South Yorkshire , England S730NF Occupation: Business	51 years	November 18, 2006.	1. Flexiglobal UK Limited

S. No.	Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN.	Age	Date of Appointment	Other Directorships
	<i>Term: Liable to retire by rotation.</i> Nationality: British DIN: 01214264			
7.	Mr. Sharat Anand <i>Independent Director</i> S/o. Mr. Kuldip Raj Anand Address: Flat No. 502, Royal Retreat Apartments, Charmwood Village, Surajkund, Faridabad 121 009 Occupation: Professional <i>Term: Liable to retire by rotation.</i> Nationality: Indian DIN: 00083237	51 years	April 8, 2008	1. Elpro International Limited 2. Parijat Consulting Pvt. Ltd 3. Parijat Financial Consultancy Pvt. Ltd 4. Parijat Industries (India) Pvt. Ltd 5. Parijat Crop Protection (India) Pvt. Ltd 6. Banyan Life Science Private Limited

Relationship amongst Directors

None of our Directors are related to each other.

Brief profile of the Board of Directors

1. Mr. Anirudh Sonpal

Mr. Anirudh Sonpal, aged 50 years, has graduated from Sydenham College of Commerce & Economics, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India. His core areas of practise include Internal, Management & Operations Audit, Internal Controls, Risk Management, Corporate Governance and Indirect Taxes. He has actively participated in the activities of the ICAI at Branch and Regional levels. He has been nominated by various forums and associations in their committees. He has presented papers at various seminars organized by professional bodies and industry associations.

2. Mr. Manish Kalani

Mr. Manish Kalani, aged 42 years, is the Managing Director of our Company. He holds a Bachelor of Arts from Daly College, Indore. He has completed a course on Business Administration from Sydenham College, Bombay University and thereafter completed a financial workshop from the Wharton College, USA. He was first appointed as Director of our Company in the year 2002. Under his management our Company started its second manufacturing facility at the SEZ in Pithampur in the financial year 2003-04. He has to his credit, successful completion of various expansion plans undertaken by our Company. He has been the Honorary Secretary of the All India Manufacturers' Organisation and a member of the Managing Committee of Indore Management Association. He has been a member of various Advisory Committees formed by the Government of Madhya Pradesh for development of new Industrial & Commercial Policies for Industries.

3. Mr. Pawan Kumar Jain

Mr. Pawan Kumar Jain, aged 54 years, has a master's degree in commerce and has 32 years of experience in the field of accounts, finance and taxation. He is closely associated with our group for more than two decades.

4. Mr. Ravindra Chourasiya

Mr. Ravindra Chourasiya, aged 43 years, is a fellow member of the ICAI. He holds a Masters degree in Business Administration in retail from Devi Ahilya Vishwa Vidyalaya, Indore. He also has Master degree in Commerce from Ajmer University of Rajasthan. He has significant experience in financial and strategic business planning, general accounting, risk management and commercial operations.

5. Mr. Aswini Sahoo

Mr. Aswini Sahoo, aged 36 years and based in Mumbai, is a senior member of Clearwater Capital Partners and has been nominated by Clearwater Capital Partners (Cyprus) Limited on our Board. He holds an Honors degree in Mechanical Engineering from Regional Engineering College, Rourkela and Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. Prior to joining Clearwater in 2006, Mr. Sahoo has held positions with increasing responsibilities with Vedanta Resources and ICICI Bank.

6. Mr. Kevan John Upperdine

Mr. Kevan John Upperdine, aged 51 years, has completed mechanical engineering course from "Yorkshire and Humberside Council for Further Education" and has over 29 years of experience as a mechanical engineer and production manager. He has worked with Apprentice Mechanical Engineer, Bowater PLC and Euro Bulk Packaging Limited in the past.

7. Mr. Sharat Anand

Mr. Sharat Anand, aged 51 years has completed his Economics Honours from Delhi University and holds a Masters degree in Business Administration, Delhi University. He has been a banker for over 20 years with assignments overseas and in India. He has experience in capital market activities including fund management, debt origination, syndication and trading, forex market and enterprise risk management across diverse global markets and products. He was Deputy CEO and Country Treasurer, Standard Chartered Bank in India from 1993-2000 and held senior management positions at ABN Amro Bank N.V in India as Country Treasurer from 1990-1993.

Terms and conditions of employment of our Managing Director

Mr. Manish Kalani

Our Company has entered into an agreement with Mr. Manish Kalani on July 4, 2011 appointing Mr. Manish Kalani as Managing Director of the Company for the term of three years from July 4, 2011 to July 3, 2014 on an honorary basis but he will be entitled for reimbursement of actual expenses incurred while performing his duties.

Our shareholders have, vide resolution passed at the extraordinary general meeting held on August 20, 2011 approved the appointment of Mr. Manish Kalani as the Managing Director of the Company

Terms and conditions of employment of Non-Executive Director

Commission to Non-Executive Directors

There is no commission payable to any of our Non-Executive Directors.

Sitting Fees

The non executive directors on our Board are paid a sitting fee of ₹ 1,000 per Board meeting.

Payment or benefit to officers of the Company

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees, grant of stock options or benefits under any keyman insurance policies taken by the Company. There is no service contract entered into by the directors with the Company providing for benefits upon termination of employment.

Corporate Governance

The provisions of the listing agreements, to be entered into by our Company with the Stock Exchanges, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the Listing Agreement, particularly in relation to appointment of independent Directors to our Board and constitution of the audit committee, shareholders'/ investors' grievance committee and compensation committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

Currently, our Board comprises of seven Directors, of which the Chairman is a Non-Executive and Independent Director. In compliance with the requirements of Clause 49 of the Listing Agreement, our Company has one executive director and six non-executive directors of whom three are independent directors.

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

- (a) Audit Committee
- (b) Shareholders'/ Investors' Grievance Committee
- (c) Compensation Committee
- (d) IPO Committee
- (e) Management Committee
- (f) Selection Committee

Audit Committee

The Audit Committee was constituted on March 18, 2006 and was reconstituted on December 9, 2010. The committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement. The members of the committee at present are:

Name	Position
Mr. Sharat Anand	Chairman
Mr. Anirudh Sonpal	Member
Mr. Pawan Kumar Jain	Member
Mr. Dinesh Kumar Sharma	Secretary

The terms of reference of the audit committee are broadly defined as under:

1. Overseeing the Company's financial reporting process and disclosure of its financial information.
2. Regular review of accounts, accounting policies, disclosures, etc.
3. Regular review of the major accounting entries based on exercise of judgment by management.
4. Qualifications in the draft audit report.
5. Establishing and reviewing the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board, with particular reference to matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause 2(AA) of S.217 of the Companies Act, 1956, Major accounting entries involving estimates based on the exercise of judgment by management, changes in the accounting policies and practices and reasons for the same, significant adjustments made in the financial statements arising out of audit

- findings, Compliance with listing and other legal requirements relating to financial statements, Disclosure of any related party transactions and qualifications in the draft audit report.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. The Committee shall have post audit discussions with the statutory auditors to ascertain any area of concern.
 8. Regular review of the performance of statutory and internal auditors together with the management.
 9. Discussion and follow up on any important findings with the internal auditors. In case there is a suspected case of fraud or irregularity, review of the findings of the internal auditors and reporting the matter to the board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 13. Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems including structure of the internal audit department, frequency of internal audit, staffing and seniority of the official heading the department.
 14. Review the functioning of the whistle blower mechanism, in case the same exists.
 15. To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
 16. To look into the matters pertaining to the Director's Responsibility Statement with respect to compliance with applicable accounting standards and accounting policies.
 17. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
 18. The Committee shall look into any related party transactions i.e., transactions of the company of material nature and disclose such transactions, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
 19. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee.
 20. Approval of payments to the statutory auditors for any other services rendered by them.
 21. Review of management discussion and analysis of financial condition and results of operations, statements of related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor.
 22. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

The powers of the audit committee shall also include the power to investigate any activity within its terms of reference; seek information from any employees; obtain outside legal or other professional advice; and secure attendance of outsiders with relevant expertise, if it considers necessary

Shareholders/ Investors' Grievance Committee

The committee was constituted on March 18, 2006 and has been reconstituted as on December 9, 2010. The committee, under the chairmanship of non-executive independent director is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are

Name	Position
Mr. Sharat Anand	Chairman
Mr. Anirudh Sonpal	Member
Mr. Pawan Kumar Jain	Member
Mr. Dinesh Kumar Sharma	Secretary

The terms of reference of the Investors' Grievances Committee shall be as follows:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.
2. Approve requests for share transfers and transmission and those pertaining to rematerialisation of shares/ sub-division/ consolidation/ issue of renewed and duplicate share certificates etc.
3. Performance of the Registrars and Transfer Agents of the company and recommending measures for overall improvement in the quality of investor services.
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Compensation Committee

The remuneration committee was constituted on March 18, 2006 and was reconstituted and renamed as compensation committee on December 9, 2010. The said committee is comprised as under:

Name	Position
Mr. Sharat Anand	Chairman
Mr. Anirudh Sonpal	Member
Mr. Kevan John Upperdine	Member
Mr. Dinesh Kumar Sharma	Secretary

The terms of reference of the compensation committee are:

To be responsible for the implementation, administration and superintendence of the Company's Employee Stock Option Schemes and formulate the detailed terms and conditions of the ESOP Schemes including but not limited to:

1. The specific employees who would be granted options under the ESOP Scheme.
 2. The quantum of options to be granted under an ESOP Scheme per employee and in aggregate.
 3. The conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
 4. The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
 5. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
 6. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
 7. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:
 - (a) the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
 - (b) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
 - (c) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
 8. The grant, vest and exercise of option in case of employees who are on long leave; and
 9. The procedure for cashless exercise of options.
 10. Framing suitable policies and systems to ensure that there is no violation of:
 - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995
- by any employee.

IPO Committee

IPO Committee was constituted on July 14, 2010 and was reconstituted on December 9, 2010. This committee was delegated powers to take care of day to day matters related to pre and post IPO matters and is currently comprised as under:

Name	Position
Mr. Sharat Anand	Chairman
Mr. Anirudh Sonpal	Member
Mr. Pawan Kumar Jain	Member
Mr. Aswini Sahoo	Member
Mr. Dinesh Kumar Sharma	Secretary

The IPO committee shall have the authority:

1. to decide on the actual size of the public offer, including any offer for sale by promoters/shareholders, exercise of any green shoe (over-allotment) option and/or reservation on a firm or competitive basis, timing, pricing and all the terms and conditions of the issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. to appoint and enter into arrangements with the book running lead managers, co-managers to the issue, underwriters to the issue, syndicate members to the issue, stabilizing agent, brokers to the issue, escrow collection bankers to the issue, registrars, legal advisors and any other agencies or persons;
3. to finalize and settle and to execute and deliver or arrange the delivery of the draft offering document (the draft red herring prospectus), red herring prospectus, final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares by the Company;
4. to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules;
5. to make any applications to the Foreign Investment Promotion Board, Reserve Bank of India and such other authorities, as may be required, for the purpose of issue of shares by the Company to non-resident investors such as Non-Resident Indians and Foreign Institutional Investors;
6. to make applications for listing of the equity shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
7. to finalize the basis of allocation and to allot the shares to the successful allottees; and
8. to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

Management Committee

Management committee was constituted on December 20, 2007 and was reconstituted on July 4, 2011.

The constitution of management committee is as follows:

Name	Position
Mr. Sharat Anand	Chairman
Mr. Manish Kalani	Member
Mr. Pawan Kumar Jain	Member
Mr. Ravindra Chourasiya	Member
Mr. Dinesh Kumar Sharma	Secretary

Management committee has been delegated with an authority in relation to procurement and management of fund for existing and futures projects of the Company.

Management committee is also authorised to approve and execute deeds, documents, undertakings and declaration as may be required by the lender banks/ institutions in connection with the debt financing of the company.

The committee will also have the powers and authority in relation to day to day management affairs such as:

1. Administration and management
2. Production
3. Strategic Planning
4. Expansion and Performance review
5. Marketing
6. Fund & Project Execution etc.

Selection Committee

The committee was constituted on March 12, 2010 and was reconstituted on December 9, 2010. The members of the committee at present are as under:

Name	Position
Mr. Sharat Anand	Chairman
Mr. Anirudh Sonpal	Member
Mr. Kevan John Upperdine	Member
Mr. Dinesh Kumar Sharma	Secretary

Selection committee was constituted to analysis and decides role & responsibilities and to recommends the appointment of key managerial personnel in the Company on such remuneration and terms & conditions as committee deems fit into best interest of the company;

Selection committee was also granted with all general powers including conducting of interview of the applicant and hereby instructed to submit the report including areas of inspection along with recommendation and draft appointment letter to the board.”

Shareholding of the Directors

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

Sr. No.	Director	No. of Equity Shares held	% of Pre-Issue Share Capital
1.	Mr. Manish Kalani	11,400	0.07
2.	Mr. Pawan Kumar Jain	Nil	Nil
3.	Mr. Ravindra Chourasiya	Nil	Nil
4.	Mr. Aswini Sahoo	Nil	Nil
5.	Mr. Kevan John Upperdine	Nil	Nil
6.	Mr. Sharat Anand	Nil	Nil
7.	Mr. Anirudh Sonpal	Nil	Nil

Interests of Directors

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. Our Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them as disclosed above or that may be subscribed by and allotted to them and to companies and firms in which they are interested as directors/members/partners.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners.

Our Directors do not have any interest:

- (i) in the promotion of our Company; or
- (ii) in any property acquired by our Company during a period of two years before the date of the RHP or proposed to be acquired our Company as on the date of the RHP.

Borrowing Powers of the Board

Our Articles, subject to the provisions of the Companies Act, authorise our Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a resolution passed by our shareholders at the EGM held on October 30, 2006, our Board has been authorised to borrow any sum or sums of monies (apart from temporary loans/facilities obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of our aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed the aggregate of the paid-up capital and free reserves of our Company by more than a sum of ₹ 5,000 million.

Changes in the Board of Directors in the last 3 years

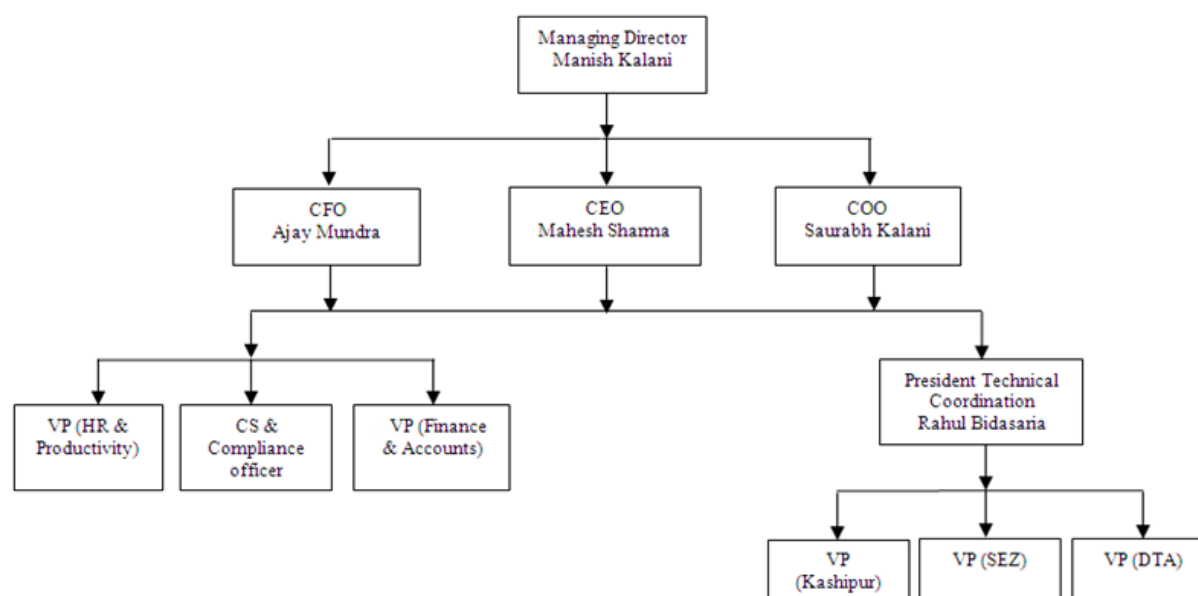
The following are the changes to the Board of Directors in the last 3 years:

Name	Date of Appointment	Date of Cessation	Reason for Change
Mr. Manish Kalani	July 4, 2011	-	Appointment*
Mr. Ajay Mundra		July 4, 2011	Resignation#
Mr. Ajay Mundra	June 18, 2011		Appointment#
Mr. Manish Kalani	-	June 18, 2011	Resignation*
Mr. Anirudh Sonpal	December 9, 2010	-	Appointment
Mr. Aswini Sahoo	January 20, 2010	-	Appointment
Mr. Sharat Anand	April 8, 2008	-	Appointment
Mr. Sunil Bhargava	November 18, 2006	September 30, 2010	Resignation

**Mr. Manish Kalani had tendered his resignation citing pre-occupation but on our request has reconsidered his decision and consented to join the Board again as the Managing Director. Mr. Manish Kalani's subsequent appointment has been approved by the Board and shareholders in their meetings dated July 4, 2011 and August 20, 2011 respectively.*

#Mr. Ajay Mundra, the CFO of the Company was appointed as an additional Director of the Company effective June 18, 2011 and was intended to be appointed as a Whole Time Director of the Company so as to comply with the requirements of the Companies Act, 1956. Due to the reappointment of Mr. Manish Kalani as the Managing Director w.e.f. July 4, 2011, Mr. Ajay Mundra resigned from the Board w.e.f. July 4, 2011 and continues to act as the CFO of the Company.

ORGANISATION CHART



Key Managerial Personnel

In addition to our Executive Directors, the following are our other key managerial personnel. All of our key managerial employees are permanent employees of our Company. The details under this section are as of the date of the RHP.

1. Mr. Saurabh Kalani, Chief Operating Officer (“COO”)

Mr. Saurabh Kalani aged 48 years, is a commerce graduate from Sydenham College, Mumbai. He has around 26 years of experience and has been associated with our Company as an advisor since 2004. Prior to that, he was associated with Kalani Industries Private Limited and Giltpack Limited. He was appointed as the Chief Operating Officer with effect from September 30, 2010. He has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry. He is the founder President of the Indian Flexible Intermediate Bulk Container Association. He was the Vice President of All India Flat Tape Manufacturers’ Association and is the member of the Committee of the Plastics Export Promotion Council (PLEXCONCIL). He has expert knowledge in the products manufactured by our Company and its utilization in global market. His remuneration for the last financial year since joining as COO was ₹ 1.46 million.

2. Mr. Mahesh Sharma, Chief Executive Officer (“CEO”)

Mr. Mahesh Sharma, aged 49 years is a Mechanical Engineer from Shri Vaishnav Polytechnic Institute, Indore and has a master degree in Business Administration from Institute of Management Studies Devi Ahilya Vishwavidyalaya, Indore. He joined our Company on January 1, 2002. He has over two decades of experience in the corporate sector at various levels. He has in the past worked with Forbes & Forbes Campbell Limited, a Tata Group Company at Ahmedabad. His remuneration for the last financial year was ₹ 2.78million

3. Mr. Ajay Mundra, Chief Financial Officer (“CFO”)

Mr. Ajay Mundra, 55 years, is a fellow member of the Institute of Chartered Accountants of India, New Delhi. He joined our Company on November 1, 2002. He has as over 30 years experience in the field of corporate accounts & finance. He has worked with various renowned business houses like Birla Group and Jhunjhunwala Group. His remuneration for the last financial year was ₹ 1.13 million

4. Mr. Rahul Bidasaria, President (Technical Co-ordination)

Mr. Rahul Bidasaria, 44 years, is an industrial and production engineering graduate from the Bangalore University. He joined our Company on July 1, 2007. He has experience in the steel, food processing and plastics industries. His remuneration for the last financial year was ₹ 0.84 million

5. Mr. K. K. Vijayvergiya, Vice President (Finance and Accounts)

Mr. K. K. Vijayvergiya, aged 51, is a member of the ICAI, ICSI & ICWAI. He joined our Company on December 22, 2009. He has more than 28 years experience in the corporate sector in the field of corporate finance, accounting etc. He has worked with various renowned corporates like Sandoz (India), Ferro Alloys, Morden Syntex, Jaipur Metal & Electrical, Indore Wire Co., Ruia Group, Indore Steel Group, Sayaji Group, Sanghi Group at senior positions. He has also been associated with the Indore Wire Co. Limited as an Executive Director. He looks into accounts & finance functions of our Company. His remuneration for the last financial year was ₹ 0.90 million.

6. Mr. Atul Asawa, Vice President

Mr. Atul Asawa, aged 37 years, is a fellow member of the Institute of Chartered Accountants as well as a member of the Company Secretaries Institute. He is a merit holder with a post graduate degree from Devi Ahilya University. He joined our Company on August 1, 2007. Prior to joining our Company he was working for Sia Euro Arti, Latvia. He has served at senior levels in various organization in past 15 years of his professional career. His core areas of competence are corporate finance, MIS, operations and administration. His remuneration for the last financial year was ₹ 0.99 million

7. Mr. N. K. Malviya, Senior General Manager (Finance & Accounts)

Mr. N.K. Malviya, aged 55 years, joined our Company on January 1, 2008. He looks after the day to day affairs of our finance & accounts. He has a bachelor's degree in commerce. He has over 33 years of experience and has been associated with our group for over two decades. His remuneration for the last financial year was ₹ 0.84 million.

8. Mr. Dinesh Kumar Sharma, Company Secretary and Compliance Officer

Mr. Dinesh Kumar Sharma, aged 34 years is a fellow member of the ICSI and a graduate in both Law & Commerce from PMB Gujarati Arts & Law College, Indore. He joined our Company on January 1, 2007. He has more than 12 years of experience in the field of Secretarial, legal, Management/ Strategic Planning, Corporate Affairs, Insurance etc. Prior to joining our Company, he worked with the Ruchi Soya Group, D & H Welding Electrodes (India) Limited, Alfavision Overseas (India) Limited etc. He has experience in strategic corporate matters, private placements, listing matters, corporate restructuring like merger & amalgamation etc. He has actively participated in the activities of the Indore Chapter of the ICSI and currently holds the position of treasurer of the ICSI, Indore Chapter. His remuneration for the last financial year was ₹ 0.84million.

9. Mr. M. S. Negi, Vice President (Production, SEZ)

Mr. M.S. Negi, aged 50 years is an electrical engineer and joined our Company on November 1, 2005. He has experience of over two decades in the FIBC & engineering industry. He looks after and manages the production responsibilities of our SEZ units. His remuneration for the last financial year was ₹ 0.89 million.

10. Mr. Manoj Dwivedi, Vice President (Human Resource & Productivity)

Mr. Manoj Dwivedi, aged 45 years, holds a Masters degree in Social Work with specialization into Personnel Management, Industrial Relation and Labour Welfare. He also holds a bachelors degree in law. He joined our Company on April 1, 2005. He has more than two decade of experience in the field of human resource management. He played a vital role in implementing and overseeing quality control and compliance of all norms

of various quality systems like ISO 9001:2000, AIB International and British Retail Consortium (BRC) in our Company. His remuneration for the last financial year was ₹ 0.84 million.

11. Mr. Vinod Sharma, Chief Scientific Officer

Mr. Vinod Sharma, aged 40 years is a science graduate from Chaudhary Charansingh University, Meerut. He heads the research and development activities at our Company. He joined our Company on May 14, 2007. Prior to joining our Company, he was acting as an independent consultant for 12 years advising various corporates on matters related to research and development. His remuneration for the last financial year was ₹ 0.84 million.

12. Mr. P.A. Jose, Vice President (Marketing)

Mr. P A Jose, aged 56 years is a qualified professional with a post graduate degree in Business Administration. He joined our Company on August 11, 2008. He has more than 33 years of experience in sales and marketing and has worked with organizations such as Escorts Limited, Tata Exports Limited, Gujarat State Fertilizers etc. His remuneration for the last financial year was ₹ 1.53 million.

13. Mr. Saravanan P.S., Business Head (Micro Irrigation)

Mr. Saravanan P.S, aged 39 years, is a qualified engineer in plastics from Central Institute of Plastics Engineering & Technology (CIPET). He joined our Company on February 1, 2010. He has rich experience in injection moulding and micro irrigation systems. Prior to joining our Company he was associated with Tulsi Extrusion Limited, Jalgaon as General Manager (Operations). Currently he is looking after the setting up of the proposed dripper project. His remuneration for the last financial year was ₹ 0.90 million.

14. Mr. Rajeeva Upadhyay, Country Head (Geo-Synthetics)

Mr. Rajeev Upadhyay, aged 42 years, is a qualified civil engineer from Karnataka University and holds a Master in Business Administration in Marketing from the LNM Institute of Economic Change and Development. He joined our Company on May 2, 2011. He has rich experience in managing businesses and has an in-depth knowledge of geosyntheics. Prior to joining our Company he was associated with Geofabrics India Pvt. Ltd as Country Head (India) and Techfab India (geosynthetics division). Currently he is responsible for the geosynthetic division of our Company. His remuneration since joining till June 30, 2011 was ₹ 0.4 million.

All the key managerial personnel are permanent employees of our Company

Relationship of key managerial personnel with the Promoters, Directors and other key managerial personnel

Mr. Saurabh Kalani, our Chief Operating Officer is the brother of our Managing Director, Mr. Manish Kalani. As per the provisions of Section 314 (1B) of the Companies Act, appointment of a relative of a director to an office of profit drawing remuneration in excess of the limit prescribed under the Companies Act requires the prior approval of the central government. Our Company has, vide a letter dated February 18, 2011, received the approval of the central government for appointment of Mr. Saurabh Kalani as the Chief Operating Officer with ₹ 3.12 million per annum as remuneration w.e.f. September 30, 2010 to June 30, 2013.

Except as detailed above, none of the key managerial personnel mentioned above are related to the Promoters/Directors of our Company. None of the above has been appointed pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

Bonus or Profit Sharing Plan for the key managerial personnel

Our Company does not have any bonus or profit sharing for any of its key managerial personnel.

Shareholding of the key managerial personnel

Except for our Managing Director, Mr. Manish Kalani, who holds 11,400 Equity Shares, none of our key managerial personnel hold Equity Shares in our Company.

Changes in the key managerial personnel since last three years:

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

Sr. No.	Name	Designation	Date of Joining	Date of Cessation	Reason for change
1.	Mr. Rajeev Upadhyay	Country Head (Geo-Synthetics)	May 2, 2011	-	Appointment
2.	Mr. Uttam Kapoor	General Manager (Overseas Operations)		April 4, 2011	Resignation
3.	Mr. Saurabh Kalani	Chief Operating Officer (COO)	September 30, 2010	-	Appointment
4.	Mr. P.A. Jose	VP (Marketing)	August 11, 2008	-	Appointment
5.	Mr. Venkatraman Ravi	CFO	-	February 13, 2009	Resignation
6.	Mr. K.K. Vijayvergiya	VP (Finance and Accounts)	December 22, 2009	-	Appointment
7.	Mr. Umesh Dwivedi	VP (Commercial)	-	January 23, 2010	Resignation
8.	Mr. Saravanan P.S	Business Head (Micro Irrigation)	February 1, 2010	-	Appointment
9.	Mr. S.S. Rajan	VP (Manufacturing)	-	September 4, 2010	Resignation
10.	Mr. Chetan Pandya	VP (Marketing)	-	November 15, 2010	Resignation

Interest of key managerial personnel

None of our key managerial personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Employee Stock Option Scheme

Our Company has, pursuant to a special resolution passed at a general meeting held on January 7, 2011 approved an employee stock option scheme. For further details please refer to the section “Capital Structure” beginning on page 60 of the RHP.

Loans taken by Directors/ key managerial personnel

Our Directors and key managerial personnel have not taken any loans from our Company.

Payment or benefit to officers of the Company

Our Company has made no payments or benefits to its officers besides their salary and yearly bonus.

Director's Declaration

Each of our Directors have confirmed that the listed companies, in which they are/were Directors, have not been/were suspended from being traded on the BSE, NSE and/or any other stock exchanges at any period during the last five years from the date of the DRHP and upto the date of filing the RHP.

Each of our Directors have confirmed that the listed companies, in which they are/were directors have not been/were delisted on the BSE, NSE and/or any other stock exchanges.

Understanding / arrangement with major shareholders, customers suppliers/ others pursuant to which any person was appointed as a director or a member of senior management

Save and except for Mr. Aswini Sahoo, a director nominated on our Board by Clearwater Capital Partners (Cyprus) Limited pursuant to a Subscription Agreement dated October 28, 2007 (as amended) and the terms of the Termination Agreement dated February 24, 2011, our Company does not have any understanding / arrangement with major shareholders, customers, suppliers or others pursuant to which any person was appointed as a director or a member of senior management.

PROMOTERS

The Promoters of our Company are as follows:

1. Kalani Industries Private Limited
2. Miscellani Global Private Limited
3. Sanovi Trading Private Limited

1. Kalani Industries Private Limited (KIPL)

Corporate Information

KIPL was incorporated under the Companies Act in the name of Kalani Asbestos Cement Private Limited on November 27, 1974 with the Registrar of Companies, Gwalior. Thereafter KIPL changed its name at several occasions the details of which are as follows:

- (a) Kalani Asbestos Cement Private Limited to Kalani Industries Private Limited on July 2, 1990;
- (b) Kalani Industries Private Limited to Prosoya Industries Limited on December 15, 1993;
- (c) Prosoya Industries Limited back to Kalani Industries Limited on March 28, 1994;
- (d) Kalani Industries Limited to Kalani Industries Private Limited on January 29, 2003;
- (e) Kalani Industries Private Limited to Kalani Industries Limited on May 2, 2003; and
- (f) Kalani Industries Limited to its present name Kalani Industries Private Limited on February 28, 2007.

The registered office of the company is situated at unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013.

The main object of the company is the business of manufacturing, producing, buying and selling of asbestos cement building pipes, irrigation pipes, reinforced cement concrete spun pipes and other allied products.

The board of directors of KIPL as on June 30, 2011 is:

Name of the Director	Nature of Directorship
Dr. Mithilesh Kumar Sinha	Director
Mr. Ramesh Chand Sharma	Whole-time director
Mr. Krishna Gopal Bahety	Director
Mr. Vinaykant Agnihotri	Director
Mr. Kartikeya Kalani	Director
Mr. Paras Nath Pathak	Director

Capital Structure and Shareholding

The current authorised share capital of the company is ₹ 185,000,000 comprising of 8,000,000 equity shares of ₹ 10 each and 10,500,000 preference shares of ₹ 10 each and the paid up share capital is ₹ 142,259,200 divided into 5,225,920 equity shares of ₹ 10 each and 9,000,000 10 % non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of KIPL as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Ms. Padma Kalani	1,640,884	31.40
2.	Skyline Advisory Services Private Limited	520,272	9.96
3.	Mr. Kartikeya Kalani	500,000	9.57
4.	Fab-Syntex Private Limited	500,000	9.57

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
5.	Dumet Wire India Private Limited	490,437	9.38
6.	Yuvraj Trust	470,000	8.99
7.	Pusti Trading Private Limited	466,660	8.93
8.	Vindhya Cement Private Limited	422,367	8.08
9.	Indore Land and Finance Private Limited	200,000	3.83
10.	Ms. Manisha Kalani	13,776	0.26
11.	Ms. Namita Kalani	1,434	0.03
12.	Manish Kalani (HUF)	80	0.00
13.	P.S. Kalani (HUF)	10	0.00
	Total	5,225,920	100.00

Sr. No.	Name of the 10% Non Cumulative Redeemable Preference shareholder	Number of shares held	% shareholding
1.	Kalani Brothers (Indore) Private Limited	5,100,000	56.67
2.	Padma Homes Private Limited	3,900,000	43.33
	Total	9,000,000	100.00

Financials

The financial highlights of KIPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:-


(₹ in Million)			
Particulars	FY 2008	FY 2009	FY 2010
Sales	163.49	249.54	58.62
Other income	20.06	41.29	40.32
Profit after tax	6.44	134.30	(18.19)
Equity capital	52.26	52.26	52.26
Reserve & Surplus	108.23	245.99	227.80
EPS (₹)	0.49	25.29	(3.48)
Net Asset Value per share (₹)*	30.05	56.97	53.48

* Net of miscellaneous expenditure not written off.


Promoters of Kalani Industries Private Limited

The promoters of Kalani Industries Private Limited are Ms. Padma Kalani, Skyline Advisory Services Private Limited, Mr. Kartikeya Kalani, Fab-Syntex Private Limited, Dumet Wire India Private Limited, Yuvraj Trust, Pusti Trading Private Limited, Vindhya Cement Private Limited, Indore Land and Finance Private Limited, Ms. Manisha Kalani, Ms. Namita Kalani, Manish Kalani (HUF) and P.S. Kalani (HUF).


The details of the individual promoters of Kalani Industries Private Limited are as under:

Ms. Padma Kalani		
	Driving License Number	MP00R-2007-0355271
	Voter ID	LHV3458270
	Permanent Account Number	AFXPK1177L
	Passport Number	G6459507
Ms. Padma Kalani, 70, years, is presently a housewife. She was the past president of the Subh Laxmi Mahila Cooperative Bank, Indore and the past president of the Milan Club at Indore.		


Relation with our Managing Director: Ms. Padma Kalani is the mother of our Managing Director, Mr. Manish Kalani.

Mr. Kartikeya Kalani			
		Driving License Number	Not available
		Voter ID	Not available
		Permanent Account Number	ASLPK8410F
		Passport Number	712002321
Mr. Kartikeya Kalani, 23 years, completed his education from Marlborough College, U.K. and Cornell University, U.S.A. where he gained a degree in Operation Research Engineering with a minor in Economics. He is currently working with our Company as a Management Trainee			

Relation with our Managing Director: Mr. Kartikeya Kalani is the nephew of our Managing Director, Mr. Manish Kalani.

Ms. Namita Kalani			
		Driving License Number	Not available
		Voter ID	Not available
		Permanent Account Number	ABMPK6861C
		Passport Number	F9786929
Ms. Namita Kalani, 46 years, holds a degree in designing from the Sophia College for Women, Mumbai and is currently a house-wife. She is an active social worker.			

Relation with our Managing Director: Ms. Namita Kalani is the sister-in-law of our Managing Director, Mr. Manish Kalani.

Ms. Manisha Kalani			
		Driving License Number	Not available
		Voter ID	LVH3458254
		Permanent Account Number	ACBPK8197P
		Passport Number	G1700732
Ms. Manisha Kalani, 42 years, holds a Bachelor's Degree in Arts from the University of Delhi.			

Relation with our Managing Director: Ms. Manisha Kalani is the wife of our Managing Director, Mr. Manish Kalani.

Particulars pertaining to the natural persons in control of the corporate promoters of Kalani Industries Private Limited are detailed in the section "Group Entities" beginning on page 190 of the RHP.

Kalani Industries Private Limited, was previously registered as a category II merchant banker with the SEBI. The said registration expired on February 15, 1998 as the company had not filed an application for renewal of the same. Kalani Industries Private Limited has not undertaken merchant banking activities since the expiry of the merchant banking license. Further, neither Kalani Industries Private Limited nor its directors have at any time been subject of any enquiry or investigation conducted by SEBI nor has any penalty (including deficiency/warning letter, suspension/cancellation / prohibitory orders) been imposed on Kalani Industries Private Limited or any of its directors.

The company is a private limited company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further, KIPL is not declared as a wilful defaulter by the RBI or any other authority and there are no violations of securities laws committed by it in the past or are pending against it.

2. Miscellani Global Private Limited (MGPL)

Corporate Information

MGPL was incorporated under the Companies Act in the name of Kalsons Commercial Private Limited on August 28, 1984 with the Registrar of Companies, Mumbai. Thereafter, the company changed its name to Kalsons Commercial Limited (owing to be a deemed public company under section 43A) on January 20, 1988. Thereafter, the word “Private” was added to the name of the company with effect from March 15, 2001. The company subsequently changed its name to its present name of Miscellani Global Private Limited on March 18, 2002.

The registered office of the company is situated at 221, Fashqua Shopping Centre, Station Road, Santacruz (W), Mumbai – 400054.

The main object of the company is the business as buyers, sellers, exporters, agents, of all kinds of commodities, goods, articles materials and things and for that purpose buy, sell, exchange market, pledge, distribute, or otherwise deal in all kinds of commodities good, articles and things. The company is currently not engaged into any major business activity. Further, the total income for the FY 2010 of the company consists mainly of other income derived from back office and management services provided in relation to accounting work for its clients.

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Saurabh Kalani	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding

The current authorised share capital of the company is ₹ 10,000,000 comprising of 500,000 equity shares of ₹ 10 each and 500,000 preference shares of ₹ 10 each. The paid up share capital is ₹ 5,246,000 divided into 24,600 equity shares of ₹ 10 each and 500,000 10% preference shares of ₹ 10 each.

The shareholding pattern of MGPL as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Ms. Padma Kalani	2,440	9.92
2.	Vinayak Family Trust	2,400	9.76
3.	S. F. Trust	2,400	9.76
4.	Yuvraj trust	2,400	9.76
5.	Anshuman Properties Private Limited	2,400	9.76
6.	High Skey Properties Private Limited	2,400	9.76
7.	Saurabh Properties Private Limited	2,400	9.76
8.	Ms. Namita Kalani	2,337	9.50
9.	Mr. Vinayak Kalani	2,123	8.63
10.	Kartikeya Family Trust	2,000	8.13
11.	Sanovi Trading Private Limited	1,200	4.88
12.	Ms. Manisha Kalani	100	0.41
	Total	24,600	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
1.	Ratnagiri Vinimay Pvt. Ltd	500,000	100
	Total	500,000	100

Financials

The financial highlights of MGPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010s are as under:-

(₹ in Million)


Particulars	FY 2008	FY 2009	FY 2010
Total Income	1.08	1.88	0.66
Profit after Tax	0.39	1.14	(0.21)
Equity Capital	0.25	0.25	0.25
Reserve & Surplus	1.72	2.88	2.67
EPS (₹)	15.79	46.40	(83.57)
Net Asset Value per share (₹)*	77.12	125.09	117.68

* Net of miscellaneous expenditure not written off.


Promoters of Miscellani Global Private Limited

The promoters of Miscellani Global Private Limited are Ms. Padma Kalani, Vinayak Family Trust, S. F. Trust, Yuvraj trust, Anshuman Properties Private Limited, High Skey Properties Private Limited, Saurabh Properties Private Limited, Ms. Namita Kalani, Mr. Vinayak Kalani, Kartikeya Family Trust, Sanovi Trading Private Limited and Ms. Manisha Kalani.


The details of the individual promoters of Miscellani Global Private Limited are as under:

Ms. Padma Kalani		
	Driving License Number	MP00R-2007-0355271
	Voter ID	LHV3458270
	Permanent Account Number	AFXPK1177L
	Passport Number	G6459507
Ms. Padma Kalani, 70, years, is presently a housewife. She was the past president of the Subh Laxmi Mahila Cooperative Bank, Indore and the past president of the Milan Club at Indore.		


Relation with our Managing Director: Ms. Padma Kalani is the mother of our Managing Director, Mr. Manish Kalani.

Ms. Namita Kalani		
	Driving License Number	Not available
	Voter ID	Not available
	Permanent Account Number	ABMPK6861C
	Passport Number	F9786929
Ms. Namita Kalani, 46 years, holds a degree in designing from the Sophia College for Women, Mumbai and is currently a house-wife. She is an active social worker.		

Relation with our Managing Director: Ms. Namita Kalani is the sister-in-law of our Managing Director, Mr. Manish Kalani.

Mr. Vinayak Kalani			
		Driving License Number	Not available
		Voter ID	Not available
		Permanent Account Number	ATGPK8379P
		Passport Number	H8040576
Mr. Vinayak Kalani, 18 years, is currently a student in Drexel University doing business administration where he is a member of Phi Eta Sigma Honour Society and a member of the Drexel International Business Association.			

Relation with our Managing Director: Mr. Vinayak Kalani is the nephew of our Managing Director, Mr. Manish Kalani.

Ms. Manisha Kalani			
		Driving License Number	Not available
		Voter ID	LVH3458254
		Permanent Account Number	ACBPK8197P
		Passport Number	G1700732
Ms. Manisha Kalani, 42 years, holds a Bachelor's Degree in Arts from the University of Delhi.			

Relation with our Managing Director: Ms. Manisha Kalani is the wife of our Managing Director, Mr. Manish Kalani.

Particulars pertaining to the natural persons in control of the corporate promoters of Miscellani Global Private Limited are detailed in the section "Promoters" and "Group Entities" beginning on pages 179 and 190 of the RHP respectively.

This company is a private limited company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further MGPL is not declared as a wilful defaulter by the RBI or any other Government authority and there are no violations of securities laws committed by it in the past or are pending against it.

3. Sanovi Trading Private Limited (STPL)

Corporate Information

STPL was incorporated under the Companies Act in the name of Sanovi Trading Private Limited on November 19, 1993 with the Registrar of Companies, Gwalior. The registered office of the company is situated at 11, Tukoganj Main Road, Indore - 452001.

The main object company is to carry on the business of trading, dealing, importing, exporting, buying and selling of HDPE woven sacks, A.C. pressure pipes and parts.

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Rajesh Dubey	Director
Mr. Neeraj Kumar Jain	Director

Capital Structure and Shareholding

The current authorised share capital of the company is ₹ 13,000,000 comprising of 300,000 equity shares of ₹ 10 each and 1,000,000 preference shares of ₹ 10 each. The paid up share capital is ₹ 10,200,000 divided into 20,000 equity shares of ₹ 10/- each and 250,000 10% non-cumulative non-voting redeemable preference shares of ₹ 10 each and 750,000 12% non-cumulative non-voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of STPL as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Kartikeya Family Trust	1,960	9.80
2.	Vinayak Family Trust	1,960	9.80
3.	S. F. Trust	1,960	9.80
4.	Ms. Padma Kalani	1,930	9.65
5.	Miscellani Global Private Limited	1,920	9.60
6.	Mr. Kartikeya Kalani	1,900	9.50
7.	Yuvraj Trust	1,900	9.50
8.	Ms. Namita Kalani	1,900	9.50
9.	Mr. Vinayak Kalani	1,400	7.00
10.	Sunrise Properties Private Limited	1,200	6.00
11.	Saurabh Properties Private Limited	700	3.50
12.	High Skey Properties Private Limited	600	3.00
13.	Anshuman Properties Private Limited	600	3.00
14.	Ms. Manisha Kalani	70	0.35
	Total	20,000	100.00

S. No.	Name of the preference shareholder	Number of shares held	% shareholding
10% non-cumulative non-voting redeemable preference shares			
1.	Kalani Brothers (Indore) Private Limited	250,000	25.00
12% non-cumulative non-voting redeemable preference shares			
1.	Paceman Traders Private Limited	750,000	75.00
	Total	1000000	100

Financials

The financial highlights of STPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:-


(₹ in Million)			
Particulars	FY 2008	FY 2009	FY 2010
Total Income	0.75	1.36	0.93
Profit after Tax	(0.002)	1.24	0.66
Equity Capital	0.20	0.20	0.20
Reserve & Surplus	(0.18)	1.06	1.72
EPS (₹)	(0.11)	62.16	32.91
Net Asset Value per share (₹)	1.07	63.23	96.14

Promoters of Sanovi Trading Private Limited


The promoters of Sanovi Trading Private Limited are Kartikeya Family Trust, Vinayak Family Trust, S. F. Trust, Ms. Padma Kalani, Miscellani Global Private Limited, Mr. Kartikeya Kalani, Yuvraj Trust, Ms.

Namita Kalani, Mr. Vinayak Kalani, Sunrise Properties Private Limited, Saurabh Properties Private Limited, High Skey Properties Private Limited, Anshuman Properties Private Limited and Ms. Manisha Kalani.


The details of the individual promoters of Sanovi Trading Private Limited are as under

Ms. Padma Kalani		
	Driving License Number	MP00R-2007-0355271
	Voter ID	LHV3458270
	Permanent Account Number	AFXPK1177L
	Passport Number	G6459507
Ms. Padma Kalani, 70, years, is presently a housewife. She was the past president of the Subh Laxmi Mahila Cooperative Bank, Indore and the past president of the Milan Club at Indore.		


Relation with our Managing Director: Ms. Padma Kalani is the mother of our Managing Director, Mr. Manish Kalani.

Mr. Vinayak Kalani		
	Driving License Number	Not available
	Voter ID	Not available
	Permanent Account Number	ATGPK8379P
	Passport Number	H8040576
Mr. Vinayak Kalani, 18 years, is currently a student in Drexel University doing business administration where he is a member of Phi Eta Sigma Honour Society and a member of the Drexel International Business Association.		


Relation with our Managing Director: Mr. Vinayak Kalani is the nephew of our Managing Director, Mr. Manish Kalani.

Ms. Namita Kalani		
	Driving License Number	Not available
	Voter ID	Not available
	Permanent Account Number	ABMPK6861C
	Passport Number	F9786929
Ms. Namita Kalani, 46 years, holds a degree in designing from the Sophia College For Women, Mumbai and is currently a house-wife. She is an active social worker.		

Relation with our Managing Director: Ms. Namita Kalani is the sister-in-law of our Managing Director, Mr. Manish Kalani.

Ms. Manisha Kalani		
	Driving License Number	Not available
	Voter ID	LVH3458254
	Permanent Account Number	ACBPK8197P
	Passport Number	G1700732
Ms. Manisha Kalani, 42 years, holds a Bachelor's Degree in Arts from the University of Delhi.		

Relation with our Managing Director: Ms. Manisha Kalani is the wife of our Managing Director, Mr. Manish Kalani.

Mr. Kartikeya Kalani			
		Driving License Number	Not available
		Voter ID	Not available
		Permanent Account Number	ASLPK8410F
		Passport Number	712002321
Mr. Kartikeya Kalani, 23 years, completed his education from Marlborough College, U.K. and Cornell University, U.S.A. where he gained a degree in Operation Research Engineering with a minor in Economics. He is currently working with our Company as a Management Trainee			

Relation with our Managing Director: Mr. Kartikeya Kalani is the nephew of our Managing Director, Mr. Manish Kalani.

Particulars pertaining to the natural persons in control of the corporate promoters of Sanovi Trading Private Limited are detailed in the section “Promoters” and “Group Entities” beginning on pages 179 and 190 of the RHP respectively.

This company is a private limited company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further, STPL is not declared as a wilful defaulter by the RBI or any other Government authority and there are no violations of securities laws committed by it in the past or are pending against it.

Declaration

It is confirmed that in respect of each of our Promoters, PAN, Bank Account numbers, the company registration number and the addresses of the registrar of companies, where the companies are registered, were submitted to NSE and BSE at the time of filing of the DRHP with them. Further none of the Promoters are declared as wilful defaulters by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by them in the past or are pending against them.

Disassociation by the promoters in the last three financial years

Save and except as detailed, none of our Promoters have disassociated from any company or firm during the preceding three financial years.

Kalani Industries Private Limited has disassociated from the following companies during the preceding three financial years:

Name of Entity	Year of Disassociation	Reason for Disassociation
Anshuman Properties Private Limited	2008-09	Transfer of shares
Saurabh Properties Private Limited	2008-09	Transfer of shares
TI Travels Private Limited	2008-09	Transfer of shares
Wanderland Developers Private Limited	2008-09	Transfer of shares
Wanderland Heights Private Limited	2008-09	Transfer of shares
Wanderland Properties Private Limited	2008-09	Transfer of shares
Wanderland Realty Private Limited	2008-09	Transfer of shares

Name of Entity	Year of Disassociation	Reason for Disassociation
Cassandra Realities Private Limited	2009-10	Transfer of shares
Crystal 3 Power Private Limited	2010-11	Transfer of shares
Wanderland Constructions Private Limited	2010-11	Transfer of shares

Sanovi Trading Private Limited has disassociated from the following companies during the preceding three financial years:

Name of Entity	Year of Disassociation	Reason for Disassociation
Kalani Industries Private Limited	2007-08	Transfer of shares
Herbal Dream Ayurveda Creations Private Limited	2007-08	Transfer of shares
Skyline Advisory Private Limited	2009-10	Transfer of shares
High Skey Properties Private Limited	2008-09	Transfer of shares

Interest of Promoters

Our Promoters do not have any interest in our Company save and except for lease rentals received by Kalani Industries Private Limited from our Company for using the following three properties:

- Lease rental of ₹ 10,000 per month in respect of land situated at Khasra No. 320 at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh;
- Lease rental of ₹ 8,000 per month in respect of factory shed at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.
- Lease rental of ₹ 20,000 per month in respect of factory shed at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.
- Lease rental of ₹16,667 per month in respect of factory land at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.

Our Promoters are not interested in any property acquired by our Company for a period of two years before the date of the RHP or proposed to be acquired by our Company as on the date of the RHP.

Further, save and except as stated otherwise in the sections “Business Overview”, “Management” and “Financial Statements” on page nos. 123, 164 and 231 respectively of the RHP and to the extent of Equity Shares held by them, our Promoters do not have any other interests in our Company as on the date of the RHP.

Payment or benefit to Promoters

The Promoters are interested in the Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. There are no interests of Promoters or payment or benefit to Promoters except as mentioned elsewhere in the RHP.

Promoter Group

The constitution of our promoter group as defined under Clause 2(zb) of the ICDR Regulations is as under:

A. A subsidiary or holding company of the Promoter body corporate:

S. No.	Name of the Entity
1.	Herbal Dream Ayurveda Creations Private Limited

B. Any body corporate in which the Promoter holds ten percent or more of the equity share capital or which holds ten percent or more of the equity share capital of the Promoter.

S. No.	Name of the Entity
1.	Aloha Hospitals Private Limited

C. Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the issuer

S. No.	Name of the Entity
1.	MRK Pipes Limited
2.	Gagan Commercial Agencies Limited
3.	Triple A Constructions Private Limited

GROUP ENTITIES

Companies forming part of the Group Companies

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, except as stated below, none of our Group Companies are listed companies nor have they made any public issue of securities in the preceding three years. None of our Group Companies are declared as wilful defaulters by the RBI or any other Government Authority.

Besides our Subsidiaries as mentioned in section "History and Certain Corporate Matters - Our Subsidiaries" beginning on page 157 of the RHP, the following entities/companies constitute our Group Entities.

Sr. No.	Name of the Entity
1.	Saurabh Properties Private Limited
2.	Seven Star Properties Private Limited
3.	Anshuman Properties Private Limited
4.	Sunrise Properties Private Limited
5.	Fantasy Real Estate Private Limited
6.	High Skey Properties Private Limited
7.	Crystal 3 Power Private Limited
8.	Herbal Dream Ayurveda Creations Private Limited
9.	Aloha Hospitals Private Limited
10.	Wanderland Constructions Private Limited
11.	Skyline Advisory Services Private Limited
12.	Vindhya Cement Private Limited
13.	Pusti Trading Private Limited
14.	Fab-Syntex Private Limited
15.	Indore land and Finance Private Limited
16.	Saka Tradings Private Limited
17.	Gemini Heights Private Limited
18.	High Beam Reality Private Limited
19.	Samarpit Developers Private Limited
20.	MRK Pipes Limited
21.	Vibgyor Laminates Private Limited
22.	Padma Homes Private Limited
23.	Kalani Brothers (Indore) Private Limited
24.	TI Travels Private Limited
25.	Chitrakoot Mercantiles LLP (formerly known as Chitrakoot Mercantiles Private Limited)
26.	Ecstasy Heights LLP (formerly known as Ecstasy Heights Private Limited)
27.	Excellence Properties LLP (formerly known as Excellence Properties Private Limited)
28.	Ambika Commercial LLP (formerly known as Ambika Commercial Private Limited)
29.	Rising Sun Properties LLP
30.	Venetian Realty LLP
31.	Olive Commercial Company Limited
32.	Dreamworld Developers Private Limited
33.	Gagan Commercial Agencies Limited
34.	Triple A Constructions Private Limited
35.	Wanderland Real Estates Private Limited
36.	Dumet Wire India Private Limited
37.	Kartikeya Family Trust
38.	Ridhima Family Trust
39.	S.F. Trust

Sr. No.	Name of the Entity
40.	Vinayak Family Trust
41.	Manish Saurabh Trust
42.	Kalani Family Trust
43.	Yuvraj Trust
44.	Saurabh Kalani HUF
45.	M/s Prem Syndicate

A. Top Five Group Entities

Sr. No.	Name of the Company
I	Listed Companies
1.	Olive Commercial Company Limited
2.	Gagan Commercial Agencies Limited
II	Unlisted Companies
1.	MRK Pipes Limited
2.	Herbal Dream Ayurveda Creations Private Limited
3.	Seven Star Properties Private Limited

Except as stated above, none of our Group Entities are listed on any stock exchange in India or abroad.

I. LISTED COMPANIES

1. Olive Commercial Company Limited (“OCCL”)

OCCL was incorporated in Calcutta on February 10, 1983. The CIN of the company is L01132WB1983PLC035842. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The equity shares of OCCL are listed on the Madhya Pradesh Stock Exchange Limited (MPSE) and the Calcutta Stock Exchange Limited (CSE). OCCL has not made any public or rights issue of its securities during the preceding three years. The main object of OCCL is to carry on business as buyers, suppliers, investors, traders, merchants, hirers, hire purchase dealers in wood, coal and coke oils, lubricants, etc.

The authorised share capital of OCCL is ₹ 10,000,000 comprised of 950,000 equity shares of ₹ 10 each and 50,000 14% non-cumulative redeemable preference shares of ₹ 10 each. The paid up equity share capital of the company is ₹ 2,400,000 comprising of 240,000 equity shares of ₹ 10 each.

The board of directors of OCCL as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Suresh Kumar Talati	Whole Time Director
Mr. Praveen Padmakar Parulkar	Director
Mr. Avnish Hasiya	Director
Mr. Shivaji Matkar	Director

The shareholding pattern of OCCL as on June 30, 2011 is as under:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group ²					

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
1	Indian					
(a)	Individuals/ Hindu Undivided Family	7	70,000		29.17	29.17
(b)	Central Government/ State Government(s)	0	0		0.00	0.00
(c)	Bodies Corporate	3	64,950		27.06	27.06
(d)	Financial Institutions/ Banks	0	0		0.00	0.00
(e)	Any Others(Specify)	0	0		0.00	0.00
	Sub Total(A)(1)	10	134,950	0	56.23	56.23
2	Foreign					
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0		0.00	0.00
B	Bodies Corporate	0	0		0.00	0.00
C	Institutions	0	0		0.00	0.00
D	Any Others(Specify)	0	0		0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	10	134,950	0	56.23	56.23
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0		0.00	0.00
(b)	Financial Institutions / Banks	0	0		0.00	0.00
(c)	Central Government/ State Government(s)	0	0		0.00	0.00
(d)	Venture Capital Funds	0	0		0.00	0.00
(e)	Insurance Companies	0	0		0.00	0.00
(f)	Foreign Institutional Investors	0	0		0.00	0.00
(g)	Foreign Venture Capital Investors	0	0		0.00	0.00
(h)	Any Other (specify)	0	0		0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00
B 2	Non-institutions					
(a)	Bodies Corporate	0	0		0.00	0.00
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	276	54,550		22.73	22.73
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	1	11,000		4.58	4.58
(c)	Any Other (specify)					
(c-i)	Trust	3	39,500		16.46	16.46
	Sub-Total (B)(2)	280	105,050	0	43.77	43.77

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	280	105,050	0	43.77	43.77
	TOTAL (A)+(B)	290	240,000	0	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued					0.00
	GRAND TOTAL (A)+(B)+(C)	290	240,000	0	100.00	100.00

Financial Performance

The financial highlights of OCCL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as follows:-

Particular	(₹ in Million)		
	FY 2008	FY 2009	FY 2010
Equity Capital	2.40	2.40	2.40
Reserves and Surplus	1.56	1.89	2.13
Total Income	11.09	1.70	1.02
Profit/(Loss) after Tax	(1.02)	0.34	0.24
Earning Per Share (in ₹)	(4.52)	1.40	0.99
Net asset Value Per share (In ₹)	16.50	17.89	18.88

Stock Market Data

There has been no trading in the equity shares of OCCL on either the CSE or the MPSE during the preceding six months

2. Gagan Commercial Agencies Limited (“GCAL”)

GCAL was incorporated as a public limited company in Kolkata on November 10, 1982. The CIN of the company is L51909WB1982PLC035424. The registered office of this company is situated at 2nd Floor of Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The equity shares of GCAL are listed on the Madhya Pradesh Stock Exchange Limited (MPSE) and the Calcutta Stock Exchange (CSE). GCAL has not made any public or rights issue of its securities during the preceding three years. The main object of GCAL is to carry on all the business of buyers, sellers, suppliers, hirers, hire purchaser dealers, indenters and dealers of and in all kinds of agricultural produce, food articles, forest products, plantation products, crops, etc.

The authorised share capital of GCAL is ₹ 10,000,000 comprised of 1,000,000 equity shares of ₹ 10 each. The paid up equity share capital of the company is ₹ 2,000,000 comprising of 200,000 equity shares of ₹ 10 each.

The board of directors of GCAL as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Sudarshan Shastri	Director
Mr. Shivaji Matkar	Director
Mr. Neeraj Kumar Jain	Director

The shareholding pattern of GCAL as on June 30, 2011 is as under:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	3	28,700		14.35	14.35
(b)	Central Government/ State Government(s)	0	0		0.00	0.00
(c)	Bodies Corporate	9	67,400		33.70	33.70
(d)	Financial Institutions/ Banks	0	0		0.00	0.00
(e)	Any Others(Specify)	0	0		0.00	0.00
(e-i)	Director	1	6,500		3.25	3.25
	Sub Total(A)(1)	13	102,600	0	51.30	51.30
2	Foreign					
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0		0.00	0.00
B	Bodies Corporate	0	0		0.00	0.00
C	Institutions	0	0		0.00	0.00
D	Any Others(Specify)	0	0		0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	13	102,600	0	51.30	51.30
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0		0.00	0.00
(b)	Financial Institutions / Banks	0	0		0.00	0.00
(c)	Central Government/ State Government(s)	0	0		0.00	0.00
(d)	Venture Capital Funds	0	0		0.00	0.00
(e)	Insurance Companies	0	0		0.00	0.00
(f)	Foreign Institutional Investors	0	0		0.00	0.00
(g)	Foreign Venture Capital Investors	0	0		0.00	0.00
(h)	Any Other (specify)	0	0		0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00
B 2	Non-institutions					
(a)	Bodies Corporate	4	32,100		16.05	16.05
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	86	38,500		19.25	19.25
II	ii. Individual shareholders	0	0		0.00	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
	holding nominal share capital in excess of ₹ 1 lakh.					
(c)	Any Other (specify)					
(c-i)	Trust	3	26,800		13.40	13.40
	Sub-Total (B)(2)	93	97,400	0	48.70	48.70
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	93	97,400	0	48.70	48.70
	TOTAL (A)+(B)	106	200,000	0	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued					0.00
	GRAND TOTAL (A)+(B)+(C)	106	200,000	0	100.00	100.00

Financial Performance

The financial highlights of GCAL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as follows:-

Particular	(₹ in Million)		
	FY 2008	FY 2009	FY 2010
Equity Capital	2.00	2.00	2.00
Reserves and Surplus	(0.02)	0.60	0.66
Total Income	0.41	1.58	0.33
Profit/(Loss) after Tax	(0.08)	0.62	0.06
Earning Per Share (₹)	(0.40)	3.08	0.29
Net asset Value Per share (₹)	9.90	12.99	13.28

Stock Market Data

There has been no trading in the equity shares of GCAL on either the CSE or the MPSE during the preceding six months

II. UNLISTED GROUP ENTITIES

1. MRK Pipes Limited (“MRKPL”)

MRKPL is a public unlisted company incorporated in the name of Kalani Infotech Limited in Gwalior on July 31, 2000. The name was subsequently was changed to MRK Pipes Limited on November 14, 2002. It was converted from a public company to private company on February 28, 2003 with the name MRK Pipes Private Limited. It was again converted to a public company on May 19, 2003. The CIN of the company is U26493RJ2000PLC022268.

The registered office of the company is located at Parasrampur Chamber, Opposite Road No.1, VKI Area, Jaipur-302013. The main object of MRK Pipes Limited is to manufacture, produce, buy and sell all types of pipes fittings and other allied products and ancillary businesses.

Board of Directors

The board of directors of MRKPL as on June 30, 2011 is comprised as under:

Name of the Director	Nature of Directorship
Mr. Suresh Kumar Talati	Director
Mr. Anil Kumar Agarwal	Director
Mr. Rakesh Akar	Whole Time Director
Mr. Rajesh Dubey	Director
Mr. Kapil Parasrampur	Director
Mr. Dinesh Kumar Parasrampur	Whole Time Director
Mr. Neeraj Kumar Jain	Director
Mr. Gopal Das Garg	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 73,000,000 divided into 5,800,000 equity shares of ₹ 10 each and 1,500,000 preference shares of ₹ 10 each. Paid up capital of the company is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each.

The shareholding pattern of MRKPL as on June 30, 2011 is as under:

Sr. No.	Name of the Shareholder	No. of shares held	% Shareholding
1.	Ms. Manisha Kalani	725,010	14.50
2.	Kalani Industries Pvt. Ltd.	211,940	4.24
3.	Sunrise Properties P. Ltd.	130,000	2.60
4.	Vibgyor Laminates Pvt. Ltd.	350,000	7.00
5.	Triple A Constructions P. Ltd.	361,000	7.22
6.	Four Dimension Pro. P. Ltd.	361,000	7.22
7.	Saka Tradings P. Ltd.	361,000	7.22
8.	Mr. Pawan Kumar Jain	10	Negligible
9.	Mr. C. Khushaldas	10	Negligible
10.	Mr. Q. Y. Matkawala	10	Negligible
11.	Mr. Rajiv Sanghi	10	Negligible
12.	Mr. Sunil Kumar	10	Negligible
13.	Mr. Rakesh Akar	270,000	5.40
14.	Ms. Amita Akar	5,000	0.10
15.	Mr. Dinesh Akar	40,000	0.80
16.	Mr. Ram Chandra Akar	40,000	0.80
17.	Ms. Shanti Devi Akar	20,000	0.40
18.	Ms. Sarojani Akar	54,000	1.08
19.	Mr. Kapil Parasrampur	70,000	1.40
20.	Mr. Vishal Parasrampur	50,000	1.00
21.	Mr. Vikas Parasrampur	50,000	1.00
22.	Mr. Dinesh Parasrampur	150,000	3.00
23.	Alka Diamond Limited	400,000	8.00
24.	Mr. Bhagwan Sahai	25,000	0.50
25.	Baqueen textile Pvt. Ltd.	50,000	1.00
26.	Padam Bearing India Ltd.	75,000	1.50
27.	Agam Cement Products. Pvt. Ltd.	121,000	2.42
28.	Alfa Vinimay Pvt. Ltd.	30,000	0.60
29.	Ankit Tracom Pvt. Ltd.	100,000	2.00
30.	Banka Financial Securities Pvt. Ltd.	20,000	0.40
31.	Bhivani Marchandise Pvt. Ltd.	28,000	0.56
32.	Cap Vanijiya Pvt. Ltd.	40,000	0.80
33.	Coorg Vimcon Pvt. Ltd.	30,000	0.60

34.	Exim Scripts Services Pvt. Ltd.	50,000	1.00
35.	FCGL Investments Ltd.	110,000	2.20
36.	Haridwar traders Pvt. Ltd.	30,000	0.60
37.	Matangi Traders and Invt. Pvt. Ltd.	160,000	3.20
38.	Radha Raman Vinimay Pvt. Ltd.	50,000	1.00
39.	Shakti Traders Pvt. Ltd.	20,000	0.40
40.	Union Suppliers Pvt. Ltd.	20,000	0.40
41.	Gokulesh Commercial Pvt. Ltd.	390,000	7.80
42.	Garima Overseas Limited	2,000	0.04
	Grand Total (A)+(B)	5,000,000	100.00

Financial Information

The financial highlights of MRKPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as follows:-

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital (including sweat equity)	50.00	50.00	50.00
Reserves and Surplus	68.97	73.76	75.30
Total Income	592.03	662.70	673.89
Profit/(Loss) after Tax	4.62	4.79	1.53
Earnings Per Share (₹)	0.92	0.96	0.68
Net asset Value Per share (₹)*	23.79	24.75	21.58

*Net of Miscellaneous expenditure

2. Herbal Dream Ayurveda Creations Private Limited (“HDACPL”)

HDACPL is a private limited company incorporated in Mumbai on July 17, 1986 with name “Dham Properties Pvt. Ltd. On October 29, 2001 the name of company was changed to “Allo-Ayur Formulation Private Limited”. The company name was again changed to present name on September 16, 2004. The CIN of the company is U45200MH1986PTC040428. The registered office of the company is situated at 24 Nirmal Bhuvanbapubhai Vashi Road Vile Parle (W) Mumbai -400 056. The main object of this company is to carry on business as manufacturers, importers, exporters, buyers, sellers, processors, growers and distributors, stockists and promoter in all kind of ayurvedic, allopathic, homeopathic, unani etc. products based on herbs, vegetables, fruits, plants, chemicals, compounds etc.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the director	Nature of Directorship
Mr. Parikshit Sethi	Whole Time Director
Mr. Ramesh Sharma	Director
Mr. Saurabh Kalani	Director
Mr. Pawan Jain	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each. Paid up capital of the company is ₹ 17,825,000 divided into 1,782,500 equity shares of ₹ 10 each.

The shareholding pattern of HDACPL as on June 30, 2011 is as under:

Sr. No.	Name of the equity shareholder	No. of Shares held	% shareholding
1.	Kalani Industries Pvt. Ltd.	1,489,444	83.56

Sr. No.	Name of the equity shareholder	No. of Shares held	% shareholding
2.	Ms. Padma Kalani	34,970	1.96
3.	Ms. Manisha Kalani	896	0.05
4.	Kartikeya Family Trust	4,900	0.27
5.	Vinayak Family Trust	4,945	0.28
6.	S.F. Trust	4,945	0.28
7.	Ms. Namita Kalani	500	0.03
8.	Mr. Kartikeya Kalani	4,500	0.25
9.	Yuvraj Trust	4,900	0.27
10.	Mr. Parishit Sethi	232,500	13.04
	Total	1,782,500	100.00

Financial Information

The financial highlights of HDACPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as follows:-

(₹ in Million)

Particular	FY 2008	FY 2009	FY 2010
Equity Capital (including sweat equity)	15.50	17.83	17.83
Reserves and Surplus	(0.98)	(2.22)	(1.89)
Total Income	24.16	24.25	25.80
Profit/(Loss) after Tax	(0.46)	(1.24)	0.35
Earnings Per Share (₹)	(0.30)	(0.69)	0.20
Net asset Value Per share (₹)	9.17	8.53	8.76

3. Seven Star Properties Private Limited (“SSPPL”)

SSPPL was incorporated under the Companies Act in the name of Seven Star Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor near Mc Donalds, Sarojini Road Vile Parle (W), Mumbai - 400056. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of SSPPL as on June 30, 2011 is comprised as follows:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Prakash Chandra Jain	Director
Mr. Yogesh Goswami	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 22,500,000 divided into 410,000 Class A equity shares of ₹ 10 each with voting rights; 1,000,000 Class B equity shares without voting rights; and 840,000 preference shares of ₹ 10 each. The Paid up capital of the company is ₹ 14,400,000 divided into 100,000 Class A equity shares of ₹ 10 each with voting rights, 500,000 Class B equity shares of ₹ 10 each without voting rights, 90,000 15 % non-cumulative redeemable preference shares of ₹ 10 each, 400,000 12% non-cumulative redeemable preference shares of ₹ 10 each and 350,000 10% non-cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of SSPPL as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
Class A Equity Shares			
1.	Ms. Padma Kalani	9,200	9.20
2.	Pusti Trading Pvt. Ltd.	9,200	9.20
3.	Anshuman Properties Pvt. Ltd.	9,200	9.20
4.	Mr. Vinayak Kalani	9,000	9.00
5.	Skyline Advisory Services Pvt. Ltd.	9,000	9.00
6.	Vinayak Family Trust	9,000	9.00
7.	S. F. Trust	9,000	9.00
8.	Kartikeya Family Trust	9,000	9.00
9.	Dumet Wire India Pvt. Ltd	9,200	9.20
10.	Mr. Kartikeya Kalani	9,000	9.00
11.	Ms. Manisha Kalani	9,200	9.20
	Total	100,000	100.00
Class B Equity Shares			
1.	Paceman Traders Pvt Ltd	500,000	100.00
	Total	500,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	400,000	47.61
10% non-cumulative redeemable preference shares			
1.	Ratangiri Vinimay Pvt. Ltd.	350,000	41.67
15 % non-cumulative redeemable preference shares			
1.	Kalani Industries Pvt. Ltd.	88,000	10.48
2.	Ms. Padma Kalani	1,000	0.12
3.	Ms. Manisha Kalani	1,000	0.12
	Total	840,000	100.00

Financial Performance

The financial highlights of SSPPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)

Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.005	1.00	1.00
Reserves Surplus	2.63	4.40	4.15
Total Income	1.09	2.22	3.70
Profit/(Loss) after Tax	0.09	1.77	(0.25)
Earnings Per Share (₹)	184.98	17.65	(2.50)
Net asset Value Per share (₹)	5275.91	53.98	51.48

B. Group Companies with negative net worth

1. Aloha Hospitals Private Limited (“AHPL”)

AHPL was incorporated as a private limited company in Mumbai on March 17, 2008 with the name EWDPL Ujjain Hospitality Private Limited. On December 16, 2009, the name was changed to Aloha Hospitals Private Limited. The CIN of the company is U85110MH2008PTC180170. The registered office of this company is situated at One Indiabull Centre, Indiabull Buiding, 1103, 11th Floor, Tower 2-B, Senapati Bapat Marg, Elphinstone (west), Mumbai – 400 013. The main object of AHPL is to engage in the business of acquiring, establishing, running and maintaining hospital(s), medical centers, clinics for the reception and treatment of persons and allied services for the establishment, operation and improvement of Nursing Homes, Hospitals, Clinics, Medical Institutions, Medical

Centers, Diagnostics Centers and Laboratories in India and abroad and to design, manufacture and process all types of herbs and medicines

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Avnish Hasija	Director
Mr. Jai Dhar Gupta	Director

Capital Structure and Shareholding Pattern

Authorised Capital of the Company is ₹ 10,000,000/- divided into 1,000,000 equity shares of ₹ 10/- each. The paid up capital of the company is ₹ 2,000,000/- divided into 200,000 equity shares of ₹ 10/- each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of Shares held	% shareholding
1.	Kalani Industries Pvt. Ltd.	100,000	50.00
2.	Mr. Jai Dhar Gupta	50,000	25.00
3.	Mr. Deepak Dhar Gupta	30,000	15.00
4.	Usha Computel Pvt Ltd	20,000	10.00
	Total	200,000	100.00

Financial Performance

The financial highlights of AHPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008 [#]	FY 2009	FY 2010
Equity Capital	0.10	0.10	0.10
Reserves Surplus	-	(0.22)	(0.41)
Total Income	-	-	-
Profit/(Loss) after Tax	-	(0.22)	(0.19)
Earnings Per Share (₹)	-	(22.38)	(19.11)
Net asset Value Per share (₹)*	(8.56)	(12.38)	(31.49)

[#] From March 17, 2008 till March 31, 2008

* Net of Miscellaneous Expenditure not Written off

2. Skyline Advisory Services Private Limited (“SASPL”)

SASPL was incorporated as a public limited company in the name of Skyline Roofings Limited in Gwalior on January 1, 1997. On April 26, 2001 the company converted itself into a private limited company and changed its name to Skyline Roofings Private Limited. Thereafter the company on January 6, 2005 changed its name to Skyline Advisory Services Private Limited. The CIN of the company is U07414MP1997PTC011529. The registered office of the company is situated at 161, Suniket Apartment, Shree Nagar extension, Khajrana Main Road, Indore-452001. The main object of the company is to act as advisors, manager, project managers in the field of management, finance, taxation, investment, construction, legal, labour, information technology, industrial, commercial, public relations, customs, import-export, etc. and to take assignment on turnkey basis or otherwise in any of the above fields.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Rameshwar Porwal Lal	Director
Mr. Prem Swarup Kalani	Managing Director
Mr. Suresh Kumar Talati	Director
Ms. Manjit Sachdeva	Director
Mr. Gopal Das Garg	Additional director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 8,500,000 divided into ₹ 100,000 equity shares of ₹ 10 each; 300,000 15% redeemable non cumulative preference shares of ₹ 10 each; 450,000 preference shares of ₹ 10 each and paid up capital of ₹ 7,550,700 divided into 5070 equity shares of ₹ 10 each; 300,000 15% redeemable non cumulative preference shares of ₹ 10 each; 200,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 250,000 12% non cumulative non voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Ms. Padma Kalani	500	9.86
2.	Ms. Manisha Kalani	50	0.99
3.	Mr. Kartikeya Kalani	450	8.88
4.	Ms. Namita Kalani	500	9.86
5.	Mr. Vinayak Kalani	1,000	19.72
6.	Kartikeya Family Trust	600	11.83
7.	Vinayak Family Trust	1,000	19.72
8.	S.F. Trust	970	19.13
	Total	5,070	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
15% redeemable non cumulative preference shares			
1.	Kalani Industries Pvt. Ltd	288,000	38.40
2.	Ms. Padma Kalani	6,000	0.80
3.	Ms. Manisha Kalani	6,000	0.80
10% non cumulative non voting redeemable preference shares			
1.	Kalani Brothers (Indore) Pvt. Ltd.	200,000	26.67
12% non cumulative non voting redeemable preference shares			
1.	Paceman Traders Pvt. Ltd	250,000	33.33
	Total	750,000	100.00

Financial Performance

The financial highlights of SASPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.05	0.05	0.05
Reserves Surplus	(1.06)	(0.39)	(0.29)
Total Income	7.28	3.35	3.24
Profit/(Loss) after Tax	(1.15)	0.67	0.10
Earnings Per Share (₹)	(227.31)	131.60	20.27
Net asset Value Per share (₹)*	(207.46)	(73.64)	(51.16)

* Net of Miscellaneous Expenditure not Written off

3. Saka Tradings Private Limited (“SATPL”)

SATPL was incorporated as a private limited company in Mumbai on August 16, 1979. The CIN of the company is U51900MH1979PTC021558. The registered office of the company is situated at Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of the company is to deal in industrial merchandise, raw materials, their treatment, refining and preparation thereof, to carry on business of carriers by land or water or aerial transport and to deal in metals and plants and machinery thereof.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Avnish Hasija	Director
Mr. Rajesh Dubey	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 12,500,000 divided into 500,000 equity shares of ₹ 10 each and 750,000 preference shares of ₹ 10 each. The paid up capital of the company is ₹ 7,600,000 divided into 10,000 equity shares of ₹ 10 each; 150,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each and 600,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Mr. Manish Kalani	850	8.50
2.	Ms. Padma Kalani	970	9.70
3.	Ms. Manisha Kalani	1,650	16.50
4.	Manish Kalani-HUF	1,780	17.80
5.	Manish-Saurabh Trust	950	9.50
6.	Kalani Family Trust	950	9.50
7.	S.F. Trust	930	9.30
8.	Ridhima Family Trust	1,920	19.20
	Total	10,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
10% non cumulative non voting redeemable preference shares			
1.	Ratangiri Vinimay Pvt. Ltd.	150,000	20.00
12% non cumulative redeemable preference shares			
1.	Paceman Traders Pvt. Ltd	600,000	80.00
	Total	750,000	100.00

Financial Performance

The financial highlights of STPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.10	0.10	0.10
Reserves Surplus	(0.77)	(0.38)	(0.19)

Particular	FY 2008	FY 2009	FY 2010
Total Income	0.72	0.49	0.97
Profit/(Loss) after Tax	0.10	0.39	0.19
Earnings Per Share (₹)	9.80	39.42	19.23
Net asset Value Per share (₹)	(67.46)	(28.03)	(8.81)

4. High-Skey Properties Private Limited (“HSPPL”)

Corporate Information

HSPPL was incorporated under the Companies Act in the name of High-Skey Properties Private Limited on October 22, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45202MH1986PTC041351. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor, Near Mc Donalds, Sarojini Road, Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Avnish Hasija	Director
Mr. Rajesh Dubey	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 13,250,000 divided into 325,000 equity shares of ₹ 10 each; 1,000,000 preference shares of ₹ 10 each and paid up capital of ₹ 10,200,000 divided into 20,000 equity shares of ₹ 10 each; 490,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 510,000 12% non cumulative non voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Ms. Padma Kalani	3,670	18.35
2.	Ms. Manisha Kalani	196	0.98
3.	Ms. Namita Kalani	2,700	13.50
4.	Mr. Kartikeya Kalani	1,800	9.00
5.	Mr. Vinayak Kalani	1,948	9.74
6.	Kartikeya Family Trust	1,900	9.50
7.	Vinayak Family Trust	1,945	9.73
8.	S.F. Trust	1,945	9.73
9.	Yuvraj Trust	3,896	19.48
	Total	20,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
10% non cumulative non voting redeemable preference shares			
1.	Ratangiri Vinimay Pvt. Ltd.	490,000	49.00
12% non cumulative non voting redeemable preference shares			
2.	Paceman Traders Pvt. Ltd	510,000	51.00
	Total	1,000,000	100.00

Financial Performance

The financial highlights of HSPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.20	0.20	0.20
Reserves Surplus	(0.08)	2.27	(2.03)
Total Income	1.50	2.69	0.24
Profit/(Loss) after Tax	0.33	2.35	(4.30)
Earnings Per Share (₹)	16.53	117.31	(214.85)
Net asset Value Per share (₹)	6.12	123.43	(91.42)

5. Sunrise Properties Private Limited ("SPPL")

Corporate Information

SPPL was incorporated under the Companies Act in the name of Sunrise Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45200MH1986PTC040429. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor, near Mc Donalds, Sarojini Road Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Ramesh Chand Sharma	Director
Mr. Rajesh Dubey	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 21,000,000 divided into 100,000 equity shares of ₹ 10 each; 2,000,000 preference shares of ₹ 10 each and paid up capital of ₹ 16,000,000 divided into 100,000 equity shares of ₹ 10 each; 1,200,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 300,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Mr. Manish Kalani	7,890	7.89
2.	Ms. Padma Kalani	9,450	9.45
3.	Ms. Manisha Kalani	9,980	9.98
4.	Mr. Kartikeya Kalani	12,050	12.05
5.	Mr. Vinayak Kalani	8,700	8.70
6.	Kartikeya Family Trust	9,240	9.24
7.	Vinayak Family Trust	9,190	9.19
8.	S.F. Trust	9,900	9.90
9.	Ridhima Family Trust	9,500	9.50
10.	Indore Land & Finance Pvt. Ltd.	9,500	9.50
11.	Sanovi Trading Pvt. Ltd.	4,600	4.60
	Total	100,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
10% non cumulative non voting redeemable preference			
1.	Kalani Brothers (Indore) Pvt. Ltd.	700,000	46.67
2.	Ratangiri Vinimay Pvt. Ltd.	500,000	33.33
12% non cumulative redeemable preference shares			
1.	Paceman Traders Pvt. Ltd	300,000	20.00
	Total	1,500,000	100.00

Financial Performance

The financial highlights of SPPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.20	1.00	1.00
Reserves Surplus	(0.74)	(0.89)	(2.40)
Total Income	1.35	2.78	0.28
Profit/(Loss) after Tax	(0.40)	(0.15)	(1.51)
Earnings Per Share (₹)	(19.93)	(1.50)	(15.11)
Net asset Value Per share (₹)	(26.92)	1.11	(14.00)

6. Fantasy Real Estates Private Limited (“FREPL”)

FREPL was incorporated under the Companies Act in the name of Fantasy Real Estates Private Limited on February 20, 2007 with the Registrar of Companies, Mumbai. The CIN of the company is U70100MH2007PTC168010. The registered office of the company is situated at Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of FREPL is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center or centers for offering all types of comprehensive entertainment facilities and/or multiplex, cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages, facilities, bars, restaurants, hotels, food courts, eateries, etc.

Board of Directors

The board of directors as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Suresh Kumar Talati	Director
Mr. Mukta Velhankar	Director

Capital Structure and Shareholding Pattern

The authorised share capital of the company is ₹ 17,500,000 divided into 250,000 class ‘A’ equity shares with voting rights of ₹ 10 each; 500,000 class ‘B’ equity shares without voting rights of ₹ 10 each and 1,000,000 preference share of ₹ 10 each. The paid up capital of ₹ 16,100,000 divided into 110,000 Class A equity shares with voting rights of ₹ 10 each, 500,000 Class B equity shares without voting rights of ₹ 10 each; 550,000 10% non cumulative non-voting redeemable preference shares of ₹ 10 each; 450,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
Class A Equity Shares			
1.	Ms. Padma Kalani	10,500	9.55

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
Class A Equity Shares			
2.	Ms. Namita Kalani	10,780	9.80
3.	Kartikeya Family Trust	11,400	10.36
4.	S.F. Trust	15,320	13.93
5.	Yuvraj Trust	21,900	19.91
6.	Vindhya Cement Pvt. Ltd	10,300	9.36
7.	Fab-Syntex Pvt. Ltd	5,350	4.86
8.	Dumet Wire India Pvt. Ltd.	5,350	4.86
9.	High-sky Properties Pvt. Ltd	10,300	9.36
10.	Sanovi Trading Pvt. Ltd.	8,800	8.00
	Total	110,000	100.00
Class B Equity Shares			
1	Paceman Traders Pvt Ltd	500,000	100.00
	Total	500,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
10% non cumulative non voting redeemable preference shares			
1.	Kalani Brothers (Indore) Pvt. Ltd.	550,000	55.00
12% non cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	450,000	45.00
	Total	1,000,000	100.00

Financial Performance

The financial highlights of FREPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.10	1.10	1.10
Reserves Surplus	(0.20)	0.03	(1.11)
Total Income	0.006	0.92	0.008
Profit/(Loss) after Tax	(0.20)	0.23	(1.13)
Earnings Per Share (₹)	(19.69)	2.05	(10.31)
Net asset Value Per share (₹)*	(11.93)	10.08	(0.21)

* Net of Miscellaneous Expenditure not Written off

7. Crystal 3 Power Private Limited (“CPPL”)

CPPL was incorporated as a private limited company in West Bengal on August 22, 2008. The CIN of the company is U45400WB2008PTC128684. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to build, erect, construct, establish, maintain, improve, manage and operate electricity generating stations businesses ancillary to it.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Manish Kalani	Director
Mr. Shankar Narayanan Iyar	Director
Mr. Rajesh Dubey	Director

Name of the Director	Nature of Directorship
Mr. Kartikeya Kalani	Director
Mr. Vinod Kumar Sharma	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each and the paid up capital of ₹ 400,000 divided into 40,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Saka Tradings Pvt. Ltd.	4,000	10.00
2.	Wanderland Construction Pvt. Ltd.	36,000	90.00
	Total	40,000	100.00

Financial Performance

The financial highlights of CPPL as per the audited financial statements for FY 2009 and FY 2010 are as under:
(₹ in Million)

Particular	FY 2009*	FY 2010*
Equity Capital	0.10	0.10
Reserves Surplus	-	-
Total Income	-	-
Profit/(Loss) after Tax	-	-
Earnings Per Share (₹)	-	-
Net asset Value Per share (₹)#	(27.96)	(28.80)

The Company was incorporated on August 22, 2008

** Since no commercial activity started & hence no P/L account has been prepared*

Net of Miscellaneous Expenditure not Written off

8. Dreamworld Developers Private Limited (“DDPL”)

DDPL was incorporated as a private limited company in the name of Herbal Dream Vedic Private Limited in Gwalior on June 26, 2006. On May 29, 2007 the name of the company was changed to Dreamworld Developers Private Limited. The CIN of the company is U24232MP2006PTC018737. The registered office of the company is situated at 161-162 Suniket Apartment, Shree Nagar Extension, Khajrana, Main Road Indore-452001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease Family Entertainment Center, Shopping Malls, Multiplex, Hotels, commercial Premises, offices, or Centers for offering all types of comprehensive Entertainment facilities and/or multiplex, Cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages facilities, bars, restaurants, hotels, food courts, eateries, etc.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the Director	Nature of Directorship
Mr. Ramesh Chand Sharma	Director
Mr. Neeraj Kumar Jain	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the paid up capital of ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Mr. Manish Kalani	900	9.00
2.	Ms. Padma Kalani	900	9.00
3.	Ms. Manisha Kalani	900	9.00
4.	Mr. Kartikeya Kalani	900	9.00
5.	Mr. Vinayak Kalani	900	9.00
6.	Manish Kalani HUF	900	9.00
7.	Manish Saurabh Trust	900	9.00
8.	Kalani Family Trust	900	9.00
9.	Kartikeya Family trust	900	9.00
10.	Vinayak Family Trust	900	9.00
11.	S F Trust	900	9.00
12.	Yuvraj Trust	100	1.00
	Total	10,000	100.00

Financial Performance

The financial highlights of DDPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)

Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.10	0.10	0.10
Reserves Surplus	(0.03)	0.00	(0.56)
Total Income	0.01	0.06	0.02
Profit/(Loss) after Tax	(0.02)	0.03	(0.56)
Earnings Per Share (₹)	(2.32)	3.24	(56.11)
Net asset Value Per share (₹)	6.77	10.01	(46.10)

9. Triple A Constructions Private Limited (“TACPL”)

TACPL was incorporated as a private limited company in Indore on July 4, 1985. The CIN of the company is U45201MP1985PTC002923. The registered office of the company is situated at 161-162, Suniket Appartment, Shrinagar Extension, Khajrana Main Road, Indore - 452010. The main object of the company is to carry on the business of real estate, owners, builders and contractors.

Board of Directors

The board of directors of the company as on June 30, 2011 is as under:

Name of the director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Suresh Kumar Talati	Director
Mr. Neeraj Kumar Jain	Director

Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 6,000,000 divided into 10,000 equity shares of ₹ 100 each and 50,000 preference shares of ₹ 100 each. The paid up Capital of the company is ₹ 5,100,000 divided into 1,000 equity share of ₹ 100 each and 50,000 12% non cumulative redeemable preference shares of ₹ 100 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	Number of shares held	% shareholding
1.	Ms. Padma Kalani	99	9.90
2.	Ms. Manisha Kalani	99	9.90
3.	Herbal Dream Ayurveda Creations Pvt. Ltd.	24	2.40
4.	Kartikeya Family Trust	99	9.90
5.	Vinayak Family Trust	99	9.90
6.	S. F. Trust	99	9.90
7.	Mr. Kartikeya Kalani	99	9.90
8.	Saurabh Properties Pvt. Ltd.	99	9.90
9.	Pusti Trading Pvt. Ltd.	99	9.90
10.	Sevenstar Properties Pvt. Ltd.	54	5.40
11.	Miscellani Global Pvt. Ltd.	40	4.00
12.	Mr. Vinayak Kalani	70	7.00
13.	Ms. Namita Kalani	20	2.00
	Total	1,000	100.00

Sr. No.	Name of the preference shareholder	Number of shares held	% shareholding
12 % non-cumulative redeemable preference shares			
1.	Pace Man Traders Private Limited	50,000	100.00
	Total	50,000	100.00

Financial Performance

The financial highlights of TACPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.10	0.10	0.10
Reserves Surplus	(0.06)	(0.13)	(0.11)
Total Income	0.20	0.06	0.05
Profit/(Loss) after Tax	(0.01)	(0.07)	0.02
Earnings Per Share (₹)	(9.27)	(65.39)	19.59
Net asset Value Per share (₹)	38.47	(26.92)	(7.33)

10. TI Travels Private Limited (“TITPL”)

TITPL was incorporated as a private limited company in Mumbai on July 13, 2007. The CIN of the company is U63090MH2007PTC172315. The registered office of the company is situated at Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of the company is to carry on the business as travel agents, tourist agents and tour operators, of any Indian or Foreign Airlines, air cargo shipping and other travel agencies.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Ramesh Chand Sharma	Director
Mr. Shivaji Matkar	Director

Capital Structure and Shareholding Pattern:

The authorised share capital of the company is ₹ 500,000 divided in to 50,000 equity shares of ₹ 10 each. The paid up capital of the company is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The equity shareholding pattern of this company as on June 30, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of shares held	% shareholding
1.	Mr. Manish Kalani	900	9.00
2.	Ms. Namita Kalani	900	9.00
3.	Mr. Vinayak Kalani	1,800	18.00
4.	S.F. Trust	900	9.00
5.	Kartikeya Family Trust	900	9.00
6.	Vinayak Family Trust	1,800	18.00
7.	Yuvraj Trust	900	9.00
8.	Ms. Padma Kalani	1,900	19.00
	Total	10,000	100.00

Financial Performance

The financial highlights of TITPL as per the audited financial statements for FY 2008, FY 2009 and FY 2010 are as under:

(₹ in Million)			
Particular	FY 2008	FY 2009	FY 2010
Equity Capital	0.10	0.10	0.10
Reserves Surplus	(0.04)	(0.06)	(0.09)
Total Income	-	-	-
Profit/(Loss) after Tax	(0.04)	(0.02)	(0.03)
Earnings Per Share (₹)	(3.74)	(2.46)	(2.83)
Net asset Value Per share (₹)*	4.16	2.22	(0.08)

* Net of Miscellaneous Expenditure not Written off

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntax Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section “Outstanding Litigations and Material Developments” on pages 406 to 407 of the RHP.

C. Other Group Entities

1. Saurabh Properties Private Limited (“SPPL”)

SPPL was incorporated under the Companies Act in the name of Saurabh Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45200MH1986PTC040430. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor Near Mcdonalds, Sarojini Road, Vile Parle (W), Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Gopal Das Garg	Director
Mr. Shivaji Matkar	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹10,000,000 divided into 100,000 equity shares of ₹ 10 each, 90,000 15% non cumulative redeemable preference shares of ₹ 10 each, 545,500 10% non cumulative redeemable preference shares of ₹ 10 each and 264,500 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of Shares held	% shareholding
1.	Yuvraj trust	21,600	21.60
2.	Ms. Namita Kalani	17,600	17.60
3.	Ms. Padma Kalani	9,800	9.80
4.	Kartikeya Family Trust	9,800	9.80
5.	Vinayak Family Trust	9,800	9.80
6.	S. F. Trust	9,800	9.80
7.	Mr. Kartikeya Kalani	9,800	9.80
8.	Mr. Vinayak Kalani	9,800	9.80
9.	Ms. Manisha Kalani	2,000	2.00
	Total	100,000	100.00

Sr. No.	Name of the preference shareholder	No. of Shares held	% shareholding
10% non-cumulative redeemable preference shares			
1.	Ratangiri Vinimay Pvt. Ltd.	345,500	38.39
2.	Kalani Brothers (Indore) Pvt. Ltd.	200,000	22.22
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	264,500	29.39
15% non-cumulative redeemable preference shares			
1.	Kalani Industries Pvt. Ltd.	88,000	9.78
2.	Ms. Padma Kalani	1,000	0.11
3.	Ms. Manisha Kalani	1,000	0.11
	Total	900,000	100

2. Anshuman Properties Private Limited (“APPL”)

APPL was incorporated under the Companies Act in the name of Anshuman Properties Private Limited on October 21, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U70100MH1986PTC041327. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor near Mc Donalds Sarojini Road Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Quresh Matkawala	Director
Mr. Yogesh Goswami	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 13,000,000 divided into 50,000 equity shares of ₹ 10 each; 600,000 10% non cumulative redeemable preference shares of ₹ 10 each and 650,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of Shares held	% shareholding
1.	Kartikeya Family Trust	9,900	19.80
2.	Ms. Padma Kalani	9,450	18.90
3.	Mr. Kartikeya Kalani	4,950	9.90
4.	Master Vinayak Kalani	4,950	9.90
5.	Vinayak Family Trust	4,950	9.90
6.	S. F. Trust	4,950	9.90
7.	Yuvraj Trust	4,950	9.90
8.	Ms. Namita Kalani	4,750	9.50
9.	Ms. Manisha Kalani	900	1.80
10.	Mr. Manish Kalani	250	0.50
	Total	50,000	100.00

Sr. No.	Name of the preference shareholder	No. of Shares held	% shareholding
12 % non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	650,000	52.00
10 % non-cumulative redeemable preference shares			
1.	Ratangiri Vinimay Pvt. Ltd	500,000	40.00
2.	Kalani Brothers (Indore) Pvt. Ltd	100,000	8.00
	Total	1,250,000	100.00

3. Wanderland Constructions Private Limited (“WCPL”)

WCPL was incorporated as a private limited company in Kolkata on August 23, 2007. The CIN of the company is U70101WB2007PTC118016. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road Kolkata-700001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center and all types of comprehensive entertainment facilities and to carry on the business of building construction and realty.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Ramesh Chand Sharma	Director
Mr. Suresh Kumar Talati	Director
Mr. Shivaji Matkar	Director

Capital Structure and Shareholding Pattern

The paid up equity share capital of the company is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The equity shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Mr. Saurabh Kalani	2,600	26.00
2.	Saurabh Kalani HUF	950	9.50
3.	Kartikeya Family Trust	950	9.50
4.	SF Trust	950	9.50
5.	Vinayak Family Trust	950	9.50
6.	Kalani Family Trust	950	9.50

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
7.	PS Manish Kalani HUF	950	9.50
8.	Badrinarayan Kalani & Sons HUF	950	9.50
9.	Manish Saurabh Trust	750	7.50
	Total	10,000	100.00

4. Vindhya Cement Private Limited (“VCPL”)

VCPL was incorporated as a public limited company in Gwalior in the name of Indore Alloy Steel Cast Limited on March 16, 1974. On September 13, 1979, the name of the company was changed to Vindhya Cement Limited. The Company thereafter converted itself into a private limited company on April 26, 2001 and changed its name to Vindhya Cement Private Limited. The CIN of the company is U02694MP1974PTC001261. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to carry on business connected with metals including but not limited to trading, moulding, casting and manufacturing and to carry on the business of engineers and general contractors.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

The paid up share capital of the company is ₹ 12,400,340 divided into 160,034 equity shares of ₹ 10 each, 330,000 15% non-cumulative redeemable preference shares of ₹ 10 each, 690,000 10% non-cumulative redeemable preference shares of ₹ 10 each and 60,000 12% non-cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of share held	% shareholding
1.	Ms. Padma Kalani	15,034	9.39
2.	Ms. Manisha Kalani	600	0.37
3.	Mr. Vinayak Kalani	15,000	9.37
4.	Vinayak Family Trust	30,000	18.75
5.	S. F. Trust	15,000	9.37
6.	Pusti Trading Pvt. Ltd.	15,000	9.37
7.	Dumet Wire India Pvt. Ltd.	15,000	9.37
8.	Skyline Advisory Services Pvt. Ltd.	15,000	9.37
9.	Sunrise Properties Pvt. Ltd.	15,000	9.37
10.	Anshuman Properties Pvt. Ltd.	10,000	6.25
11.	Mr. Kartikeya Kalani	14,400	9.00
	Total	160,034	100.00

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
15% non-cumulative redeemable preference shares			
1.	Kalani Industries Pvt. Ltd.	320,000	29.63
2.	Ms. Padma Kalani	5,000	0.46
3.	Ms. Manisha Kalani	5,000	0.46
10% non-cumulative redeemable preference shares			

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
1.	Ratangiri Vinimay Pvt. Ltd.	690,000	63.89
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	60,000	5.56
	Total	1,080,000	100.00

5. Pusti Trading Private Limited (“PTPL”)

PTPL was incorporated as a private limited company in Indore on June 22, 1993. The company was converted into a public limited company on February 19, 1999. On April 12, 2001, the company was again converted into a private limited company. The CIN of the company is U50300MP1993PTC007729. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to carry on the business of trading, dealing, importing, exporting, buying and selling of HDPE Woven sacks, A.C. pressure pipes and parts, components and accessories of motor vehicles, tractors, cycles and two wheelers and heavy earth moving equipments etc.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Sudarshan Shastri	Director
Mr. Rajesh Dubey	Director

Capital Structure and Shareholding Pattern

The paid up share capital of the company is ₹ 3,425,000 divided into 2,500 equity shares of ₹ 10 each, 90,000 15% non-cumulative redeemable preference shares of ₹ 10 each and 250,000 12% non-cumulative redeemable preference shares of ₹ 10 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Ms. Padma Kalani	243	9.72
2.	Ms. Manisha Kalani	6	0.24
3.	Dumet Wire India Pvt. Ltd.	248	9.92
4.	Mr. Vinayak Kalani	245	9.80
5.	Ms. Namita Kalani	248	9.92
6.	Kartikeya Family Trust	245	9.80
7.	Vinayak family Trust	395	15.80
8.	S. F. Trust	385	15.40
9.	Kartikeya Kalani	240	9.60
10.	Yuvraj Trust	245	9.80
	Total	2,500	100.00

Sr. No.	Name of the preference shareholder	No. of preference shares held	% shareholding
15% non-cumulative redeemable preference shares			
1	Kalani Industries Pvt. Ltd.	88,000	25.89
2	Ms. Padma Kalani	1,000	0.29
3	Ms. Manisha Kalani	1,000	0.29

Sr. No.	Name of the preference shareholder	No. of preference shares held	% shareholding
12% non-cumulative redeemable preference shares			
1	Pace Man Traders Pvt. Ltd.	250,000	73.53
	Total	340,000	100.00

6. Fab-Syntex Private Limited ("FSPL")

FSPL was incorporated as a private limited company in Mumbai on July 25, 1979. The CIN of the company is U17100MH1979PTC021493. The registered office of the company is situated Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of the company is to carry on business connected with fabrics and yarns including but not limited to manufacture, trading, spinners and processing.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Shivaji Matkar	Director
Mr. Neeraj Kumar Jain	Director

Capital Structure and Shareholding Pattern

The paid up share capital of the company is ₹ 7,402,300 divided into 40,230 equity shares of ₹ 10 each , 150,000 10% non cumulative redeemable preference shares of ₹ 10 each and 550,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Ms. Padma Kalani	3,918	9.74
2.	Ms. Namita Kalani	6,494	16.14
3.	Ms. Manisha Kalani	3,918	9.74
4.	S. F. Trust	7,018	17.44
5.	Ms. Vinayak Kalani	7,400	18.39
6.	Kartikaya Family Trust	3,982	9.90
7.	Vinayak family Trust	7,500	18.64
	Total	40,230	100.00

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
10% non-cumulative redeemable preference shares			
1.	Kalani Brothers (Indore) Pvt. Ltd.	150,000	21.43
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	550,000	78.57
	Total	700,000	100.00

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntex Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section "Outstanding Litigations and Material Developments" on pages 406 to 407 of the RHP.

7. Indore Land and Finance Private Limited (“ILFPL”)

ILFPL was incorporated as a private limited company in the name of Indore Land and Finance Private Limited in Gwalior on November 16, 1961. On January 4, 1985 the company was converted into a public limited company under the name Indore Land and Finance Limited. On May 26, 1995 the company was converted into a private limited company under the name Indore Land and Finance Private Limited. The CIN of the company is U65922MP1961PTC000931. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to purchase, take on lease or in exchange or otherwise acquire any lands and buildings in Indore or elsewhere any estate or interests in or any rights connected with any such lands and buildings.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Gopal Das Garg	Director
Mr. Harisingh Maheshwari	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

The paid up share capital of the company is ₹ 5,450,000 divided into 250 equity shares of ₹ 1,000 each and 5,200 12% non cumulative redeemable preference shares of ₹ 1,000 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Ms. Padma Kalani	47	18.80
2.	Manish Saurabh Trust	24	9.60
3.	Kalani Family Trust	24	9.60
4.	Ridhima Family Trust	24	9.60
5.	Saka Tradings Pvt. Ltd.	9	3.60
6.	Sunrise Properties Pvt. Ltd.	24	9.60
7.	Vibgyor Laminates Pvt. Ltd.	9	3.60
8.	Four Dimension Properties Pvt. Ltd.	6	2.40
9.	Skyline Advisory Services Pvt. Ltd.	24	9.60
10.	Dumet Wire India Pvt. Ltd.	20	8.00
11.	Mr. Vinayak Kalani	21	8.40
12.	Vinayak Family Trust	18	7.20
	Total	250	100.00

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
12% Non-cumulative Redeemable Preference Shares			
1.	Pace Man Traders Pvt. Ltd	5,200	100.00
	Total	5,200	100.00

8. Gemini Heights Private Limited (“GHPL”)

GHPL was incorporated as a private limited company in the name of Wanderland Heights Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the company was changed to Gemini Heights Private Limited. The CIN of the company is U70101WB2007PTC118015. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, develop, purchase, take on lease, sell or otherwise any land or real estate for recreational, retail, commercial, residential or other uses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Quresh Matkawala	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

Paid up equity share capital of the company is ₹ 4,100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each and 400,000 Class 'B' equity shares without voting rights of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
Class A Equity Shares			
1.	Ms. Padma Kalani	1,900	19.00
2.	S. F. Trust	900	9.00
3.	Ms. Namita Kalani	900	9.00
4.	Mr. Vinayak Kalani	900	9.00
5.	Kartikeya Kalani	900	9.00
6.	Manish Saurabh Trust	900	9.00
7.	Kalani Family Trust	900	9.00
8.	Ridhima Family Trust	900	9.00
9.	Ms. Manisha Kalani	900	9.00
10.	Yuvraj Trust	900	9.00
	Total	10,000	100.00
Class B Equity Shares			
1.	Paceman Traders Pvt. Ltd	400,000	100.00
	Total	400,000	100.00

9. High Beam Reality Private Limited ("HBRPL")

HBRPL was incorporated as a private limited company in the name of Wanderland Realty Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the Company was changed to High Beam Reality Private Limited. The CIN of the company is U70101WB2007PTC118009. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease Family Entertainment Center, Shopping Malls, Multiplex, Hotels, commercial Premises, offices, or Centers for offering all types of comprehensive Entertainment facilities and/or multiplex, Cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages facilities, bars, restaurants, hotels, food courts, eateries, etc.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Ms. Mukta Velhankar	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 4,100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each and 400,000 Class 'B' equity shares without voting rights of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% Shareholding
Class A Equity Shares			
1.	Ms. Padma Kalani	1,900	19.00
2.	Mr. Kartikeya Kalani	900	9.00
3.	Ms. Namita Kalani	900	9.00
4.	Mr. Vinayak Kalani	900	9.00
5.	S. F. Trust	900	9.00
6.	Manish Saurabh Trust	900	9.00
7.	Kalani Family Trust	900	9.00
8.	Kartikeya Family Trust	900	9.00
9.	Vinayak Family Trust	900	9.00
10.	Yuvraj Trust	900	9.00
	Total	10,000	100.00
Class B Equity Shares			
1.	Paceman Traders Pvt. Ltd	400,000	100.00
	Total	400,000	100.00

10. Samarpit Developers Private Limited ("SDPL")

SDPL was incorporated as a private limited company in the name of Wanderland Developers Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the company was changed to Samarpit Developers Private Limited. The CIN of the company is U70101WB2007PTC118010. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, develop, purchase, take on lease, sell or otherwise any land or real estate for recreational, retail, commercial, residential or other uses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Ramesh Chand Sharma	Director
Mr. Quresh Matkawala	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 4,100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each and 400,000 Class 'B' equity shares without voting rights of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
Class A Equity Shares			
1.	Ms. Padma Kalani	1,900	19.00
2.	S. F.Trust	900	9.00
3.	Ms. Namita Kalani	900	9.00

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
4.	Mr. Vinayak Kalani	900	9.00
5.	Kartikeya Kalani	900	9.00
6.	Manish Saurabh Trust	900	9.00
7.	Kalani Family Trust	900	9.00
8.	Kartikeya Family Trust	900	9.00
9.	Vinayak Family Trust	900	9.00
10.	Yuvraj Trust	900	9.00
	Total	10,000	100.00
Class B Equity Shares			
1.	Paceman Traders Pvt. Ltd	400,000	100.00
	Total	400,000	100.00

11. Vibgyor Laminates Private Limited (“VLPL”)

VLPL was incorporated as a private limited company in Mumbai on July 25, 1979. The CIN of the company is U74999MH1979PTC021494. The registered office of the company is situated at Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of the company is to carry on business of manufacture, process and distribution of laminates plastics and to install plants and machinery thereto and to invest, underwrite and buy, hold and sell securities.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Vinod Kumar Sharma	Director
Mr. Rajesh Dubey	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 7,902,400 divided into 40,240 equity shares of ₹ 10 each, 700,000 10% non cumulative redeemable preference shares of ₹ 10 each and 50,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Manish Saurabh Trust	7,490	18.61
2.	Kalani Family Trust	3,660	9.10
3.	Ms. Padma Kalani	3,925	9.75
4.	Ms. Manisha Kalani	5,613	13.95
5.	S. F. Trust	3,625	9.01
6.	Ridhima Family Trust	7,903	19.64
7.	Manish Kalani HUF	4,000	9.94
8.	Mr. Manish Kalani	4,024	10.00
	Total	40,240	100.00

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
10% non-cumulative redeemable preference shares			
1.	Ratangiri Vinimay Pvt Ltd.	700,000	93.33
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd	50,000	6.67
	Total	750,000	100.00

12. Padma Homes Private Limited (“PHPL”)

PHPL was incorporated as a private limited company in Gwalior on January 31, 2002. The CIN of the company is U45201MP2002PTC014963. The registered office of PHPL is situated at 11, Tukoganj, Main Road, Indore 452 001. PHPL is involved in the business of dealing in real estate and properties.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Ms. Padma Kalani	Director
Mr. Suresh Kumar Talati	Director
Mr. Neeraj Kumar Jain	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 2,456,900 divided into 245,690 equity shares of ₹ 10 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% Shareholding
1.	Ms. Padma Kalani	73,413	29.88
2.	Ms. Manisha Kalani	73,468	29.90
3.	Kartikeya Family Trust	30,000	12.21
4.	Vinayak Family Trust	33,986	13.83
5.	S.F. Trust	34,823	14.17
	Total	245,690	100.00

13. Kalani Brothers (Indore) Private Limited (“KBIPL”)

KBIPL was incorporated as a private limited company in Indore on December 28, 1959. The CIN of the company is U74999MP1959PTC000882. The registered office of KBIPL is situated at 11 Tukoganj, Main Road, Indore 452 001. KBIPL is involved in dealing of real estate and properties.

Board of Directors

The board of director of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Ms. Padma Kalani	Director
Mr. Narendra Kumar Malviya	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 49,950,000 divided into 4,995,000 Equity shares of ₹ 10 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Ms. Padma Kalani	1,365,300	27.33
2.	Ms. Manisha Kalani	1,365,300	27.33
3.	Manish-Saurabh Trust	144,300	2.89

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
4.	Kalani Family Trust	144,300	2.89
5.	Kartikeya Family Trust	610,500	12.22
6.	Vinayak Family Trust	610,500	12.22
7.	Ridhima Family Trust	754,800	15.11
	Total	4,995,000	100.00

14. Wanderland Real Estates Private Limited (“WREPL”)

WREPL was incorporated as a private limited company in Kolkata on February 24, 2006. The CIN of the company is U70101WB2006PTC108307 under the Companies Act. The registered office of this company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to engage in real estate and ancillary businesses.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Quresh Matkawala	Director
Mr. Ramesh Chand Sharma	Director
Mr. Avnish Hasija	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 5,250,000 divided into 525,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Mr. Manish Kalani	9,000	1.71
2.	Ms. Padma Kalani	45,000	8.57
3.	Ms. Manisha Kalani	26,250	5.00
4.	Ms. Namita Kalani	10,500	2.00
5.	Mr. Vinayak Kalani	26,250	5.00
6.	Manish Kalani-HUF	9,000	1.71
7.	Ridhima Family Trust	26,250	5.00
8.	Yuvraj Trust	26,250	5.00
9.	P. S. Kalani HUF	5,000	0.95
10.	Kalani Industries Pvt. Ltd	37,250	7.10
11.	Patwari Real Estates Pvt. Ltd.	31,000	5.90
12.	Treasure World Developers Pvt. Ltd.	267,750	51.00
13.	Mr. P. S. Kalani	5,500	1.06
	Total	525,000	100

15. Dumet Wire India Private Limited (“DWIPL”)

DWIPL was incorporated as a public limited company in the name of Dumet Wire India Limited in Gwalior on April 23, 1976. On April 16, 1980 the company converted itself into a private limited company and changes its name to Dumet Wire India Private Limited. The CIN of the company is U31390MH1976PTC026553. The registered office of this company is situated at Unit 1103, 11th Floor, Tower 2, Wing B, One Indiabulls Centre, Elphinstone, Senapati Bapat Marg, Mumbai 400 013. The main object of the company is to carry on business connected with wires and filaments used for conducting electricity or generating light including but not limited to manufacture, trading and consultancy.

Board of Directors

The board of directors of the company as on June 30, 2011 is as follows:

Name of the Director	Nature of Directorship
Mr. Pawan Kumar Jain	Director
Mr. Suresh Kumar Talati	Director

Capital Structure and Shareholding Pattern

The paid up capital of the company is ₹ 17,400,700 divided into 90,070 equity shares of ₹ 10 each, 300,000 10% non cumulative non-voting redeemable preference shares of ₹ 10 each and 1,350,000 12% non cumulative redeemable preference shares of ₹ 10 each

The shareholding pattern of the company as on June 30, 2011 is as follows:

Sr. No.	Name of the equity shareholder	No. of shares held	% shareholding
1.	Ms. Padma Kalani	9,000	9.99
2.	Ms. Manisha Kalani	1,000	1.11
3.	Mr. Kartikeya Kalani	8,000	8.88
4.	Vindhya Cement Pvt. Ltd	5,127	5.69
5.	Seven Star Properties Pvt. Ltd.	9,000	9.99
6.	Pusti Trading Pvt. Ltd.	9,000	9.99
7.	Skyline Advisory Services Pvt. Ltd.	3,821	4.24
8.	Kartikeya Family Trust	9,000	9.99
9.	Vinayak Family Trust	9,000	9.99
10.	SF Trust	9,000	9.99
11.	Mr. Vinayak Kalani	8,500	9.44
12.	Fab-syntex Pvt. Ltd.	900	1.00
13.	Sunrise Properties Pvt. Ltd.	8,722	9.68
	Total	90,070	100.00

Sr. No.	Name of the preference shareholder	No. of shares held	% shareholding
10 % non-cumulative non voting redeemable preference shares			
1.	Kalani Brothers (Indore) Pvt. Ltd.	300,000	18.18
12% non-cumulative redeemable preference shares			
1.	Pace Man Traders Pvt. Ltd.	1,350,000	81.82
	Total	1,650,000	100.00

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntex Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section “Outstanding Litigations and Material Developments” on pages 406 to 407 of the RHP.

(III) Limited Liability Partnerships

1. Ambika Commercial LLP

Ambika Commercial LLP was incorporated as a limited liability partnership on January 6, 2011 with registration no. AAA-3319 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Ambika Commercial LLP was carrying on its business under the name and style of Ambika Commercial Private Limited. The registered office of Ambika Commercial LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Ambika Commercial LLP is to carry on all or any of the business as buyers, sellers, suppliers, growers, traders, merchants, indentures, brokers, agents,

assemblers, stockists of goods and commodities of any kind and to work as commission agents, brokers, contractors, processors, order suppliers and dealing agents.

The total monetary value of the contribution made by the partners of Ambika Commercial LLP is ₹1,100,000.

The partners of Ambika Commercial LLP are as under:

Sr. No.	Name of the Partner
1.	Four Dimension Properties Pvt. Ltd.
2.	Fab-Syntex Pvt. Ltd.
3.	Ms. Padma Kalani

2. Ecstasy Heights LLP

Ecstasy Heights LLP was incorporated as a limited liability partnership on March 11, 2011 with registration no. AAA-4080 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Ecstasy Heights LLP was carrying on its business under the name and style of Ecstasy Heights Private Limited (EHPL). The registered office of Ecstasy Heights LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Ecstasy Heights LLP is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center, shopping malls, multiplex, hotels, commercial premises, offices, etc.

The total monetary value of the contribution made by the partners of Ecstasy Heights LLP is ₹5,100,000

The partners of Ecstasy Heights LLP are as under:

Sr. No.	Name of the Partner
1.	Ms. Padma Kalani
2.	Ms. Namita Kalani
3.	Gemini Heights Pvt. Ltd.
4.	Anshuman Properties Pvt. Ltd.
5.	Vibgyor Laminates Pvt. Ltd.
6.	Dumet Wire (India) Pvt. Ltd.
7.	Mr. Kartikeya Kalani

3. Excellence Properties LLP

Excellence Properties LLP was incorporated as a limited liability partnership on March 22, 2011 with registration no. AAA-4191 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Excellence Properties LLP was carrying on its business under the name and style of Excellence Properties Private Limited (EPPL). The registered office of Excellence Properties LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Excellence Properties LLP is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center, shopping malls, multiplex, hotels, commercial premises, offices, etc.

The total monetary value of the contribution made by the partners of Excellence Properties LLP is ₹5,100,000

The partners of Excellence Properties LLP are as under:

Sr. No.	Name of the Partner
1.	Ms. Padma Kalani
2.	Ms. Namita Kalani
3.	Mr. Kartikeya Kalani
4.	Mr. Manish Kalani
5.	Anshuman Properties Pvt. Ltd.

Sr. No.	Name of the Partner
6.	Vibgyor Laminates Pvt. Ltd.
7.	Dumet Wire (India) Pvt. Ltd.

4. Rising Sun Properties LLP

Rising Sun Properties LLP was incorporated as a limited liability partnership with registration no. AAA-5321 pursuant to a certificate of incorporation dated June 23, 2011. The registered office of Rising Sun Properties LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Rising Sun Properties LLP is to buy, purchase, acquire, sell, deal, exchange, lease, take on lease, hire, license, repair, construct, build, divide, sub-divide any Land including agriculture land, buildings and hereditaments of any tenure of description, situated at any place In India or elsewhere for residential, agricultural, or other purposes and any rights, easements, advantage and privileges relating thereto and any estate or interest therein and any right over or connected with land so situated and to deal with as may seem expedient and in particular by preparing building sites and by constructing, reconstructing decorating improving altering , furnishing and maintaining offices, flats, houses, factories, cinema theatres, opera houses, auditoriums, warehouses shops wharves, buildings work and conveniences of all kinds and by consolidating or connecting or sub-dividing properties and by leasing and disposing off the same.

The total monetary value of the contribution made by the partners of Rising Sun Properties LLP is ₹2,625,000

The partners of Rising Sun Properties LLP are as under:

Sr. No.	Name of the Partner
1.	Mr. Prem Swarup Kalani, as a trustee of Ridhima Family Trust
2.	Mr. Saurabh Kalani, as a trustee of Vinayak Family Trust
3.	Mr. Manish Kalani, as a trustee of Kartikeya Family Trust
4.	Mr. Harisingh Maheshwari, as a trustee of S.F. Trust
5.	Kartikeya Kalani
6.	Ms. Padma Kalani, as a trustee of Manish Saurabh Trust

5. Venetian Realty LLP

Venetian Realty LLP was incorporated as a limited liability partnership with registration no. AAA-5044 pursuant to a certificate of incorporation dated June 3, 2011. The registered office of Venetian Realty LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Venetian Realty LLP is to inter alia buy, purchase, acquire, sell, deal, lease, construct, build, divide any land, including agricultural land. Buildings, hereditaments, situated at any place in India or elsewhere for residential, business, industrial, commercial, agricultural or any other purpose etc.

The total monetary value of the contribution made by the partners of Venetian Realty LLP is ₹1,500,000.

The partners of Venetian Realty LLP are as under:

Sr. No.	Name of the Partner
1.	Mr. Kartikeya Kalani
2.	Mr. Vinayak Kalani
3.	Ms. Padma Kalani
4.	Ms. Namita Kalani
5.	Ms. Manisha Kalani
6.	Mr. Prem Swarup Kalani as a trustee of Kalani

Sr. No.	Name of the Partner
	Family Trust

6. Chitrakoot Mercantiles LLP

Chitrakoot Mercantiles LLP was incorporated as a limited liability partnership on August 4, 2011 with registration no. AAA-5842 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Chitrakoot Mercantiles LLP was carrying on its business under the name and style of Chitrakoot Mercantiles Private Limited. The registered office of Chitrakoot Mercantiles LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Chitrakoot Mercantiles LLP is to carry on all or any of the business as buyers, sellers, suppliers, growers, traders, merchants, indentures, brokers, agents, assemblers, stockists of goods and commodities of any kind and to work as commission agents, brokers, contractors, processors, order suppliers and dealing agents.

The total monetary value of the contribution made by the partners of Chitrakoot Mercantiles LLP is ₹1,10,00,000.

The partners of Chitrakoot Mercantiles LLP are as under:

Sr. No.	Name of the Partner
1.	Mr. Prem Swarup Kalani
2.	Mr. Vinayak Kalani
3.	Mr. Kartikeya Kalani, as a trustee and representative of Kartikeya Family Trust
4.	Ms. Padma Kalani, as a trustee and representative of Vinayak Family Trust
5.	Gagan Commercial Agencies Limited
6.	Olive Commercial Co. Limited

(IV) Trusts

1. Kartikeya Family Trust

Kartikeya Family Trust formed through a trust deed dated January 28, 1999 and acting through its trustees Mr. Saurabh Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, health and expenses for:

- Kartikeya Kalani,
- Vinayak Kalani
- Other sons of Mr. Saurabh Kalani, their wives and their respective HUF
- Daughters of Saurabh Kalani and children of Kartikeya Kalani and Vinayak Kalani
- Children of the other sons and daughters of Mr. Saurabh Kalani.
- Children of the sons and daughters of Mr. Kartikeya Kalani.
- Sons of Mr. Kartikeya Kalani and Mr. Vinayak Kalani
- Children of the sons and daughters of Mr. Saurabh Kalani.

2. Riddhima Family Trust

Riddhima Family Trust formed through a trust deed dated November 11, 2003 and acting through its trustees Mr. Prem Swarup Kalani, Mr. Manish Kalani and Ms. Manisha Kalani is primarily formed with the object to provide for education, marriage, health and expenses for:

- Riddhima Kalani;
- Sons and their wives of Mr. Manish Kalani,

- (c) Daughters and their husbands of Mr. Manish Kalani,
- (d) Children of Riddhima Kalani,
- (e) Children of other sons and daughters of Manish Kalani, Kartikeya Kalani and Vinayak Kalani;
- (f) Wives of Kartikeya Kalani and Vinayak Kalani and
- (g) Sons and daughters of Mr. Kartikeya Kalani and Vinayak Kalani.

3. S. F. Trust

S.F. Trust was formed through will of Ms. Radhabai Kalani dated December 26, 1996. The trustees of this trust are Mr. Prem swarup Kalani, Ms. Padma Kalani, Mr. Harisingh Maheshwari and Mr. Amitabh Tayal. This trust was formed primarily with the object of distributing the net income and jewellery of Ms. Radhabai Kalani between:

- (a) Mr. Saurabh Kalani;
- (b) Ms. Namita Kalani;
- (c) Mr. Manish Kalani;
- (d) Ms. Manisha Kalani;
- (e) Mr. Kartikeya Kalani;
- (f) Mr. Vinayak Kalani;
- (g) Ms. Ridhima Kalani;
- (h) Wife of Mr. Kartikeya Kalani;
- (i) Wife of Mr. Vinayak Kalani;
- (j) Children of Kartikeya Kalani and Vinayak Kalani
- (k) Wives of sons of Kartikeya Kalani and Vinayak Kalani
- (l) Children of Manish Kalani
- (m) Wives of Sons of Manish Kalani
- (n) Children of Sons of Manish Kalani
- (o) Children of Daughters of Manish Kalani
- (p) Wives of sons of children of Manish Kalani

4. Vinayak Family Trust

Vinayak Family Trust formed through a trust deed dated January 28, 1999 and acting through its trustees Mr. Saurabh Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, health and expenses for:

- (a) Vinayak Kalani;
- (b) Kartikeya Kalani;
- (c) Other sons of Saurabh Kalani, their wives, their HUF
- (d) Daughters of Mr. Saurabh Kalani,
- (e) Children of Vinayak Kalani and Kartikeya Kalani;
- (f) Children of other sons and daughters of Mr. Saurabh Kalani.
- (g) Children of sons and daughters of Vinayak Kalani

5. Manish Saurabh Trust

Manish Saurabh Trust was formed through will of Mr. Badri Narayan Kalani dated August 30, 1980. The trustees of this trust are Mr. Prem Swarup Kalani, Ms. Padma Kalani and Mr. Harisingh Maheshwari. This trust was formed primarily with the object of distributing the net estate, silver Utensils and jewellery of Mr. Badri Narayan Kalani between:

- (a) Manish Kalani, his Wife and children
- (b) Wives of Male Children of Manish Kalani
- (c) Saurabh Kalani, his Wife and Children
- (d) Wives of Male Children of Saurabh Kalani
- (e) Richa
- (f) Vrinda

6. Kalani Family Trust

Kalani Family Trust formed through a trust deed dated March 7, 1967 and acting through its trustees Mr. Badri Narayan Kalani, Mr. Prem Swarup Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, health and expenses for:

- (a) Saurabh Kalani
- (b) Richa Maheshwari
- (c) Rita Maheshwari
- (d) Smita Maheshwari
- (e) Children, Grand Children and great grand children of Mr. Prem Swarup Kalani and/or Ms. Asha Maheshwari

7. Yuvraj Trust

Yuvraj Trust formed through a trust deed dated April 19, 1988 and acting through its trustees Mr. Prem Swarup Kalani, Mr. Saurabh Kalani, Ms. Namita Kalani and Ms. Padma Kalani. This trust was formed primarily with the object of distributing the trust fund for First Born Child of Namita Kalani

(V) HUFs

Saurabh Kalani HUF

Saurabh Kalani HUF, acting through its Karta, Mr. Kartikeya Kalani, is engaged in the business of trading and investments.

(VI) Partnership Firms

M/s Prem Syndicate

M/s Prem Syndicate is a partnership firm engaged in the business of inter alia, purchase and sale of land, construction, development, financing, hire purchase, etc. The present partners of the firm as constituted by a partnership deed dated March 31, 1983 are Ms. Padma Kalani, Saka Tradings Private Limited, Mr. Saurabh Kalani and Ms. Asha Maheshwari.

D. Defunct Group Companies

There are no defunct Group Entities.

E. Group companies which have incurred losses during FY 2008, 2009 and 2010 are as under:

(₹ in Million)

Sr. No.	Name of the Company	Profit / (Loss) after Tax		
		FY 2008	FY 2009	FY 2010
1.	Seven Star Properties Private Limited	0.09	1.77	(0.25)
2.	Anshuman Properties Private Limited	0.65	1.89	(1.07)
3.	Sunrise Properties Private Limited	(0.40)	(0.15)	(1.51)
4.	Fantasy Real Estate Private Limited	(0.20)	0.23	(1.13)
5.	High Skey Properties Private Limited	0.33	2.35	(4.30)
6.	Herbal Dream Ayurveda Creations Private Limited	(0.46)	(1.24)	0.35
7.	Aloha Hospitals Private Limited	NA	(0.22)	(0.19)
8.	Skyline Advisory Services Private Limited	(1.15)	0.67	0.10
9.	Indore land and Finance Private Limited	(Negligible)	0.26	1.11
10.	High Beam Reality Private Limited	NA	0.02	(0.02)
11.	Padma Homes Private Limited	(0.22)	(0.20)	(0.31)

Sr. No.	Name of the Company	Profit / (Loss) after Tax		
		FY 2008	FY 2009	FY 2010
12.	TI Travels Private Limited	(0.04)	(0.02)	(0.03)
13.	Chitrakoot Mercantiles Private Limited [@]	(0.02)	(0.04)	(Negligible)
14.	Ecstasy Heights Private Limited [#]	(0.02)	0.12	0.07
15.	Ambika Commercial Private Limited*	(0.01)	(0.03)	(0.01)
16.	Olive Commercial Company Limited	(1.02)	0.34	0.24
17.	Dreamworld Developers Private Limited	(0.02)	0.03	(0.56)
18.	Gagan Commercial Agencies Limited	(0.08)	0.62	0.06
19.	Triple A Constructions Private Limited	(0.01)	(0.07)	0.02
20.	Wanderland Real Estates Private Limited	0.20	36.48	(6.45)
	Total	(2.38)	42.81	(13.88)

[#] Pursuant to conversion into an LLP on March 11, 2011, undertaking business as Ecstasy Heights LLP

^{*} Pursuant to conversion into an LLP on January 6, 2011, undertaking business as Ambika Commercial LLP

[@] Pursuant to conversion into an LLP on August 4, 2011, undertaking business as Chitrakoot Mercantiles LLP

Common Pursuits

Our Promoters and Directors do not have any interest in any venture that is involved in any activities similar to those conducted by our Company or our Group Entities. Further, the main objects of our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited are similar to the main object of our Company. Presently, Sanovi Trading Private Limited and Pusti Trading Private Limited do not carry on any business that is similar to our business. However, in the event that either of these companies engage in any business similar to that of our Company in the future, there would arise a potential conflict of interest between our Company and these entities. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Business interests of our Group Companies / Subsidiaries in our Company

Except as disclosed in the section “Financial Statements – Statement of Related Party Transactions” beginning on pages 276 and 332 of the RHP there are no business interests of our Group Companies/Subsidiaries in our Company.

Sales or purchases exceeding 10% in aggregate, in value of the total sales or purchases of our Company

Except as disclosed in the section “Financial Statements – Statement of Related Party Transactions” beginning on pages 276 and 332 of the RHP there are no sales or purchase between Group Companies/Subsidiaries where such sales or purchases exceeding 10% in aggregate, in value of the total sales or purchases of our Company.

RELATED PARTY TRANSACTIONS

For details of the related party transactions both standalone and consolidated, please refer to the section “Financial Statements- Statement of Related Party Transactions” beginning on page 276 and 332 respectively of the RHP.

DIVIDEND POLICY

The Board of Directors of our Company may, at its discretion, recommend dividend to be paid to the members of our Company subject to the provision of the Articles of Association and the Companies Act.

Dividend will be approved by the equity shareholders of the Company at the Annual General Meeting based on the recommendation of our Board. Our Company has no formal dividend policy. The Board may also from time to time pay interim dividend to the members if it considers justified by the profits generated by our Company.

The factors that may be considered by our Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, capital requirements and overall financial position of our Company.

The dividends declared on Equity shares by our Company during the last five financial years have been presented below:

Particulars	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*
Equity Share Capital (₹ in Million)	26.98	110.91	113.14	115.23	172.12
Face Value of Equity Share	10.00	10.00	10.00	10.00	10.00
Rate of Dividend (%)	17.50	10.00	-	10.00	10.00
Amount of Dividend (₹ in Million)	3.48	11.09	-	11.33	17.21
Tax on Dividend(₹ in Million)	0.59	1.88	-	1.88	2.86

**The dividend been recommended by the Board of Directors in the meeting held on June 15, 2011 and is subject to final approval by shareholders.*

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To,
The Board of Directors,
Flexituff International Ltd.,
2nd Floor of Main Building,
19, R.N. Mukherjee Road,
Kolkata (West Bengal)

Dear Sirs,

We have examined the annexed financial information of Flexituff International Ltd.('the Company') for the year ended March 31, 2011, 2010, 2009, 2008, and 2007 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI (ICDR) Regulations 2009')
- (iii) Our terms of reference with the Company Letter dated 23.5.2011 requesting us to carry out work in connection with the Offer Document as aforesaid.

Financial Information as per audited financial statements

- 1. We report that the restated statement of assets and liabilities of the Company as at March 31, 2011, 2010, 2009, 2008 and 2007 are as set out in Annexure I to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
- 2. We report that the restated statement of profits & losses of the Company for the year ended March 31, 2011, 2010, 2009, 2008, and 2007 are as set out in Annexure II to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
- 3. We report that the restated statement of cash flows of the Company for the year ended March 31, 2011, 2010, 2009, 2008, and 2007 are as set out in Annexure III to this report. These cash flows have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate.

Other Financial Information

- 4. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

ANNEXURES
Annexure I - Statement of Restated Assets & Liabilities
Annexure II - Statement of Restated Profit & Loss Account
Annexure III - Statement of Restated Cash Flows
Annexure IV - Significant Accounting Policies and Notes to Accounts

ANNEXURES
Annexure V - Statement of Share Capital
Annexure VI - Statement of Reserves & Surplus
Annexure VII - Statement of Secured Loans
Annexure VIII - Statement of Unsecured Loans
Annexure IX - Statement of Fixed Assets
Annexure X - Statement of Inventories
Annexure XI - Statement of Debtors
Annexure XII - Statement of Loans & Advances
Annexure XIII - Statement of Investments
Annexure XIV - Statement of Current Liabilities & Provisions
Annexure XV - Statement of Other Income
Annexure XVI - Statement of Dividend Declared
Annexure XVII - Statement of Accounting Ratios
Annexure XVIII - Statement of Related Party Transactions
Annexure XIX - Statement of Capitalization
Annexure XX - Statement of Tax Shelters
Annexure XXI - Statement of Contingent Liabilities

5. We have reviewed and examined, as appropriate, the financial information contained in these Annexures and are to state as follows:
- The financial information contained in these Annexures is based on the audited financial statements of the Company for the year ended March 31, 2011, 2010, 2009, 2008, and 2007.
 - The Statement of Assets and Liabilities, Profits and Losses and Statement of Cash Flows have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at March 31, 2011 if material.
6. This report is intended for your information and for inclusion in the Offer Document being issued by the Company with regard to the aforesaid proposed initial public offer of equity shares of the Company for cash and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

Indore
Dated: July 1, 2011

Annexure I
Statement of Restated Assets & Liabilities

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
A. Fixed Assets					
a) Tangible Assets					
Gross Block	771.95	953.81	*2,280.37	2,649.64	2,902.13
Less: Accumulated Depreciation	60.04	100.10	150.74	255.83	386.73
Net Block	711.91	853.72	2,129.63	2,393.81	2,515.40
Capital Work in progress including Capital Advances	17.58	314.63	132.84	339.89	714.25
Total (Tangible Assets)	729.49	1,168.35	2,262.47	2,733.69	3,229.66
b) Intangible Assets					
Gross Block					
Patent	0.02	0.02	*0.66	0.66	0.75
Less: Amortization	0.00	0.00	*0.02	0.09	0.15
Net Block	0.02	0.02	0.64	0.57	0.60
Total Fixed Assets	729.51	1,168.37	2,263.10	2,734.26	3,230.26
B. Investments	0.00	0.35	17.45	28.84	104.72
C. Current Assets, Loans and Advances					
Sundry Debtors	180.12	374.19	225.51	**490.57	1,194.78
Cash & Bank Balances	23.56	27.62	***121.58	134.08	122.27
Inventories	199.65	265.62	355.28	618.67	961.76
Loans & Advances	91.49	92.28	# 252.07	347.35	387.58
Total	494.81	759.71	954.44	1,590.68	2,666.39
Less : Current Liabilities & Provisions					
Current Liabilities	330.41	289.14	481.70	682.98	1,269.91
Provisions	6.30	15.57	7.03	13.26	34.17
D. Loan Funds					
Secured Loan	413.45	494.99	##1,494.06	2,220.99	2,872.41
Unsecured Loan	5.00	465.61	472.50	460.00	19.00
Total	418.45	960.60	1,966.56	2,680.99	2,891.41
E. Deferred Tax Liability	51.30	68.40	81.71	134.37	177.63
Net Worth (A+B+C-D-E)	417.85	594.72	697.99	842.20	1,628.25
Net Worth represented by:					
F. Equity Share Capital	26.98	110.91	113.14	115.23	172.12
Share / Warrants Application money pending Allotment	0.00	0.00	0.00	69.58	0.00
G. Share Warrants	0.00	8.85	7.61	6.30	0.00
H. Reserves and Surplus	390.87	474.96	577.24	651.08	1,465.62
Less: Miscellaneous Expenditure	0.00	0.00	0.00	0.00	9.49
Total	390.87	474.96	577.24	651.08	1,456.13
I. Net Worth (F+G+H)	417.85	594.72	697.99	842.20	1,628.25

Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

**Increase in Gross Block during F.Y. 2008-09 ₹ 1327.20 Mn(2281.03-953.83) is mainly due to commissioning of Kashipur unit with a addition of ₹ 1298.61 Mn.*

*** Increase in Sundry Debtors during F.Y. 2009-10 ₹ 265.06 Mn(490.57-225.51) is mainly due to commercial operation started at Kashipur unit and unfavorable economic conditions in global market.*

**** Increase in Cash & Bank Balances during F.Y. 2008-09 ₹ 93.96 Mn (121.58-27.62) is mainly due to sanctioned and withdrawn of term loan and cash credit amounting to ₹ 88.46 Mn.*

Increase in Loan and Advances during the F.Y. 2008-09 ₹ 159.79 Mn(252.07-92.28) is mainly on account of advances given to suppliers of material ₹ 93.90 Mn for Kashipur unit and advances to subsidiaries ₹ 65.89 Mn.

Increase in Secured loans during the F.Y. 2008-09 ₹ 999.07 Mn(1494.06-494.99) is mainly due to availment of term loans for implementation of Kashipur project.

Annexure II
Statement of Restated Profit & Loss Account

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
I. Income					
Operating Income :					
Sales	1,614.12	2,202.29	2,607.47	3,011.09	4,890.80
Increase/(Decrease) in Stock	70.85	24.76	5.45	202.51	244.37
Other Income	5.66	12.73	5.13	7.98	12.88
Total-A	1,690.63	2,239.78	2,618.06	3,221.58	5,148.05
II. Expenditure					
Manufacturing Expenses	1,304.90	1,709.00	2,002.11	2,492.70	3,922.20
Administration Expenses	27.35	32.60	33.05	49.19	73.69
Employee Remuneration & Benefits	31.80	39.00	54.05	76.09	106.12
Selling Expenses	143.61	168.32	168.26	167.42	356.68
Interest & Financial Charges	55.82	140.89	206.76	202.94	244.86
Depreciation	22.39	39.12	50.99	111.24	131.00
Amortization of Miscellaneous Expenditure	0.05	0.25	0.25	0.25	0.26
Preliminary & Share Issue Exp. W/o.	0.00	13.29	0.00	0.00	0.00
Total-B	1,585.92	2,142.47	2,515.49	3,099.85	4,834.81
III. Profit before taxation (A-B)	104.70	97.31	102.57	121.73	313.24
Less: Provision for Taxation					
-Current	1.74	3.04	6.07	0.05	0.04
-Deferred	19.76	17.09	13.32	52.65	43.26
-Fringe Benefit Tax	1.14	0.94	1.67	0.00	0.00
IV. Less: Prior Period Items	2.85	0.25	1.96	(6.02)	(4.42)
V. Profit After Taxation as per Audited Statement of Accounts (C)	79.20	75.98	79.56	75.05	274.36
Adjustments on Account of Changes in Accounting Policies	3.92	(32.77)	(10.26)	13.08	27.68
Total Adjustments: (D)	3.92	(32.77)	(10.26)	13.08	27.68
VI. Adjusted profit/(loss)(C+D)	83.12	43.21	69.30	88.13	302.04
Surplus/(Deficit) brought forward from the Previous year	62.91	41.97	72.20	141.50	206.42
VII. Profit available for appropriation	146.04	85.18	141.50	229.62	508.46
Proposed Equity Dividend (Final)	3.48	11.09	0.00	11.33	17.21
Tax on Dividend	0.59	1.88	0.00	1.88	2.86

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Transfer to General Reserve A/c	100.00	0.00	0.00	10.00	0.00
Transfer to SEZ Reinvestment Reserve A/c					113.34
VIII. Adjusted Available Surplus/(Deficit) carried forward	41.97	72.20	141.50	206.42	375.05

Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

Annexure III
Restated Statement of Cash Flows

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax and extraordinary items:	104.70	97.31	102.57	121.73	313.24
Adjustments for:					
Depreciation	22.39	39.12	50.99	111.24	131.00
Amortization of Miscellaneous Expenditure	0.05	0.25	0.25	0.25	0.26
Prior Period Adjustment involving cash outflow	(2.85)	0.00	(1.29)	0.00	0.00
(Profit)/Loss on sale of Fixed Assets	0.00	0.31	0.20	0.44	0.17
Profit/Loss on sale of Investments	0.00	0.00	0.00	0.00	(0.04)
Foreign Currency Exchange Fluctuation Reserve	0.00	0.00	0.00	0.00	3.13
Interest & Financial Charges	55.82	140.89	206.76	202.94	244.86
Impact of Changes in Accounting Policies	(1.20)	6.09	(1.37)	(10.57)	9.64
Cash generated from operations before Working Capital Changes	178.91	283.96	358.12	426.04	702.27
Adjustments for:					
Changes in Trade and Other Receivables	(24.98)	(194.08)	148.68	(265.06)	(704.21)
Inventories	(81.02)	(65.97)	(89.67)	(263.39)	(343.08)
Other Assets	(18.00)	(0.79)	(159.79)	(95.28)	(40.23)
Current Liabilities	153.18	(41.27)	192.56	201.27	601.37
Cash generated from/(used in) Operations	29.18	(302.10)	91.79	(422.46)	(486.15)
Income Taxes (Paid)/Refund (net)	(2.04)	(2.91)	(3.96)	(5.92)	(5.79)
Net Cash Flow from/(used in) Operating Activities	206.05	(21.05)	445.95	(2.34)	210.32
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets	(362.52)	(480.07)	(1,149.49)	(598.46)	(627.52)
Sale of Fixed Assets	0.00	0.57	3.30	1.75	0.40
Capital Subsidy Recd. Against Fixed Assets	0.00	0.00	0.00	18.53	0.00
(Purchase)/Sale of Investments (net)	0.44	0.00	0.00	(2.50)	2.54
Proceeds from Sale of Subsidiary	0.00	0.00	0.00	0.00	0.44
Investment in Subsidiaries	0.00	(0.35)	(17.10)	(8.89)	(78.82)
Net Cash from / (used in) Investing Activities	(362.08)	(479.85)	(1,163.28)	(589.58)	(702.96)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from Issue of Equity Shares incl. Premium	70.84	99.06	26.31	24.66	147.49
Proceeds from Share/Warrants Application Money	(30.00)	0.00	0.00	69.58	(69.58)
Proceeds from Issue of Share Warrants	0.00	8.85	(1.24)	(1.31)	(6.30)
Proceeds/(Repayment) from/of Short Term Borrowings (net)	(7.09)	525.22	47.89	467.57	293.59
Proceeds/(Repayment) from/of Long Term Borrowings (net)	189.29	16.79	958.08	246.86	373.69
Finance Charges Paid	(55.82)	(140.89)	(206.76)	(202.94)	(244.86)
Dividend Paid (including Dividend Distribution Tax)	(3.40)	(4.07)	(12.98)	0.00	(13.21)
Net Cash from / (used in) Financing Activities	163.81	504.96	811.30	604.42	480.82
Net increase / (decrease) in Cash and Cash Equivalents	7.78	4.06	93.96	12.51	(11.81)
Cash and Cash Equivalents at the beginning of the year	15.78	23.56	27.62	121.58	134.08
Cash and Cash Equivalents at the end of the year	23.56	27.62	121.58	134.08	122.27

Notes:

1. The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.
2. The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard- 3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).
3. Negative figures in the Cash Flow Statements represents Cash outflow.

Annexure IV

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

a) Basis of preparation :

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

b) Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

c) Revenue recognition :

- i. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- ii. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- iii. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.
- iv. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

d) Fixed assets :

- i. Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- ii. Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

e) Depreciation :

- i. Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered

Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.

- ii. Leased assets are amortized over the operating period of 99 years.

f) Employee benefits :

- i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii. The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.
- iii. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

g) Investment :

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

h) Valuation of inventory :

- i. Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.
- ii. Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude “excise duty” thereon.

i) Retirement benefit :

- i. Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.
- ii. Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

j) Foreign currency transactions :

- a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
- b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.

- c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.
- d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

k) Taxes on income :

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

l) Impairment of fixed assets :

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

m) Borrowing Cost :

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

n) Replenishment :

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

o) Provisions and Contingencies :

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a

present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) Earnings per share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- r) During the F.Y. 2010-11 the Company has transferred ₹ 113.34 million for creation of SEZ Reinvestment reserve in compliance with the provision of section 10 (1A) of Income Tax Act, 1961.

2. (a) Material Adjustments:

Summary of results of adjustments made to the audited financial statements of the company for the respective years and their impact on profits/(losses) of the company are as given below :

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Difference in Receivables in Foreign Currency	(1.34)	6.09	(1.37)	(13.71)	9.64
Difference in Foreign Currency Loan	2.46	(0.14)	0.00	3.14	(3.14)
Difference due to Foreign Currency Forward Contracts	2.81	(38.73)	(8.89)	23.65	21.17
Total	3.92	(32.77)	(10.26)	13.08	27.68

During the year ended March 31, 2011, the Company changed its accounting policy in respect of the recording of transactions entered in foreign currency. From this period, company adopted Accounting Standard 11 – Effects of changes in foreign exchange rates. As required by the said Accounting Standard, the impact of the change in accounting policy is incorporated in the restated financial statements from financial year 2006-07. The profit/(loss) arising due to changes as stated above are incorporated in the restated profit & loss account of the respective years. Consequently, the balances of sundry receivables & foreign currency loans in the restated statement of assets & liabilities are adjusted accordingly and Foreign Exchange Fluctuation Reserve is created for the difference due to Foreign Currency Forward Contracts.

(b) Material Regroupings:

Appropriate adjustments have been made in the restated statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended March 31, 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009.

(c) The effects of the following have not been given in the Statement of Assets and Liabilities, Profit and Loss and Statement of Cash Flows:

1. Prior Period Items aggregating to ₹ 2.85 million, ₹ 0.25 million, ₹ 1.96 million, ₹ (6.02) million and ₹ (5.26) million in the Audited Financial Statements for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and year ended March 31, 2011 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

2. Sundry Balances written back aggregating to ₹ 0.02 million, ₹ 0.20 million and ₹ 2.26 million in the Audited Financial Statements for the year ended March 31, 2008, March 31, 2010, and March 31, 2011 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

3. Tax impact of adjustments has not been considered as the Company was covered by the provisions relating to Minimum Alternate Tax under the Income-tax Act, 1961 and the tax impact is also not material.

3. Segment Reporting:

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. Accordingly there is no reportable segment as per Accounting Standard 17 issued by Institute of Chartered Accountant of India on segment reporting.

4. Deferred Tax:

(Amount in ₹)

Deferred Tax Liability	As at 31/03/2007	As at 31/03/2008	As at 31/03/2009	As at 31/03/2010	As at 31/03/2011
Net Block as per books	650,581,491	767,532,268	1,995,902,221	2,260,263,049	2,493,225,356
Net Block as per Income Tax	490,674,711	538,057,205	1,556,298,823	1,624,282,050	1,705,035,375
Less : Differences reversing during tax holiday period	7,491,883	8,123,701	45,573,546	54,149,018	53,821,746
Timing Difference	152,414,897	221,351,362	394,029,852	581,831,981	734,368,235
Deferred tax liabilities @ 33.22% on the timing difference	51,302,854	68,397,571	121,755,224	179,786,082	243,957,128
Opening Balance	31,544,842	51,302,855	68,397,571	121,755,224	185,786,082
Deferred Tax Liability Created	19,758,013	17,094,716	53,357,653	64,030,858	58,171,046
Closing Balance (A)	51,302,855	68,397,571	121,755,224	185,786,082	243,957,128
Deferred Tax Assets					
Opening Balance	0	0	0	40,040,445	51,417,825
Deferred Tax Assets created	0	0	40,040,445	11,377,380	14,907,330
Cumulative Deferred Tax Assets (B)	0	0	40,040,445	51,417,825	66,325,155
Net Deferred Tax Liability (A-B)	51,302,855	68,397,571	81,714,779	134,368,257	177,631,973

5. 92 number of Zero Percent Fully convertible Debentures (FCD) of ₹ 5 Million each issued to M/s Clearwater Capital Partner (Cyprus) Limited, Cyprus are converted into 4486492 equity shares @ ₹ 102.53 per share during the year and after such allotment the balance of Fully Convertible Debentures, in the books of the Company has become nil.

6. During the year, the company has converted Share Warrants into equivalent number of fully paid up Equity Shares to M/s. Kalani Industries Pvt. Ltd. and after such allotment, the balance in Share / Warrants Account in the books of the company has become nil.

Annexure V
Statement of Share Capital

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Authorised Share Capital:					
Equity Shares of ₹10 each	150.00	150.00	150.00	200.00	250.00
Total	150.00	150.00	150.00	200.00	250.00
Issued, Subscribed & Paid up Capital					
Equity Shares of ₹10 each fully paid-up	26.98	110.91	113.14	115.23	172.12
Share / Warrants Application money pending Allotment	0.00	0.00	0.00	69.58	0.00
Share Warrants	0.00	8.85	7.61	6.30	0.00
Total	26.98	119.76	120.76	191.12	172.12

Notes:

- The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure VI
Statement of Reserves and Surplus

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Reserves and Surplus:					
Securities Premium	221.21	236.33	260.42	282.99	833.60
General Reserve	130.50	130.50	130.50	140.50	140.50
Foreign Currency Exchange Fluctuation Reserve (Ref. Para 2-A of Annexure - IV)	(2.81)	35.93	44.82	21.17	3.13
SEZ Reinvestment Reserve.	0.00	0.00	0.00	0.00	113.34
Surplus/ (Deficit) in Profit & Loss Account	41.97	72.20	141.50	206.42	375.05
Total	390.87	474.96	577.24	651.08	1465.62

Note: The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure VII
Statement of Secured Loans

(₹ in Million)

Particulars	For the year ended March 31				
	2007	2008	2009	2010	2011
<u>WORKING CAPITAL</u>					
<u>Cash Credit facility</u>					
UCO Bank	23.76	26.24	64.63	261.11	472.35
State Bank of India	0.00	33.45	22.43	49.06	72.82
Central Bank of India	10.84	12.03	11.75	23.05	22.77
Punjab National Bank	54.03	81.51	90.63	302.05	298.25
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
State Bank of Patiala	0.00	0.00	0.00	26.08	20.67
HSBC Bank Ltd.	0.00	0.00	4.80	0.46	1.30
Axis Bank Ltd	0.00	0.00	0.00	0.00	147.34
TOTAL (A)	88.63	153.23	194.24	661.80	1035.49
<u>TERM LOAN</u>					
<u>Foreign Currency Loan</u>					
State Bank of India	0.00	0.00	0.00	0.00	0.00
Central Bank of India	7.68	0.00	0.00	0.00	0.00
Punjab National Bank	0.00	0.00	0.00	0.00	177.83
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
HSBC Bank Limited Race Course Road Indore	0.00	0.00	0.00	0.00	14.55
Effect in changes in Accounting Policies	(0.14)	0.00	0.00	(3.14)	0.00
<u>Indian Rupee Loan</u>					
UCO Bank	195.71	201.83	170.80	146.64	102.95
State Bank of India	0.00	0.00	0.00	0.00	0.00
Central Bank of India	2.49	5.25	3.23	1.17	0.00
Punjab National Bank	60.84	44.06	27.12	12.40	0.00
Corporate Loan (STL) from Punjab National Bank	0.00	0.00	100.00	0.00	0.00
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
Axis Bank Ltd	0.00	0.00	0.00	0.00	200.00

Particulars	For the year ended March 31				
	2007	2008	2009	2010	2011
For Kashipur Phase I					
UCO Bank Ltd., Pipliyahana Br. Indore	0.00	0.00	435.16	420.61	355.52
State Bank of India, IF Br. Indore	0.00	0.00	189.86	183.95	150.59
Central Bank of India Siyaganj Br. Indore	0.00	0.00	115.11	108.40	96.11
Punjab National Bank, Siyaganj Br., Indore	0.00	0.00	190.00	242.35	14.85
HSBC Bank Limited Race Course Road Indore	0.00	0.00	0.00	40.39	0.00
Kashipur Project Phase-II					
UCO Bank Ltd., Pipliyahana Br. Indore	0.00	0.00	0.00	136.94	212.38
State Bank of India, IF Br. Indore	0.00	0.00	0.00	95.84	101.20
State Bank of Patiala, Orbit Mall Indore	0.00	0.00	0.00	4.46	111.18
Punjab National Bank	0.00	0.00	0.00	0.00	117.96
Uco Bank Ltd., R & D Loan	0.00	0.00	0.00	120.00	155.87
TOTAL (B)	266.58	251.14	1,231.28	1,510.02	1,810.98
From Financial Institutions					
MPFC Capital Market	47.50	87.11	67.40	46.94	24.58
M.P.A.K.V.N. (Indore) Ltd.	4.95	0.00	0.00	0.00	0.00
TOTAL (C)	52.45	87.11	67.40	46.94	24.58
VEHICLE LOAN					
From ICICI Bank Ltd.	5.67	2.97	0.83	1.36	0.85
From HDFC Bank Ltd.	0.12	0.54	0.31	0.87	0.51
TOTAL (D)	5.79	3.51	1.14	2.23	1.36
TOTAL (A+B+C+D)	413.45	494.99	1,494.06	2,220.99	2,872.41

Annexure VII-A
Statement of Secured Loans (Term Loans)

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
1	Axis Bank Ltd., Y. N. Road, Indore	200.00	29-07-2010	ABBR + 4.50 % i.e.12.00 p. a.	12 quarterly installments after 9 months from date of first disbursement as per schedule given below:- 1) 10th to 21st month: ₹33.3 Mn in 4 equal quarterly installments. 2) 22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installments. 3) 34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installments.	Pari Passu First charge on the Fixed Assets of the Company.	Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st installment). The Amount to be increased based on repayments, three months	Company require prior permission of bank: a) to formulate any scheme of amalgamation or restructuration; b) to undertake guarantee obligation on behalf of any third party or any other company. c) to make any change in Management. d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation. e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred. f) to invest by way of share capital in or lend or advance to or place deposits with any other concern normal trade credit or security deposit in the routine course of business or advances to employees

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
							prior to the increase in installment	can however be extended.
2	Central Bank of India Siyaganj Br. Indore (Project Phase-I)	115.00	27-06-2008	BPLR (12)	Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis	E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws)		a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us. d) Company shallnot make any major capital investment without the prior permission of the consortium. e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for extending their guarantees for credit facilities f) The comapany /Director shall undertake that no litigation is pending before them, initiated by banks/ financial institution.
3	HSBC Bank Limited Race Course Road Indore	61.00	28-07-2009	At Mutually agreed rate	3 equal annual installments commencing 1 year	1) Personal Guarantee of Mr. Manish	-	a) Any changes in the capital structure, schemes of amalgam ation/ re-

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
	(Project Phase-I)				from the date of disbursement	<p>Kalani for ₹ 111,000,000/- (Required. Held for ₹ 66,000,000/-)</p> <p>2) Corporate Guarantee of Kalani Industries Ltd. For ₹ 111,000,000/- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-)</p> <p>3) First pari passu charge on the entire fixed assets of the borrower both present & future for ₹ 61,000,000/-. (Held)</p> <p>4) Second pari passu charge on the current assets of the borrower at Pithampur Industrial area and C-41-50, Sector- 3, Dhar Madhya</p>		<p>construction must be agreed by the bank prior to being undertaken.</p> <p>b) The Borrower will seek Bank's prior permission for the following:</p> <ul style="list-style-type: none"> - Declaration of dividend, in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants. - If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						Pradesh & expansion at Uttaranchal (both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held		
4	Punjab National Bank, Indore (Existing Loan)	36.00	23.01.2004	Base rate+4.00%+ TP	23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)-	-	a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written permission from bank
		10.00	19.03.2005	Base rate+3.75%+ TP	20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement.			
		36.00	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	24 quarterly installment of ₹1.0625 million and 20 quarterly installment of ₹0.525 million.			
		2.40	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	4 quarterly installment of ₹0.563 million and 1 quarterly installment of ₹0.148 million.			

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						Charge to be shared with existing & proposed terms lenders on pari passu basis.		
5	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	190.00 [Parts of Laon ₹ 132.33 Mn converted into Foreign Currency Term Loan \$2.89 Mn @₹.45.76 (Ref S No.18)]	27-05-2008	Base rate +3.50%+ TP	24 equal quarterly installments after 1 year & 6 months from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms with lenders on	-	a) Company should undertake not to diversify it's activities, take up new projects and/or expand without written permission. b) Company should not take any alteration or modifications in the project without the prior approval of bank in writing. c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written permission from bank. d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank. e) Company should undertake not to effect any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						pari passu basis.		the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever specifically situated
6	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	50.00 [Part of Laon ₹ 44.47 converted in to Foreign Currency Loan \$0.97 Mn @ ₹ 45.76 (Ref S.No.18)]	27-05-2008	Base Rate + 3.50% +TP	1) 12 quarterly installments for ₹ 1.1 million after one year from the date of first disbursement Next 11 quarterly installments for ₹ 3.2 million 2) Last quarterly installment for ₹ 1.6 million	First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Oversea (P) Ltd. (IOPL)	-	a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>borrower shall not, without the prior approval of the Bank in writing:-</p> <ul style="list-style-type: none"> - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
7	Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II)	120.00	25-06-2009	Base Rate + 3.50%+ TP.	<p>1)First three quarterly installments of ₹1.10 Million each starting from 30.09.10</p> <p>2) Next 20 quarterly installments of ₹5.50 Million each.</p> <p>3)Last one quarterly installment of ₹6.70 million & interest to be recovered as and when charged to the account.</p>	1 st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of the Uttaranchal phase II project.	2nd charges on entire current assets (both existing and future) of the existing & proposed project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal	<p>a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium.</p> <p>b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:-</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
							on pari passu basis with the team lenders	- Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
8	State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore (Project Phase-I)	190.00	03-06-2008	BPLR-.25%	24 quarterly installments, which will commence from 18 months after the first disbursement.	First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank
9	State Bank of India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II)	105.00	05-10-2009	5.25% above Base Rate	7 Years including moratorium period of 15 months and repayable in 24 quarterly installments.	Extension of 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present as	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						well as future.		
10	State Bank of Patiala, Orbit Mall Indore (Project Phase-II)	110.00	02-05-2009	12.75	Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of 1st disbursement.	1 st Pari Passu charge on all fixed assets of the company OR 1 st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed assets of the company.	-	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources
11	UCO Bank, Pipliyahana Branch, Indore (Existing Loan)	221.30	28-09-2006	BPLR-0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly	24 equal quarterly installment after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3	-	Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						Dhar M.P., & expansion project of the company at Uttarakhand (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tenure of the loan.		
12	UCO Bank, Pipiyahana Br. Indore (Project Phase-I)	325.00	17-03-2009	12.50	24 equal quarterly installments after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50	-	Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.		
13	UCO Bank, Pipliyahana Br. Indore (Project Phase- I)	110.00	17-03-2009	12.50	1) 12 quarterly installments for ₹ 2.5 million after six month from the date of first disbursement 2) 10 quarterly installments for ₹ 7.5 million from the date of first disbursement 3) 2 quarterly installments for ₹ 2.5 million from the date of first	1st Pari-passu hypothecation charge over plant & machinery and other movable fixed assets at Kandla (both existing & Future -charge to be shared with existing & proposed term lenders	a) 2nd charges on entire current asset (both existing and future) of the existing and proposed project sites at Pithampur Industrial area & C-41	a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the lenders.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
					disbursement	on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.	50 SEZ Sector-3 Dhar MP, &company's unit at Uttaranchal on pari passu basis with other term lender.	c) Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.</p> <p>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company , firm or person.</p> <p>- Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank.</p> <p>- Undertake any activity other than that for which the facilities has been sanctioned</p>
14	UCO Bank Ltd., Pipliyahana Br. Indore (Project Phase-II)	210.00	27-09-2010	12.50	<p>4 equal quarterly installment of ₹2.5 million after one year six month from the date of first disbursement</p> <p>20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement</p>	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing	2nd pari pasu hypo charge on current assets of the company with the other existing / proposed term lenders at Pithampur Industrial	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						& future)- Charge to be shared with existing & proposed terms lenders on pari passu basis.FACR to be maintained min. at 1.33 through out the entire tender of the loan.	area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttarakhand (both existing and future), Project at IOPL at Kandla - charge to be shared with existing term lenders of the project on the pari passu basis. First charge being held by banks extending / to be extended working capital finance both at existing units, IOPL, Kandla & at Uttarakhand Phase I and	overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
							II	<p>principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.</p> <p>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.</p> <p>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company, firm or person.</p> <p>- Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank.</p> <p>- Undertake any activity other than that for which the facilities has been sanctioned</p>
15	UCO Bank, R & D Loan	160.00	25-03-2010	11.75	Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement	1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with		<p>a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan.</p> <p>b) The Company to undertake that no dividend</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						other term lenders.		<p>on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders.</p> <p>c) Company has to take prior permission from bank in following cases:</p> <ul style="list-style-type: none"> - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<ul style="list-style-type: none"> - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned
16	MPFC Capital Market, Indore (Existing Loan)	50.00	04-07-2006	10.50	20 quarterly installments of ₹2.50 Million each moratorium period of six month.	-Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating	-	-Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector - 1, Pithampur Dist Dhar M.P		currency of the loan - Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. -The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion
17	MPFC Capital Market, Indore (Existing Loan)	50.00	21-05-2007	12.50	First 8 quarterly installments of ₹2.50 Million each	Equitable mortgage of land &	-	a) Company shall agree not to let out or give on lease and license whole or any

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
					<div> moratorium period six month. </div> <div> Remaining 10 quarterly installments of ₹3.00 Million </div>	<div> building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector - 1, Pithampur Dist Dhar M.P </div>		<div> portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. </div> <div> b) The promoters, guarantors and the company shall give undertakings stating that in case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name of the company and its promoters/guarantors in the newspaper or through other media.-No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. </div> <div> b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. </div> <div> c) The Company shall undertake not to effect any change/modification in the </div>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion</p> <p>d) The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.</p> <p>e) The company shall not go for public issue without prior permission of the Corporation.</p>
18	Punjab National Bank, Mid Corporate Branch, Siyaganj, Indore (Foreign Currency Term Loan)	\$4.35Mn (₹ 200 Mn)	20-09-2010	(6 Months) LIBOR +6.50% p.a.	Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6	Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6		Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6

Annexure - VII-B
Statement of Secured Loans (Working Capital Loans)

(₹ in Million)

UCO Bank, Pipliyahana Branch, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	230.00	Base rate + 4%p.a.(monthly rests) i.e. presently 12% p.a., however if any consortium partner bank charge higher ROI, then the same will be applicable
	EPC /FBD	200.00	Gold card holder and in line with the bank's extant guide lines. Beside this, an additional stand by limit, concession in ROI & service charges etc. As entitled in the scheme in terms of bank circular no ID/IBD/1847/2004 dt.09-08-2004 for UCO EXPO GOLD CARD FOR EXPORTERS.
	Additional Stand by Limit against Gold Card	40.00	
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	250.00	50% of normal charge
	Bank Guarantee	100.00	50% of normal charge
	TOTAL EXPOSURE	820.00	

Punjab National Bank, Siyaganj, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	100.00	Base Rate+4.5% -1% i.e. presently 12.50% to be charged at monthly rests. ROI is subject to change as per RBI / HO guidelines issued from time to time.
	EPC	252.50	As per extant bank's guidelines. ROI is subject to change as per RBI/HO guidelines
	FOBNLC/ FOUBNLC	78.50	As per Bank's guideline HO/FEDAI rules
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit /BG	341.50	- LC:-50% of normal charge or charged by the leader bank which ever is higher
			-BG:-As per extant guideline of the bank
	TOTAL EXPOSURE	772.50	

Central Bank of India, Siyaganj, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	18.20	BPLR+1.5% as per RBI/ C.O. guideline
	EPC	6.50	as per RBI guideline/ C.O. guideline
	FBD	7.80	As per C.O. circular
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	22.50	As per C.O. circular
	Bank Guarantee	6.00	As per C.O. circular

	TOTAL EXPOSURE	61.00	
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State Bank of India, (Erstwhile State Bank Of Indore) Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit	7.50	BPLR - 0.25%, subject to min of 12.50% p.a.
	EPC	62.50	-As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be charges.
	Working Capital - Non Fund Based		
	Letters of Credit	20.00	As per Bank's standard charges.
	TOTAL EXPOSURE	90.00	

State Bank of Patiala, Orbit Mall, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit	22.50	4.25% Above Base rate
	EPC	14.00	As applicable to Gold Card Scheme.
	Working Capital - Non Fund Based		
	Letters of Credit	10.00	Commission as per extant guideline, 50% Concession allowed in LC
	TOTAL EXPOSURE	46.50	

Axis Bank Ltd., Y.N. Road, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit/ EPC	150.00	-CC:- Axis Bank Base Rate (ABBR) + 4% i.e.11.50% Payable at monthly interval
			-EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.)
			PCFC: Disbursal is subject to availability and pricing will be subject to approval from treasury deptt.
	Working Capital - Non Fund Based		
	Letters of Credit	150.00	1.25% p.a. all inclusive payable upfront.
	TOTAL EXPOSURE	300.00	

Annexure VIII
Statement of Unsecured Loans

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Inter Corporate Deposits	5.00	5.61	12.50	0.00	19.00
0% Fully Convertible Debentures	0.00	460.00	460.00	460.00	0.00
Total	5.00	465.61	472.50	460.00	19.00

Notes:

1. The Inter Corporate Deposits are repayable on demand.
2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Amount due from promoters / promoter group companies/directors/relative of directors/subsidiary companies/joint venture/associates

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Sunrise Properties Pvt. Ltd.	0.00	5.61	0.00	0.00	0.00
Total	0.00	5.61	0.00	0.00	0.00

ANNEXURE : IX
Statement of Fixed Assets

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.20 06	Additi on	Deduc tion	As on 31.03.20 07	As on 01.04. 2006	Adjustm ent / Amortis ation	For the Year	As on 31.03. 2007	As on 31.03. 2007	As on 31.03.20 06
Land (Lease Hold)	24.75	0.00	0.00	24.75	0.00	0.00	0.00	0.00	24.75	24.75
Land at Kashipur	0.00	36.60	0.00	36.60	0.00	0.00	0.00	0.00	36.60	0.00
Factory Building	143.05	36.80	0.00	179.86	8.97	0.00	5.13	14.10	165.76	134.09
Plant & Machinery	203.54	255.84	0.00	459.38	23.59	0.00	13.02	36.60	422.78	179.96
Electric Installation	24.08	2.50	0.00	26.59	2.03	0.00	1.31	3.34	23.25	22.06
Furniture & Fixtures	8.51	0.76	0.00	9.27	0.84	0.00	0.57	1.40	7.87	7.68
Office Equipments	13.62	4.90	0.00	18.52	0.40	0.00	0.72	1.13	17.39	13.22
Vehicles	6.30	6.79	0.41	12.68	1.33	0.17	1.04	2.20	10.48	4.97
Computer	3.16	1.14	0.00	4.31	0.67	0.00	0.60	1.26	3.04	2.49
Patent	0.00	0.02	0.00	0.02	0.00	0.00	0.00	0.00	0.02	0.00
Total	427.02	345.36	0.41	771.97	37.81	0.17	22.39	60.04	711.93	389.21

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Addition	Deduction	As on 31.03.2008	As on 01.04.2007	Adjustment / Amortisation	For the Year	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
Land (Lease Hold)	24.75	0.00	0.00	24.75	0.00	1.21	0.00	1.21	23.53	24.75
Land at Kashipur	36.60	26.07	0.00	62.67	0.00	0.00	0.00	0.00	62.67	36.60
Factory Building	179.86	27.00	0.00	206.85	14.10	0.00	6.45	20.54	186.31	165.76
Plant & Machinery	459.38	120.59	0.00	579.97	36.60	0.00	27.61	64.22	515.75	422.78
Electric Installation	26.59	1.93	0.00	28.52	3.34	0.00	1.46	4.79	23.72	23.25
Furniture & Fixtures	9.27	3.78	0.00	13.06	1.40	0.00	0.68	2.09	10.97	7.87
Office Equipments	18.52	1.28	0.00	19.80	1.13	0.00	0.91	2.04	17.76	17.39
Vehicles	12.68	0.96	1.15	12.49	2.20	(0.27)	1.18	3.12	9.37	10.48
Computer	4.31	1.41	0.00	5.71	1.26	0.00	0.82	2.09	3.63	3.04
Patent	0.02	0.01	0.00	0.02	0.00	0.00	0.00	0.00	0.02	0.02
Total	771.97	183.01	1.15	953.84	60.04	0.95	39.12	100.10	853.73	711.93

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Addition	Deduction	As on 31.03.2009	As on 01.04.2008	Adjustment / Amortisation	For the Year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Land (Lease Hold)	24.75	0.00	0.00	24.75	1.21	0.25	0.00	1.46	23.28	23.53
Land at Kashipur	62.67	48.41	0.00	111.08	0.00	0.00	0.00	0.00	111.08	62.67
Factory Building	206.85	287.59	3.54	490.91	20.54	(0.27)	8.01	28.29	462.62	186.31
Plant & Machinery	579.97	922.69	0.00	1,502.67	64.22	0.00	36.97	101.19	1,401.47	515.75
Electric Installation	28.52	56.99	0.00	85.51	4.79	0.00	1.87	6.66	78.84	23.72
Furniture & Fixtures	13.06	9.58	0.00	22.64	2.09	0.00	0.93	3.02	19.62	10.97
Office Equipments	19.80	1.45	0.00	21.25	2.04	0.00	0.95	2.99	18.25	17.76
Vehicles	12.31	1.78	0.55	13.53	2.98	(0.32)	1.17	3.84	9.70	9.33

Vehicles - Others	0.18	0.00	0.00	0.18	0.13	0.00	0.02	0.15	0.03	0.04
Computer	5.71	2.15	0.00	7.87	2.09	0.00	1.05	3.13	4.73	3.63
Patent	0.02	0.64	0.00	0.66	0.00	0.00	0.02	0.02	0.64	0.02
Total	953.84	1,331.28	4.09	2,281.03	100.10	(0.33)	50.99	150.76	2,130.27	853.73

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Addition	Deduction	As on 31.03.2010	As on 01.04.2009	Adjustment / Amortisation	For the Year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land (Lease Hold)	24.75	0.00	0.00	24.75	1.46	0.25	0.00	1.71	23.03	23.28
Land at Kashipur	111.08	0.00	0.00	111.08	0.00	0.00	0.00	0.00	111.08	111.08
Factory Building	490.91	26.69	1.46	516.14	28.29	(0.16)	16.89	45.02	471.12	462.62
Plant & Machinery	1,502.67	345.54	18.53	1,829.68	101.19	(4.91)	84.22	180.50	1,649.18	1,401.47
Electric Installation	85.51	12.72	0.00	98.23	6.66	0.00	4.84	11.51	86.72	78.84
Furniture & Fixtures	22.64	2.23	0.00	24.87	3.02	0.00	1.53	4.55	20.32	19.62
Office Equipments	21.25	0.75	0.00	21.99	2.99	0.00	1.03	4.02	17.97	18.25
Vehicles	13.53	2.51	2.15	13.89	3.84	(1.26)	1.29	3.86	10.03	9.70
Vehicles - Others	0.18	0.01	0.00	0.19	0.15	0.00	0.01	0.16	0.02	0.03
Computer	7.87	0.95	0.00	8.82	3.13	0.00	1.37	4.50	4.32	4.73
Patent	0.66	0.00	0.00	0.66	0.02	0.00	0.07	0.09	0.57	0.64
Total	2,281.03	391.41	22.14	2,650.30	150.76	(6.08)	111.24	255.92	2,394.38	2,130.27

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Addition	Deduction	As on 31.03.2011	As on 01.04.2010	Adjustment / Amortisation	For the Year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land (Lease Hold)	24.75	0.00	0.00	24.75	1.71	0.26	0.00	1.97	22.78	23.03
Land at Kashipur	111.08	0.00	0.00	111.08	0.00	0.00	0.00	0.00	111.08	111.08

Factory Building	516.14	26.57	0.00	542.71	45.02	0.00	17.36	62.38	480.33	471.12
Plant & Machinery	1,829.68	212.07	0.00	2,041.75	180.50	0.00	102.77	283.27	1,758.48	1,649.18
Electric Installation	98.23	5.76	0.00	103.99	11.51	0.00	5.27	16.78	87.21	86.72
Furniture & Fixtures	24.87	2.19	0.00	27.06	4.55	0.00	1.59	6.14	20.92	20.32
Office Equipments	21.99	4.80	0.00	26.79	4.02	0.00	1.08	5.10	21.70	17.97
Vehicles	13.89	0.13	0.86	13.16	3.86	(0.29)	1.33	4.90	8.26	10.03
Vehicles - Others	0.19	0.04	0.00	0.23	0.16	0.00	0.01	0.18	0.05	0.02
Computer	8.82	1.80	0.00	10.62	4.50	0.00	1.53	6.03	4.59	4.32
Patent	0.66	0.09	0.00	0.75	0.09	0.00	0.07	0.15	0.60	0.57
Total	2,650.30	253.45	0.86	2,902.88	255.92	(0.04)	131.00	386.88	2,516.00	2,394.38

Annexure X
Statement of Inventories

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Raw Material & Finished Goods	174.66	231.68	291.01	542.98	821.39
Stores & Spares	24.99	33.94	64.28	75.70	140.36
Total	199.65	265.62	355.28	618.67	961.76

Note : The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure XI
Statement of Sundry Debtors

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Outstanding for a period exceeding six months	13.11	60.63	47.24	16.74	155.82
Other Debts	167.00	313.57	178.27	473.83	1,038.97
Total	180.12	374.19	225.51	490.57	1,194.78

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Entertainment World Developers Ltd.	0.09	0.00	0.00	0.00	0.00
Satguru Polyfab Pvt. Ltd.	0.00	0.00	0.00	0.15	75.78
Kalani Industrues Pvt. Ltd.	0.00	0.00	0.00	0.00	18.31
Total	0.09	0.00	0.00	0.15	94.09

Note : The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure XII
Statement of Loans and Advances

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Advances recoverable in cash or in kind or for value to be received	61.81	8.77	14.46	14.19	13.98
Advances against Supplies & Expenses	8.61	14.17	101.79	208.61	116.22
Advances to Staff & Workers	3.02	4.14	9.49	8.27	9.94
Tax Deducted at Source	4.96	1.79	1.46	2.03	2.71
Balance with excise Authorities	0.05	1.22	5.82	16.63	23.71
Advances to Subsidiaries	0.00	0.82	65.89	71.25	104.86
Other Advances	5.10	27.32	33.91	11.91	98.81
Entry Tax & Sales Tax Receivable	0.00	13.24	2.29	0.00	0.00
Incremental Growth (Against Exports) Receivable	0.00	11.66	3.24	0.00	0.00
Deposits & Retentions	7.94	9.15	13.73	14.46	17.35
Total	91.49	92.28	252.07	347.35	387.58

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
M/S Olive Commercial Company Ltd.	0.00	0.32	0.00	0.00	0.00
M/s Eco Polymer Ltd.,Bangladesh	0.00	0.82	0.92	0.92	0.00
M/s Flexiglobal Holding Ltd.,Cyprus	0.00	0.00	0.00	0.31	0.31
M/s Nanofil Technologies Pvt. Ltd.,Kashipur	0.00	0.00	0.00	0.02	39.50
M/s Satguru Polyfab Pvt .Ltd.,Gandhidham	0.00	0.00	64.97	70.00	65.05
Total	0.00	1.14	65.89	71.25	104.86

Notes:

1. The list of persons/entities classified as Promoters and Promoter Group Companies has be determined by the management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether the list is accurate or complete.
2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure XIII
Statement of Investments

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
1 Non Traded Investments-unquoted					
Investment in Subsidiary					
Eco Polymer Ltd.	0.00	0.35	0.35	0.35	0.00
Satguru Polyfab Pvt.Ltd.	0.00	0.00	17.03	19.57	92.10
Flexiglobal Holding Ltd.	0.00	0.00	0.07	6.32	12.52

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Nanofil Technologies Pvt. Ltd.	0.00	0.00	0.00	0.10	0.10
2 Traded Investments-Quoted					
SBI Magnum Umbrella Growth Fund	0.00	0.00	0.00	2.50	0.00
Total	0.00	0.35	17.45	28.84	104.72
Market value of Quoted Investments	NA	NA	NA	2.51	NA

Notes:

1. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.
2. Investment in Land at Kashipur Project for the year ended 31.03.2008 has been regrouped and considered as Capital Work in Progress in order to match the Accounting Policy for the treatment of the same in later years.

Annexure XIV
Statement of Current Liabilities & Provisions

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Current Liabilities					
Sundry Creditors	287.55	221.17	404.97	577.56	1,005.58
Advance from Customers	1.12	21.37	10.08	13.15	98.79
Deposits & Retentions	0.01	0.00	0.00	0.29	1.31
Other Liabilities	38.33	41.87	64.66	85.87	157.43
Tax Payable	3.40	4.73	1.99	6.11	6.80
Total Current Liabilities	330.41	289.14	481.70	682.98	1,269.91
Provisions					
Proposed Dividend	3.48	11.09	0.00	11.33	17.21
Dividend Tax on Proposed Dividend	0.59	1.88	0.00	1.88	2.86
Provision for Taxes	2.23	2.59	7.03	0.05	14.10
Total Provisions	6.30	15.57	7.03	13.26	34.17
Total Current Liabilities & Provisions	336.71	304.71	488.73	696.24	1,304.08

Note: The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

Annexure XV
Statement of Other Income

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011	Recurring / Non Recurring	Related / Not related to business activities
Profit from Sale of Granules	3.52	0.00	0.22	0.85	1.14	Recurring	Related
Interest Received	1.53	6.66	2.59	3.69	6.19	Recurring	Related
Entry Tax / Excise Duty Refund	0.00	5.29	0.00	0.00	0.23	Non Recurring	Related
Insurance Claim Received	0.00	0.07	0.25	0.37	0.00	Non Recurring	Related
Brokerage Received	0.00	0.00	1.71	0.37	0.64	Recurring	Related
Lease Rent	0.00	0.00	0.00	0.30	1.50	Non	Related

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011	Recurring / Non Recurring	Related / Not related to business activities
Receipts						Recurring	
Miscellaneous Receipts	0.61	0.69	0.37	2.20	0.89	Recurring	Related
Sundry Balances Written Back	0.00	0.02	0.00	0.20	2.26	Non Recurring	Related
Profit on Sale of Investments	0.00	0.00	0.00	0.00	0.04	Non Recurring	Not Related
Total	5.66	12.73	5.13	7.98	12.88		
Net Profit before Tax	104.70	97.31	102.57	121.73	313.24		
% of Other Income	5.41%	13.08%	5.00%	6.55%	4.11%		

Note : The classification of Other Income as Recurring / Non Recurring and Related / Not Related to business activities is based on the current operations and business activities of the Company, as determined by the Management.

Annexure XVI
Statement of Dividend declared

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Equity Dividend					
Equity Share Capital (₹ in Million)	26.98	110.91	113.14	115.23	172.12
Rate of Dividend	17.50%	10%	0%	10%	10.00%
Amount of Dividend (₹ in Million)	3.48	11.09	0.00	11.33	17.21
Tax on Dividend (₹ in Million)	0.59	1.88	0.00	1.88	2.86

Annexure XVII
Statement of Accounting Ratios

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Net worth as per Annexure I (₹ in Million) (A)	417.85	594.72	697.99	842.20	1,628.25
Net Profit after tax as restated attributable to equity shareholders (₹ in Million) (B)	83.12	43.21	69.30	88.13	302.04
No of shares outstanding at the end of the Year (C)	2,697,876	11,091,430	11,314,430	11,523,430	17,212,110
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS (D)	1,991,441	6,363,989	11,160,468	11,325,882	12,650,765
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS (E)	1,991,441	7,254,183	15,130,321	15,287,464	16,729,119

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Earnings per Share (in ₹)					
Basic (₹) (B/D)	41.74	6.79	6.21	7.78	23.88
Diluted (₹) (B/E)	41.74	5.96	4.58	5.76	18.06
Net Asset Value per Share- (₹) (A/C)	154.88	53.62	61.69	73.09	94.60
Return on Net Worth (%) (B/A)	19.89	7.27	9.93	10.46	18.55

Notes:

1. The Ratios have been computed as below

- a) Earnings per Share (Basic) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$$

- b) Earnings per Share (Diluted) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Dilutive Equity Shares outstanding during the year}}$$

- c) Return on Net worth (%) =

$$\frac{\text{Net Profit after tax as restated}}{\text{Net Worth at the end of the year}}$$

- d) Net Asset Value per share =

$$\frac{\text{Net Worth as per Annexure I}}{\text{Equity shares outstanding at the end of the year}}$$

Annexure XVIII
Statement of Related Party Transactions

a) List of Related Parties

Key Management Personnel

Mr. Manish Kalani
(Managing Director)

Relative of Key Management

Smt. Manisha Kalani

Personnel

Mr. Saurabh Kalani

Associates

Kalani Industries Pvt. Ltd.
Olive Commercial Co. Ltd.
Entertainment World Developers Ltd.
Sunrise Properties Private Limited

Subsidiaries

Satguru Polyfab Pvt. Ltd., Gandhidham
 Flexiglobal Holdings Ltd., Cyprus
 Nanofil Technologies Pvt. Ltd., Kashipur
 Eco Polymer Ltd.-Bangladesh

b) Transactions with Related Parties

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. Remuneration to Key Management Personnel					
Director Remuneration & Perquisite	0.44	0.06	0.00	0.00	0.00
Sub-total (A)	0.44	0.06	0.00	0.00	0.00
B. Relative of Key Management Personnel					
Sale of Shares	0.44	0.00	0.00	0.00	0.00
Receiving of Services	0.00	0.44	0.46	0.46	1.38
Sub-total (B)	0.44	0.44	0.46	0.46	1.38
C. Transactions with Associate Concerns					
Sale of Goods	2.91	0.00	0.00	0.00	18.31
Purchase of Goods	2.18	1.61	1.62	1.21	0.25
Purchase of Fixed Assets	0.44	0.00	0.59	0.00	0.00
Rendering of Services	0.42	0.01	0.00	0.00	0.00
Receiving of Services	8.31	3.78	1.69	0.61	0.72
Finance	0.00	6.95	0.00	0.00	0.00
Equity Contribution	0.00	8.85	26.31	24.66	115.34
Sub-total (C)	14.26	21.20	30.21	26.48	134.62
D. Transactions with Subsidiaries					
Sale of Goods	0.00	0.00	0.86	17.62	101.57
Purchase of Goods	0.00	0.00	0.00	34.13	132.61
Receiving of Services	0.00	0.00	0.00	0.00	13.70
Rendering of Services	0.00	0.00	0.00	0.02	2.98
Finance	0.00	(0.82)	(0.11)	0.00	192.01
Equity Contribution	0.00	(0.35)	(17.10)	(8.89)	0.00
Sub-total (D)	0.00	(1.18)	(16.35)	42.88	442.87
Grand Total (A+B+C+D)	15.14	20.52	14.32	69.82	578.87

Annexure XIX
Statement of Capitalization

(₹ in Million)

Particulars	Pre-issue as at 31.03.2011	Post-issue
Borrowings		
Short Term Debt	1054.50	[•]
Long Term Debt	1836.91	[•]
Total Debt	2891.41	[•]
Shareholders' Fund		
Equity Share Capital	172.12	[•]
Share/Warrants Application money pending Allotment	0.00	[•]
Share Warrants	0.00	[•]
Reserves & Surplus	1465.62	[•]
Less: Foreign Currency Exchange Fluctuation Reserve	3.13	[•]
Less: Miscellaneous Expenses	9.49	[•]
Total Shareholders' Fund	1625.12	[•]
Long term Debt/ Shareholders' Funds (Ratio)	1.13	[•]

Notes:

1. Short term debt represents debt which is due within twelve months from March 31, 2011
2. Long term debt represent debt other than short term debt, as defined above.
3. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company as at March 31, 2011
4. Long Term Debt/Equity =

$$\frac{\text{Long term Debt}}{\text{Shareholder's Funds}}$$
5. The corresponding Post-issue data is not determinable at this stage pending the completion of Book Building Process and hence have not been furnished.

Annexure XX
Statement of Tax Shelters

(₹ in Million)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Profit/(Loss) before tax but after Extraordinary-items as per books	104.70	97.31	102.57	121.73	313.24
Adjustments	3.92	(32.77)	(10.26)	13.08	27.68
Profit Before Tax as Restated (A)	108.62	64.54	92.31	134.81	340.92
Tax Rate	33.66%	33.99%	33.99%	33.99%	33.22%
Tax at Notional Rate on Profits	36.56	21.94	31.38	45.82	113.25
Adjustments:					
Permanent Differences					
Deduction u/s 10A of the Act	40.52	16.42	10.36	59.55	113.34
Other Adjustments	(0.39)	(0.36)	(1.41)	(3.95)	0.00
Penalties - Interest on late deposit of TDS	0.00	0.00	(0.01)	0.00	0.00
Donations	(0.51)	(0.38)	(0.26)	(0.26)	(0.13)

Particulars	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Less: Deduction U/S 80G	(0.25)	(0.15)	0.00	0.00	0.00
Total Permanent Differences (B)	39.87	15.84	8.67	55.34	113.21
Timing Differences					
Difference between tax depreciation and book depreciation	62.54	69.88	212.74	193.21	152.29
Statutory duties claimed on paid basis net of reversal of duties claimed in Income Tax in earlier years	0.01	0.31	2.32	0.03	0.00
Disallowance U/s 43B	(2.75)	(0.27)	(0.31)	(0.43)	4.51
Total Timing Differences (C)	59.80	69.92	214.74	192.81	156.80
Net Adjustments (D) = (B+C)	99.66	85.76	223.42	248.15	270.01
Taxable Income (E) = (A)-(D)	8.96	(21.22)	(131.11)	(113.34)	70.91
Unabsorbed Losses (F)	0.00	0.00	(21.22)	(131.11)	(244.45)
Tax as per Normal Provisions (G)	3.02	(7.21)	(44.56)	(83.09)	(57.65)
MAT (H)	1.13	2.03	5.11	0.00	14.06
Tax Payable (G) or (H) whichever is Higher	3.02	2.03	5.11	0.00	14.06

Annexure XXI
Statement of Contingent Liabilities

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Estimated Amount of Contract remaining to be executed	0.00	18.21	9.07	20.19	8.47
Bank Guarantee Outstanding	26.28	23.58	9.86	25.60	30.38
Corporate Guarantees (Entertainment World Developers Ltd.)	4.55	4.55	4.55	4.55	4.55
Corporate Guarantees (M/s Satguru Polyfab Pvt Ltd.)	0.00	0.00	0.00	60.00	60.00
Corporate Guarantees (M/s Nanofil Technologies Pvt Ltd.)	0.00	0.00	0.00	0.00	0.20
Letter of Credit	8.31	2.21	76.06	37.70	53.05
Foreign Bills Discounted	114.21	67.82	241.73	153.58	77.95
Forward Contracts *	392.94	1,161.09	868.18	505.69	116.70
Sales Tax / Entry Tax Matters	15.55	2.15	0.00	1.97	3.65

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Income Tax Matters	7.00	11.11	11.11	11.76	19.98
Total	568.83	1,290.72	1,220.55	821.03	374.93

** The amount of Forward Contracts was shown in foreign currency (USD/EURO/GBP) in the Audited Financial Statements from the year ended on March 31, 2008. In the above annexure, the same is converted in INR using the prevailing closing rate on the date of respective balance sheets.*

AUDITOR'S REPORT

To,
The Board of Directors,
Flexituff International Ltd.,
2nd Floor of Main Building,
19, R.N. Mukherjee Road,
Kolkata (West Bengal)

Dear Sirs,

We have examined the annexed consolidated financial information of Flexituff International Ltd. ('the Company') for the year ended March 31, 2011, 2010, 2009 and 2008 being the last date to which the consolidated accounts of the Company have been made up and audited by us. Such consolidated financial statements are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

(ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI (ICDR) Regulations 2009')

(iii) Our terms of reference with the Company Letter dated 23-05-2011 requesting us to carry out work in connection with the Offer Document as aforesaid.

Financial Information as per audited consolidated financial statements

1. We report that the restated consolidated statement of assets and liabilities of the Company as at , March 31, 2011, 2010, 2009 and 2008 are as set out in Annexure I to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
2. We report that the restated consolidated statement of profits & losses of the Company for the year ended March 31, 2011, 2010, 2009 and 2008 are as set out in Annexure II to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.
3. We report that the restated consolidated statement of cash flows of the Company for the year ended March 31, 2011, 2010, 2009 and 2008 are as set out in Annexure III to this report. These cash flows have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate.

Other Financial Information

4. We have examined the following consolidated financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

ANNEXURES
Annexure I - Statement of Restated Assets & Liabilities
Annexure II - Statement of Restated Profit & Loss Account
Annexure III - Statement of Restated Cash Flows
Annexure IV - Significant Accounting Policies and Notes to Accounts
Annexure V - Statement of Share Capital
Annexure VI - Statement of Reserves & Surplus

ANNEXURES
Annexure VII - Statement of Secured Loans
Annexure VIII - Statement of Unsecured Loans
Annexure IX - Statement of Fixed Assets
Annexure X - Statement of Inventories
Annexure XI - Statement of Debtors
Annexure XII - Statement of Loans & Advances
Annexure XIII - Statement of Investments
Annexure XIV - Statement of Current Liabilities & Provisions
Annexure XV - Statement of Other Income
Annexure XVI - Statement of Dividend Declared
Annexure XVII - Statement of Accounting Ratios
Annexure XVIII - Statement of Related Party Transactions
Annexure XIX - Statement of Capitalization
Annexure XX - Statement of Tax Shelters
Annexure XXI - Statement of Contingent Liabilities

5. We have reviewed and examined, as appropriate, the consolidated financial information contained in these Annexures and are to state as follows:
- The consolidated financial information contained in these Annexures is based on the audited financial statements of the Company for the year ended March 31, 2011, 2010, 2009 and 2008.
 - The Consolidated Statement of Assets and Liabilities, Profits and Losses and Statement of Cash Flows have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at March 31, 2011 if material.
6. We have not audited the financial statements of subsidiaries, both direct and indirect, whose financial statements reflect the total assets of ₹ 337.50 million, ₹ 259.92 million, ₹ 24.17 million and ₹ 1.17 million as at March 31, 2011, 2010, 2009 and 2008 respectively, total revenues of ₹ 1,126.83 million, ₹ 201.88 million, ₹ 34.74 million and Nil (before giving effect to the consolidation adjustments) for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Company's management, and our opinion is based solely on the reports of the other auditors.
7. This report is intended for your information and for inclusion in the Offer Document being issued by the Company with regard to the aforesaid proposed initial public offer of equity shares of the Company for cash and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

Indore
Dated: July 1, 2011

Annexure I
Restated Consolidated Statement of Assets & Liabilities

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
A. Fixed Assets				
a) Tangible Assets				
Gross Block	954.06	*2,293.00	2,846.62	3,110.24
Less: Accumulated Depreciation	100.10	159.37	268.58	412.48
Net Block	853.95	2,133.63	2,578.03	2,697.76
Capital Work in progress including capital advances	314.88	246.64	340.17	714.25
Total (Tangible Assets)	1,168.84	2,380.27	2,918.20	3,412.02
b) Intangible Assets				
Gross Block				
Patent	0.02	*0.66	0.66	0.75
Goodwill	0.00	0.00	9.64	9.66
Goodwill (on Consolidation)	0.00	*1.05	1.05	9.48
Less: Depreciation /Amortization	0.00	0.13	1.50	5.61
Net Block	0.02	1.59	9.85	14.28
Total Fixed Assets	1,168.86	2,381.85	2,928.05	3,426.29
B. Investments	0.00	0.00	2.50	0.00
C. Current Assets, Loans and Advances				
Sundry debtors	374.19	243.07	**630.78	1,464.42
Cash & Bank Balances	27.67	***121.98	146.27	145.59
Inventories	265.62	374.71	730.66	1,218.75
Loans & Advances	91.87	#193.93	288.24	306.38
Total	759.35	933.68	1,795.96	3,135.15
Less: Current Liabilities & Provisions				
Current Liabilities	289.14	557.55	930.89	1,656.88
Provisions	15.57	7.56	15.35	39.78
Net Current Assets	454.64	368.58	849.72	1,438.49
D. Loan Funds & Minority Interest				
Secured Loan	494.99	##1,494.06	2,370.64	3,013.86
Unsecured Loan	465.61	472.50	460.00	19.00
Minority Interest	0.00	4.20	0.00	16.21
Total	960.60	1,970.76	2,830.64	3,049.07
E. Deferred Tax Liability	68.41	81.91	138.00	186.18
Net Worth (A+B+C-D-E)	594.49	697.77	811.63	1,629.53
Net Worth represented by:				
F. Equity Share Capital	110.91	113.14	115.23	172.12
Share/Warrants Application Money pending Allotment	0.00	0.00	69.58	0.00
G. Share Warrants	8.85	7.61	6.30	0.00
H. Reserves and Surplus	474.95	577.30	620.78	1,467.72
Less: Miscellaneous Expenditure	(0.22)	(0.29)	(0.27)	(10.32)
Total	474.73	577.01	620.51	1,457.40
Net Worth (F+G+H)	594.49	697.77	811.63	1,629.53

Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

** Increase in Gross Block during F.Y. 2008-09 ₹ 1340.63 Mn (2294.71-954.08) is mainly due to commissioning of Kashipur unit with a addition of ₹ 1298.61 Mn.*

*** Increased in Sundry Debtors during F.Y. 2009-10 ₹ 387.71 Mn (630.78-243.07) is mainly due to commercial operation started at Kashipur unit and unfavorable economic conditions in global market.*

**** Increase in Cash & Bank Balances during F.Y. 2008-09 ₹ 94.31 Mn (121.98-27.67) is mainly due to sanctioned and withdrawn of term loan and cash credit amounting to ₹ 88.46 Mn.*

Increase in Loan and Advances during the F.Y. 2008-09 ₹ 102.06 Mn (193.93-91.87) is mainly on account of advances given to suppliers of material ₹ 93.90 Mn for Kashipur unit .

Increase in Secured loans during the F.Y. 2008-09 ₹ 999.07 Mn (1494.06-494.99) is mainly due to availment of term loans for implementation of Kashipur project.

Annexure II

Restated Consolidated Statement of Profits & Losses

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
I. Income				
Operating Income :				
Sales	2,202.29	2,614.11	3,211.02	5,779.40
Increase/(Decrease) in Stock	24.76	3.60	263.51	390.00
Other Income	12.73	8.55	9.94	14.53
Total-A	2,239.78	2,626.26	3,484.47	6,183.93
II. Expenditure				
Manufacturing Expenses	1,709.00	2,004.41	2,712.81	4,767.63
Administration Expenses	32.60	35.28	59.87	89.51
Employee Remuneration & Benefits	39.00	54.79	87.61	121.91
Selling Expenses	168.32	169.64	201.80	436.23
Interest & Financial Charges	140.89	207.29	215.67	277.41
Depreciation	39.12	51.26	115.36	144.28
Amortization of Miscellaneous expenditure	0.25	0.25	1.45	3.64
Amortization of Goodwill on Acquisition	0.00	0.11	0.11	0.93
Preliminary & Share Issue Exp. W/o.	13.29	0.00	0.00	0.00
Total-B	2,142.47	2,523.03	3,394.69	5,841.54
III. Profit before taxation (A-B)	97.31	103.23	89.78	342.39
Less: Provision for taxation				
-Current	3.04	6.53	1.77	19.71
-Mat Credit Entitlement for the A.Y.2011-12	0.00	0.00	0.00	(14.06)
-Deferred	17.09	13.51	56.10	47.92
-Fringe benefit tax	0.94	1.74	0.00	0.00
IV. Less: Prior Period Items	0.25	1.96	(6.02)	(5.26)
V. Less: Loss on Sale of Subsidiary	0.00	0.00	0.00	0.84
VI. Less: Pre-acquisition Profits & Share of Minority	0.00	0.24	(8.04)	(16.44)
VII. Profit After Taxation as per audited statement of accounts (C)	75.98	79.25	45.98	309.67
Adjustments on account of changes in accounting policies	(32.77)	(10.26)	13.08	27.68
Total adjustments (D)	(32.77)	(10.26)	13.08	27.68
VIII. Adjusted profit/(loss)(C+D)	43.21	68.99	59.06	337.35
Surplus/(Deficit) brought forward from the Previous year	41.96	72.20	141.19	177.03
IX. Profit available for appropriation	85.17	141.19	200.24	514.38
Proposed equity dividend (Final)	11.09	0.00	11.33	17.21
Tax on dividend	1.88	0.00	1.88	2.86
Transfer to General Reserve A/c	0.00	0.00	10.00	0.00
Transfer to SEZ Reinvestment Reserve A/c	0.00	0.00	0.00	113.34
X. Adjusted Available Surplus/(Deficit) carried forward	72.20	141.19	177.03	380.97

Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.

Annexure III

Restated Consolidated Statement of Cash Flows

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation and extraordinary items:	97.31	103.23	89.78	342.39
Adjustments for:				
Depreciation	39.12	51.26	115.36	144.28
Amortization of Miscellaneous Expenditure	0.25	0.25	1.45	3.64
Amortization of Goodwill on Acquisition	0.00	0.11	0.11	0.93
Foreign Currency Translation Reserve	0.00	0.38	2.55	(6.74)
Foreign Currency Exchange Fluctuation Reserve	0.00	0.00	0.00	3.13
Prior Period Adjustment involving cash outflow	0.00	(1.29)	0.00	0.00
(Profit)/Loss on sale of Fixed Assets	0.31	0.49	0.44	0.17
(Profit)/Loss on sale of Investments	0.00	0.00	0.00	(0.04)
Interest & Financial Charges	140.89	207.29	215.67	277.41
Impact of Changes in Accounting Policies	6.09	(1.37)	(10.57)	9.64
Cash generated from operations before Working Capital Changes	283.96	360.34	414.80	774.80
Adjustments for:				
Changes in Trade and Other Receivables	(194.08)	131.13	(387.72)	(833.64)
Inventories	(65.97)	(109.09)	(355.95)	(488.09)
Other Assets	(0.60)	(102.13)	(94.28)	(28.19)
Current Liabilities	(41.27)	268.41	373.34	762.68
Cash generated from/(used in) Operations	(301.93)	188.31	(464.61)	(587.24)
Income Taxes (Paid)/Refund (net)	(2.89)	(3.02)	(6.08)	5.26
Net Cash Flow from/(used in) Operating Activities	(20.85)	545.64	(55.90)	192.83
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(480.57)	(1266.59)	(678.92)	(636.96)
Sale of Fixed Assets	0.57	4.17	1.75	0.40
Capital Subsidy Recd. Against Fixed Assets	0.00	0.00	18.53	0.00
Proceeds from Sale of Subsidiary	0.00	0.00	0.00	0.44
(Purchase)/Sale of Investments (net)	0.00	0.00	(2.50)	2.54
Net Cash from / (used in) Investing Activities	(480.00)	(1262.41)	(661.15)	(633.58)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Equity Shares (including Premium)	99.06	26.31	24.66	607.50
Proceeds from (Conversion of) Share	0.00	0.00	69.58	(69.58)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Application Money				
Proceeds from (Conversion of) Share Warrants	8.85	(1.24)	(1.31)	(6.30)
Proceeds/(Repayment) from/of Short Term Borrowings (net)	525.21	47.89	506.03	(89.92)
Proceeds/(Repayment) from/of Long Term Borrowings (net)	16.80	958.07	358.05	289.00
Finance Charges Paid	(140.89)	(207.29)	(215.67)	(277.41)
Dividend Paid (including dividend distribution tax)	(4.07)	(12.98)	0.00	(13.21)
Net Cash from / (used in) Financing Activities	504.96	810.77	741.34	440.07
Net increase / (decrease) in Cash and Cash Equivalents	4.11	93.99	24.30	(0.68)
Cash and Cash Equivalents at the beginning of the year	23.55	27.67	121.97	146.27
Add: Cash and Cash Equivalents acquired on acquisition of subsidiary during the year	0.00	0.31	0.00	0.00
Cash and Cash Equivalents at the end of the year	27.67	121.97	146.27	145.59

Notes:

1. The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.
2. The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard- 3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).
3. Negative figures in the Cash Flow Statements represents Cash outflow.

Annexure IV

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

The Consolidated financial statements envisage combining of financial statements of Flexituff International Ltd. and all its subsidiaries.

The following components are included in consolidation:

A. Direct Subsidiaries-

Name of Company	Country of Incorporation	Nature of Business	Date of Becoming Subsidiary/ Incorporation	Proportion of Ownership Interest
Eco Polymers Ltd.	Bangladesh	Manufacturing of PP Compound [Business not Commenced]	23 July, 2007/ 23 July, 2007	100%*
Satguru Polyfab Pvt. Ltd.	India	Reprocessing of Plastic waste/Scrap	24 Oct., 2008**/ 10 Nov, 1997	78.60%
Flexiglobal Holdings Ltd.	Cyprus	Holding of Investment & Group financing	22 Sep., 2008/ 22 Sep., 2008	100%
Nanofil Technologies Pvt. Ltd.	India	Manufacturing of Master Batches ***	15 Dec., 2009/ 15 Dec., 2009	100%

* The Company has fully disposed off its stake in its subsidiary Eco Polymers Ltd., Bangladesh on September 29, 2010.

**The Company acquired 53%, 26%, 16% and 5% stake in Satguru Polyfab Pvt. Ltd. on October 24, 2008, January 21, 2009, September 10, 2010 and October 15, 2010 respectively. On December 16, 2010 the stake of holding company is reduced by 21.40%, due to allotment of fresh equity shares by subsidiary company to other shareholders.

*** The Company commence its business w.e.f. October 09, 2010.

B. Indirect Subsidiaries (Subsidiaries of Flexiglobal Holdings Ltd.)

Name of Company	Country of Incorporation	Nature of Business	Date of Acquisition / Incorporation	Proportion of Ownership Interest
Lakshmi Incorporated	USA	Distribution of FIBC (Flexible Intermediate Bulk Container)	October 7, 2009/ January 5, 2009	100%
Flexiglobal (UK) Ltd.	UK	Distribution of FIBC (Flexible Intermediate Bulk Container)	December 1, 2009/ August 4, 2008	100%

a) PRINCIPLES OF CONSOLIDATION :

- I. The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on “Consolidated Financial Statements” issued by The Institute of Chartered Accountants of India.
- II. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.
- III. Minority interests’ share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.
- IV. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant. The difference in accounting policies of the Company and its subsidiaries are not material and there are no material transaction from 01st January, 2011 to 31st March, 2011 in respect of subsidiaries and indirect subsidiaries having financial year ended 31st December, 2010.
- V. The Company follows non-integral basis for translation of foreign currency transactions in respect of its foreign subsidiaries, M/s. Eco Polymers Ltd & M/s. Flexiglobal Holdings Ltd. The translation of foreign operation is done in accordance with Accounting Standard 11 “The effects of changes in foreign exchange rates”. Accordingly the financials of non- integral operation has been translated at the rates prevailing on the date of Balance Sheet. The resulting exchange differences arising on conversion are accumulated under “Foreign Currency Translation Reserve”.

b) Basis of preparation :

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

c) Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

d) Revenue recognition :

- a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- b. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.
- d. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

e) Fixed assets :

- a. Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- b. Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

f) Depreciation :

- a. Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.
- b. Leased assets are amortized over the operating period of 99 years.

g) Employee benefits :

- a. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.
- c. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days

salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

h) Investment :

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

i) Valuation of inventory :

- a. Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.
- b. Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude “excise duty” thereon.

j) Retirement benefit :

- a. Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.
- b. Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

k) Foreign currency transactions :

- a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
- b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
- c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.
- d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

l) Taxes on income :

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the

extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m) Impairment of fixed assets :

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

n) Borrowing Cost :

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

o) Replenishment :

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

p) Provisions and Contingencies :

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

q) Earnings per share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

s) During the F.Y. 2010-11 the Company has transferred ₹ 113.34 million for creation of SEZ Reinvestment reserve in compliance with the provision of section 10 (1A) of Income Tax Act, 1961.

2. (a) Material Adjustments:

Summary of results of adjustments made to the audited consolidated financial statements of the company for the respective years and their impact on profits/(losses) of the company are as given below :

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Difference in Receivables in Foreign Currency	6.09	(1.37)	(13.71)	9.64
Difference in Foreign Currency Loan	(0.14)	0.00	3.14	(3.14)
Difference due to Foreign Currency Forward Contracts	(38.73)	(8.89)	23.65	21.17
Total	(32.77)	(10.26)	13.08	27.68

During the year ended March 31, 2011, the Company changed its accounting policy in respect of the recording of transactions entered in foreign currency. From this period, company adopted Accounting Standard 11 – Effects of changes in foreign exchange rates. As required by the said Accounting Standard, the impact of the change in accounting policy is incorporated in the restated financial statements from financial year 2007-08. The profit/(loss) arising due to changes as stated above are incorporated in the restated profit & loss account of the respective years. Consequently, the balances of sundry receivables & foreign currency loans in the restated statement of assets & liabilities are adjusted accordingly and foreign exchange fluctuation reserve is created for the difference due to Foreign Currency Forward Contracts.

(b) Material Regroupings:

Appropriate adjustments have been made in the restated consolidated statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended March 31, 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009.

(c) The effects of the following have not been given in the Consolidated Assets and Liabilities, Profit and Loss and Statement of Cash Flows:

1. Prior Period Items aggregating to ₹ 0.25 million, ₹ 1.96 million, ₹ (6.02) million and ₹ (5.26) million in the Audited Financial Statements for the year ended March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

2. Sundry Balances written back aggregating to ₹ 0.02 million, ₹ 10.27 million, ₹ 0.20 million and ₹ 2.26 million in the Audited Financial Statements for the year ended March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 respectively have not been adjusted in the respective years, as there are practical problems in identification of the respective years to which they pertain.

3. Tax impact of adjustments has not been considered as the Company was covered by the provisions relating to Minimum Alternate Tax under the Income-tax Act, 1961 and the tax impact is also not material.

3. Segment Reporting:

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. The operations of Subsidiaries do not constitute more than 10% of the total revenue or profits / losses or assets. Accordingly there is no reportable segment as per Accounting Standard 17 issued by Institute of Chartered Accountant of India on segment reporting.

4. Deferred Tax:

(Amount in ₹)

Deferred Tax Liability	As at 31/03/2008	As at 31/03/2009	As at 31/03/2010	As at 31/03/2011
Net Block as per books	767,532,268	1,996,628,935	2,443,378,441	2,680,925,857
Net Block as per Income Tax	538,057,205	1,556,454,517	1,795,624,166	1,856,022,261
Less : Differences reversing during tax holiday period	8,123,701	45,573,546	54,149,018	53,821,746
Timing Difference	221,351,362	394,600,872	593,605,257	771,081,850
Deferred tax liabilities @ 33.22% on the timing difference	68,397,571	121,949,314	183,424,024	252,506,522
Opening Balance	51,302,855	68,397,571	121,949,314	189,424,024
Deferred Tax Liability Created	17,094,716	53,551,743	67,474,710	63,082,497
Closing Balance (A)	68,397,571	121,949,314	18,9424,024	252,506,521
Deferred Tax Assets				
Opening Balance	0	0	40,040,445	51,417,825
Deferred Tax Assets created	0	40,040,445	11,377,380	14,907,330
Cumulative Deferred Tax Assets (B)	0	40,040,445	51,417,825	66,325,155
Net Deferred Tax Liability (A-B)	68,397,571	81,908,869	138,006,199	186,181,366

5. 92 number of Zero Percent Fully convertible Debentures (FCD) of ₹ 5 Million each issued to M/s Clearwater Capital Partner (Cyprus) Limited, Cyprus are converted into 4486492 equity shares @ ₹ 102.53 per share during the year and after such allotment, the balance of Fully Convertible Debentures, in the books of the Company has become nil. .
6. During the year, the company has converted Share Warrants into equivalent number of fully paid up Equity Shares to M/s. Kalani Industries Pvt. Ltd. and after such allotment, the balance in Share / Warrants accounts in the books of the company has become nil.
7. The Company did not have any subsidiary, during the year ended March 31, 2007 hence, for the purposes of this Consolidated Financial Information, the figures for these years are not disclosed.

Annexure V Statement of Share Capital

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Authorised Share Capital:				
Equity Shares of ₹10 each	150.00	150.00	200.00	250.00
Issued, Subscribed & paid up Capital				
Equity Shares of ₹10 each fully paid-up	110.91	113.14	115.23	172.12
Share/Warrants Application Money pending Allotment	0.00	0.00	69.58	0.00
Share Warrants	8.85	7.61	6.30	0.00
Total	119.76	120.75	191.11	172.12

Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Annexure VI
Statement of Reserve & Surplus

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Reserves and Surplus:				
Securities Premium	236.33	260.42	282.99	833.60
General Reserve	130.50	130.50	140.50	140.50
Foreign Currency Translation Reserve	0.00	0.38	2.93	(3.81)
Foreign Currency Exchange Fluctuation Reserve (Ref. Para 2-A of Annexure - IV)	35.93	44.82	21.17	3.13
Surplus/ (Deficit) in Profit & Loss account	72.20	141.19	177.03	380.97
Negative Balance of Minority Absorbed by Parent	0.00	0.00	(3.84)	0.00
Minority Interest Recovered by Parent	0.00	0.00	0.00	0.00
SEZ Reinvestment Reserve	0.00	0.00	0.00	113.34
Total	474.95	577.30	620.78	1,467.72

Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Annexure VII
Statement of Secured Loans

(₹ in Million)

Particulars	For the year ended March 31			
	2008	2009	2010	2011
<u>WORKING CAPITAL</u>				
<u>Cash Credit facility</u>				
UCO Bank	26.24	64.63	261.11	472.34
State Bank of India	33.45	22.43	49.05	72.82
Central Bank of India	12.03	11.75	23.05	22.77
Punjab National Bank	81.51	90.63	302.05	298.25
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00
State Bank of Travancore	0.00	0.00	16.03	15.14
State Bank of Patiala	0.00	0.00	48.51	40.39
HSBC Bank Ltd.	0.00	4.80	0.46	1.30
Axis Bank Ltd	0.00	0.00	0.00	147.34
TOTAL (A)	153.23	194.24	700.26	1,070.35
<u>TERM LOAN</u>				
<u>Foreign Currency Loan</u>				
State Bank of India	0.00	0.00	0.00	0.00
Central Bank of India	0.00	0.00	0.00	0.00
Punjab National Bank	0.00	0.00	0.00	177.83
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00
HSBC Bank Limited Race Course Road Indore	0.00	0.00	0.00	14.54
Effect in changes in Accounting Policies	0.00	0.00	(3.14)	0.00
<u>Indian Rupee Loan</u>				
<u>Existing Loan</u>				
UCO Bank	201.83	170.80	146.64	102.95
State Bank of India	0.00	0.00	0.00	0.00
Central Bank of India	5.25	3.23	1.17	0.00
Punjab National Bank	44.06	27.12	12.40	0.00
Corporate Loan (STL) from Punjab National Bank	0.00	100.00	0.00	0.00

State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00
Axis Bank Ltd	0.00	0.00	0.00	200.00
-For Kashipur- Phase I				
- UCO Bank Ltd., Pipliyahana Br. Indore	0.00	435.16	420.61	355.52
- State Bank of India, IF Br. Indore	0.00	189.86	183.95	150.59
- Central Bank of India Siyaganj Br. Indore	0.00	115.11	108.40	96.11
- Punjab National Bank, Siyaganj Br., Indore	0.00	190.00	242.35	14.85
- HSBC Bank Limited Race Course Road Indore	0.00	0.00	40.39	0.00
-Kashipur Project Phase – II				
- UCO Bank Ltd., Pipliyahana Br. Indore	0.00	0.00	136.94	212.38
- State Bank of India, IF Br. Indore	0.00	0.00	95.84	101.20
- State Bank of Patiala, Orbit Mall Indore	0.00	0.00	4.46	111.18
- Punjab National Bank	0.00	0.00	0.00	117.96
- Uco Bank Ltd., R & D Loan	0.00	0.00	120.00	155.87
-Satguru Polyfab (P) Ltd., Kandla				
- State Bank of Patiala, Orbit Mall Indore	0.00	0.00	59.94	57.44
- State Bank of Travancore, Indore	0.00	0.00	50.00	47.83
Add : Interest Accrued & Due	0.00	0.00	1.25	1.32
TOTAL (B)	251.14	1,231.28	1,621.21	1,917.57
From Financial Institutions:-				
MPFC Capital Market	87.11	67.40	46.94	24.58
M.P.A.K.V.N. (Indore) Ltd.	0	0.00	0.00	0.00
TOTAL (C)	87.11	67.40	46.94	24.58
VEHICLE LOAN				
From ICICI Bank Ltd.	2.97	0.83	1.36	0.85
From HDFC Bank Ltd.	0.54	0.31	0.87	0.51
TOTAL (D)	3.51	1.14	2.23	1.36
TOTAL (A+B+C+D)	494.99	1,494.06	2,370.64	3,013.86

Annexure VII – A
Statement of Secured Loans (Term Loans)

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
1	Axis Bank Ltd., Y. N. Road, Indore	200.00	29-07-2010	ABBR + 4.50 % i.e. 12.00 p. a.	1) 12 quarterly installments after 9 months from date of first disbursement as per schedule given below:- 2) 10th to 21st month : ₹ 33.3 Mn in 4 equal quarterly installment. 3) 22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installment. 4) 34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installment.	Pari Passu First charge on the Fixed Assets of the Company.	Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st installment). The Amount to be	Company require prior permission of bank: a) to formulate any scheme of amalgamation or restructuration; b) to undertake guarantee obligation on behalf of any third party or any other company. c) to make any change in Management. d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation. e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred. f) to invest by way of share capital in or lend or advance to or place deposits with any other concern (normal trade credit or security deposit in the routine course of

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
							increased based on repayments , three months prior to the increase in installment	business or advances to employees can however be extended.
2	Central Bank of India Siyaganj Br. Indore (Project Phase-I)	115.00	27-06-2008	BPLR (12)	Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis	E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws)		a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us. d) Company shallnot make any major capital investment without the prior permission of the consortium. e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for extending their guarantees for credit facilities

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								f) The company /Director shall undertake that no litigation is pending before them, initiated by banks/ financial institution.
3	HSBC Bank Limited Race Course Road Indore (Project Phase-I)	61.00	28-07-2009	At Mutually agreed rate	3 equal annual installments commencing 1 year from the date of disbursement	1) Personal Guarantee of Mr. Manish Kalani for ₹ 111,000,000/- (Required. Held for ₹ 66,000,000/-) 2) Corporate Guarantee of Kalani Industries Ltd. For ₹ 111,000,000/- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-) 3) First pari passu charge on the entire fixed assets of the borrower both present & future for	-	a) Any changes in the capital structure, schemes of amalgamation/ re-construction must be agreed by the bank prior to being undertaken. b) The Borrower will seek Bank's prior permission for the following:- -Declaration of dividend, in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants. - If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
						₹ 61,000,000/-. (Held) Second pari passu charge on the current assets of the borrower at Pithampur Industrial area and C-41-50, Sector- 3, Dhar Madhya Pradesh & expansion at Uttaranchal (both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held.		
4	Punjab National Bank, Indore (Existing Loan)	36.00	23.01.2004	Base rate+4.00%+ TP	23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005	1st Pari-passu mortgage & hypothecation charge over land &	-	a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
		10.00	19.03.2005	Base rate+3.75%+ TP	20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement.	building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis.		writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written permission from bank
		36.00	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	24 quarterly installment of ₹ 1.0625 million and 20 quarterly installment of ₹ 0.525 million.			
		2.40	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	4 quarterly installment of ₹ 0.563 million and 1 quarterly installment of ₹ 0.148 million.			
5	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	190.00 [Parts of Loan ₹ 132.33 Mn converted into Foreign Currency Term Loan \$2.89]	27-05-2008	Base rate +3%+ TP	24 equal quarterly installments after 1 year & 6 months from the date of first	1st Pari-passu mortgage & hypothecation charge over land & building,	-	a) Company should undertake not to diversify its activities, take up new projects and/or expand without written permission. b) Company should not

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
		Mn @ ₹ .45.75 (Ref S No.18)]			disbursement	plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms with lenders on pari passu basis.		take any alteration or modifications in the project without the prior approval of bank in writing. c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written permission from bank. d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank. e) Company should undertake not to effect any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<ul style="list-style-type: none"> - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever specifically situated
6	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	50.00 [Part of Loan ₹ 44.47 converted in to Foreign Currency Loan \$0.97 Mn @ ₹ 45.76 (Ref S.No.18)]	27-05-2008	Base Rate + 3.5% +TP	12 quarterly installments for ₹ 1.1 million after one year from the date of first disbursement Next 11 quarterly installments for ₹ 3.2 million Last quarterly installment for ₹ 1.6 million	First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Overseas (P) Ltd. (IOPL)	-	a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
7	Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II)	120.00	25-06-2009	Base Rate + 3.5%+ TP.	<div>First three quarterly installments of ₹ 1.10 Million each starting from 30.09.10</div> <div>Next 20 quarterly installments of ₹ 5.50 Million each.</div> <div>Last one quarterly installment of ₹ 6.70 million & interest to be recovered as and when charged to the account.</div>	1 st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of the Uttaranchal phase II project.	2nd charges on entire current assets (both existing and future) of the existing & proposed project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal on pari passu basis	<p>a) The borrower shall not undertake expansion/diversification/modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium.</p> <p>b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
							with the team lenders	borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
8	State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore (Project Phase-I)	190.00	03-06-2008	BPLR-.25%	24 quarterly installments, which will commence from 18 months after the first disbursement.	First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank
9	State Bank of India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II)	105.00	05-10-2009	5.25% above Base Rate	7 Years including moratorium period of 15 months and repayable in 24 quarterly installments.	Extension of 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
						as well as future.		
10	State Bank of Patiala, Orbit Mall Indore (Project Phase-II)	110.00	02-05-2009	12.75	Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of Ist disbursement.	1 st Pari Passu charge on all fixed assets of the company OR 1 st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed assets of the company.	-	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources
11	UCO Bank, Pipliyahana Branch, Indore (Existing Loan)	221.30	28-09-2006	BPLR-0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly	24 equal quarterly installment after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the	-	Promoters to meet increased costs on account of cost overrun/time overrun of if nay from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
						existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.		of Term Loan to any of the term lenders
12	UCO Bank, Pipliyahan a Br. Indore (Project Phase-I)	325.00	17-03-2009	12.50	24 equal quarterly installments after one year six month from the date of first	1st Pari-passu mortgage & hypothecation charge over land & building, plant &	-	Promoters to meet increased costs on account of cost overrun/time overrun of if nay from its own sources and will not ask for any additional term loan. -The Company to

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
					disbursement	machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar Mp, & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.		undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders
13	UCO Bank,	110.00	17-03-2009	12.50	12 quarterly installments	1st Pari-passu	a) 2nd charges on	a) Promoters to meet increased costs on

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
	Pipliyahan a Br. Indore (Project Phase- I)				for ₹ 2.5 million after six month from the date of first disbursement t	hypothecatio n charge over plant & machinery and other movable fixed assets at Kandla (both existing & Future - charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.	entire current asset (both existing and future) of the existing and proposed project sites at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & company's unit at Uttarancha l on pari passu basis with other term lender.	account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee,
					10 quarterly installments for ₹ 7.5 million from the date of first disbursement t			
					2 quarterly installments for ₹ 2.5 million from the date of first disbursement t			

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<p>obligation on behalf of any other company firm, or person.</p> <p>- Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.</p> <p>- Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.</p> <p>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.</p> <p>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company, firm or person.</p> <p>- Sell, Assign, Mortgage or otherwise dispose off</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned
14	UCO Bank Ltd., Pipliyahan a Br. Indore (Project Phase-II)	210.00	27-09-2010	12.50	1) 4 equal quarterly installment of ₹ 2.5 million after one year six month from the date of first disbursement 2)20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing & future)- Charge to be shared with existing & proposed lenders on pari passu basis.FACR to be maintained min. at 1.33 through out the entire	2nd pari pasu hypo charge on current assets of the company with the other existing / proposed tern lenders at at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttaranchal (both existing and future),	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
						tender of the loan.	Project at IOPL at Kandla - charge to be shared with excising term lenders of the project on the pari pasu basis. First charge being held by banks extending / to be extended working capital finance both at existing units, IOPL, Kandla & at Uttaranchal Phase I and II	kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/deposit ors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<ul style="list-style-type: none"> - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company, firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned
15	UCO Bank, R & D Loan	160.00	25-03-2010	11.75	Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement	1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with other term lenders.		<ul style="list-style-type: none"> a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<p>bank in following cases:</p> <ul style="list-style-type: none"> - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/deposit ors will not be allowed to be withdrawn without

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<p>the bank's permission.</p> <p>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.</p> <p>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company, firm or person.</p> <p>- Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank.</p> <p>- Undertake any activity other than that for which the facilities has been sanctioned</p>
16	MPFC Capital Market, Indore (Existing Loan)	50.00	04-07-2006	10.50	20 quarterly installments of ₹ 2.50 Million each moratorium period of six month.	-Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining	-	-Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan - Company shall agree not

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
						assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector - 1, Pithampur Dist Dhar M.P		to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. -The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion
17	MPFC Capital	50.00	21-05-2007	12.50	1) First 8 quarterly	Equitable mortgage of	-	a) Company shall agree not to let out or give on

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
	Market, Indore (Existing Loan)				installments of ₹ 2.50 Million each moratorium period six month. 2)Remaining 10 quarterly installments of ₹ 3.00 Million	land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector - 1, Pithampur Dist Dhar M.P		lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. b) The promoters, guarantors and the company shall give undertakings stating that in case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name of the company and its promoters/guarantors in the newspaper or through other media.- No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company,

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
								<p>during the currency of the loan without the prior written permission of the Corporation.</p> <p>c) The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion</p> <p>d) The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.</p> <p>e) The company shall not go for public issue without prior permission of the Corporation.</p>
18	Punjab	\$4.35Mn (₹	20-09-	(6 Months) LIBOR +6.50%	Since Rupee	Since Rupee		Since Rupee Loan

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
	National Bank, Mid Corporate Branch, Siyaganj, Indore (Foreign Currency Term Loan)	200Mn)	2010	p.a.	Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Laon) as S.No 5 & 6	Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Laon) as S.No 5 & 6		Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00Mn & ₹ 50.00 Mn Laon) as S.No 5 & 6
SATGURU POLYFAB (P) LIMITED								
19	State Bank of Patiala, Orbit Mall Indore	60	19-06-2009	12.75	Repayable in 24 equal quarterly installments of ₹ 2.5 million each payable on the last day of each quarter commencing after one year six month from the date of 1 st disbursement.	1st pari-passu charge on entire fixed assets of the company both present & future (Building, Plant & Machinery and other immovable and movable fixed assets at Shed No.299-303, Sector No. 2 Kandla SEZ Gandhidham , Kutch , Gujarat)		The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources.
20	State Bank of	50	01-06-2009	15.00	Repayable in 20 equal	Equitable mortgage by		The Bank will have a first charge on the profits

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Other Securities Offered	Covenants
	Travancore , Main Branch Indore				quarterly installments of ₹ 2.075 million 4 quarterly installments of ₹ 2.125 million payable on last day of each quarter commencing after one year three month from the date of 1 st disbursement.	way of mortgage of lease hold rights in favour of the consortium. Its charge over Building, Plant & Machinery and other immovable and movable fixed assets at Shed No.299-303, Sector No. 2 Kandla SEZ Gandhidham, Kutch,Gujarat		of the company, after provision for taxation and dividend where applicable, for repayment of installments under the term loans granted/deferred payment guarantees executed by the bank or other repayment obligation, if any, due from the company to the bank.- The company shall keep the bank informed of the happening of any event likely to have substantial effect on the profit.

Annexure VII-B
Statement of Secured Loans (Working Capital Loans)

FLEXITUFF INTERNATIONAL LIMITED

(₹ in Million)

UCO Bank, Pipliyahana Branch, Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	230.00	Base rate + 4%p.a.(monthly rests) i.e presently 12% p.a., however if any consortium bank charge higher ROI, then the same will be applicable
	EPC /FBC	200.00	Gold card holder and in line with the bank's extant guide lines. Beside this, an additional stand by limit, concession in ROI & service charges etc. as entitled in the scheme in terms of bank circular no ID/IBD/1847/2004 dt. 09-08-2004 for UCO EXPO GOLD CARD for exporters.
	Additional Stand by Limit against Gold Card	40.00	
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	250.00	50% of normal charge
	Bank Guarantee	100.00	50% of normal charge
	TOTAL EXPOSURE	820.00	

Punjab National Bank, Siyaganj, Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	100.00	Base Rate+4.5% -1% i.e. presently 12.50% to be charged at monthly rests. ROI is subject to change as per RBI/HO guidelines issued from time to time.
	EPC	252.50	As per extent bank's guidelines. ROI is subject to change as per RBI/HO guidelines
	FOBNLC/FOU BNLC	78.50	As per Bank's guideline / HO / FEDAI rules
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit /BG	341.50	- LC:-50% of normal charge or charged by the leader bank which ever is higher
			-BG:-As per extent guideline of the bank
	TOTAL EXPOSURE	772.50	

Central Bank of India, Siyaganj, Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	18.20	BPLR+1.5% as per RBI/ CO guideline
	EPC	6.50	as per RBI guideline/ CO guideline
	FBD	7.80	As per CO circular
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	22.50	As per CO circular
	Bank Guarantee	6.00	As per CO circular
	TOTAL EXPOSURE	61.00	

State Bank of India, (Erstwhile State Bank Of Indore) Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	7.50	- BPLR - 0.25%, subject to minimum of 12.50% p.a.
	EPC	62.50	-As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be applicable.
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	20.00	As per Bank's standard charges.
	TOTAL EXPOSURE	90.00	

State Bank of Patiala, Orbit Mall, Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	22.50	4.25% Above Base rate.
	EPC	14.00	As applicable to Gold Card Scheme.
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	10.00	Commission as per extent guideline, 50% Concession allowed in LC
	TOTAL EXPOSURE	46.50	

Axis Bank Ltd., Y.N. Road, Indore			
S.NO .	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit/ EPC	150.00	-CC:-Axis Bank Base Rate (ABBR) +4% i.e.11.50% Payable at monthly interval
			-EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.)
			PCFC : Disbursal is subject to availability and pricing will be subject to approval from treasury deptt.
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	150.00	1.25% p.a. all inclusive payable upfront.
	TOTAL EXPOSURE	300.00	

SATGURU POLYFAB (P) LIMITED			
State Bank of Travancore, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit/ EPC	16.00	-CC:- STBLR + 1.75%, presently effective rate is 14.50% p.a. with monthly rests.
			-EPC- Upto 270 days- 2.50% below SBTPLR, present effective rate 10.25% p.a.
			Beyond 270 days- normal interest rate as applicable to SB-3 rated companies would apply i.e. at 1.75% above SBTPLR present effective rate 14.50% p.a.
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit/BG	16.00	-As per Bank's standard charges.
	TOTAL EXPOSURE	32.00	

State Bank of Patiala, Orbit Mall, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit/ EPC	24.00	CC:- 4.25 % above base rate i.e. 12.75% p.a.(ROI will not less than other consortium member)
			-EPC : 2.00 % above base rate (floating) i.e. presently 10.50 % p.a
	<i>Working Capital - Non Fund Based</i>		
	Letters of	24.00	-LC:- FLC-as per Bank's standard charges.-ILC-50 % concession

State Bank of Patiala, Orbit Mall, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Credit/BG		
			-BG;-As per extent instruction's.
	TOTAL EXPOSURE	48.00	

Annexure VIII
Statement of Unsecured Loans

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
0% Fully Convertible Debenture	460.00	460.00	460.00	0.00
Inter Corporate Deposits	5.61	12.50	0.00	19.00
Total	465.61	472.50	460.00	19.00

Notes:

1. The Inter Corporate Deposits are repayable on demand.
2. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Amount due from promoters / promoter group / group companies / directors / relative of directors / subsidiary companies / joint venture / associate companies

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Sunrise Properties Pvt. Ltd.	5.61	0.00	0.00	0.00
Total	5.61	0.00	0.00	0.00

ANNEXURE : IX
Statement of Fixed Assets

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Additi on	Deducti on	As on 31.03.2008	As on 01.04.2007	Adjust ment / Amorti sation	For the Year	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
Land (Lease Hold)	24.75	0.13	0.00	24.87	0.00	1.21	0.00	1.21	23.66	24.75
Land (Free Hold)	36.60	26.07	0.00	62.67	0.00	0.00	0.00	0.00	62.67	36.60
Factory Building	179.88	27.11	0.00	206.99	14.10	0.00	6.45	20.54	186.44	165.78
Plant & Machinery	459.38	120.59	0.00	579.97	36.60	0.00	27.61	64.22	515.74	422.78
Electric Installation	26.59	1.93	0.00	28.52	3.34	0.00	1.46	4.79	23.72	23.25
Furniture & Fixtures	9.27	3.78	0.00	13.06	1.40	0.00	0.68	2.09	10.97	7.87
Office Equipments	18.52	1.28	0.00	19.80	1.13	0.00	0.91	2.04	17.76	17.39

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Addition	Deduction	As on 31.03.2008	As on 01.04.2007	Adjustment / Amortisation	For the Year	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
Vehicles	12.68	0.96	1.16	12.48	2.20	(0.27)	1.18	3.12	9.36	10.48
Computer	4.31	1.41	0.00	5.71	1.26	0.00	0.82	2.09	3.63	3.04
Patent	0.02	0.01	0.00	0.02	0.00	0.00	0.00	0.00	0.02	0.02
Total	771.99	183.25	1.16	954.08	60.04	0.95	39.12	100.10	853.97	711.95

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Addition	Deduction	As on 31.03.2009	As on 01.04.2008	Adjustment / Amortisation	For the Year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Land (Lease Hold)	24.87	0.04	0.00	24.91	1.21	0.25	0.00	1.46	23.45	23.66
Land (Kashipur)	62.67	48.41	0.00	111.08	0.00	0.00	0.00	0.00	111.08	62.67
Factory Building	206.99	290.17	3.54	493.62	20.54	(0.27)	9.10	29.38	464.24	186.44
Plant & Machinery	579.97	931.00	1.22	1,509.74	64.22	(0.98)	43.49	106.72	1,403.02	515.74
Electric Installation	28.52	58.94	0.00	87.46	4.79	0.00	3.39	8.18	79.28	23.72
Furniture & Fixtures	13.06	9.94	0.00	23.00	2.09	0.00	1.17	3.26	19.74	10.97
Office Equipments	19.80	1.94	0.13	21.61	2.04	(0.09)	1.30	3.24	18.36	17.76
Vehicles - Cars	12.30	2.74	1.69	13.35	2.98	(1.04)	1.90	3.84	9.52	9.36
Vehicles - Others	0.18	0.88	0.70	0.36	0.13	(0.26)	0.28	0.15	0.21	3.63
Computer	5.71	2.44	0.29	7.87	2.09	(0.26)	1.30	3.13	4.73	0.02
Patent	0.02	0.64	0.00	0.66	0.00	0.00	0.02	0.02	0.64	0.00
Goodwill (on Consolidation)	0.00	1.05	0.00	1.05	0.00	0.11	0.00	0.11	0.95	0.00
Total	954.08	1,348.19	7.57	2,294.71	100.10	(2.55)	61.94	159.50	2,135.21	853.97

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04. 2009	Additi on	Deducti on	As on 31.03.2 010	As on 01.04. 2009	Adjustme nt / Amortisa tion	For the Year	As on 31.03. 2010	As on 31.03.2 010	As on 31.03.2 009
Land (Lease Hold)	24.91	0.00	0.00	24.91	1.46	0.25	0.00	1.71	23.20	23.45
Land (Kashipu r)	111.08	0.00	0.00	111.08	0.00	0.00	0.00	0.00	111.08	111.08
Factory Building	493.62	50.65	1.46	542.81	29.38	(0.16)	17.25	46.47	496.34	464.24
Plant & Machinery	1,509.74	492.37	18.53	1,983.58	106.66	(4.91)	87.58	189.32	1,794.25	1,403.02
Electric Installation	87.46	25.56	0.00	113.01	8.18	0.00	5.17	13.35	99.67	79.28
Furniture & Fixtures	23.00	2.40	0.00	25.40	3.39	0.00	1.55	4.95	20.45	19.74
Office Equipme nts	21.61	0.82	0.00	22.43	3.17	0.00	1.03	4.21	18.22	18.36
Vehicles - Cars	13.35	2.56	2.15	13.76	3.84	(1.26)	1.29	3.87	9.89	9.52
Vehicles - Others	0.36	0.01	0.00	0.36	0.15	0.00	0.01	0.16	0.20	0.21
Compute r	7.87	1.41	0.00	9.27	3.13	0.00	1.41	4.54	4.73	4.73
Patent	0.66	0.00	0.00	0.66	0.02	0.00	0.07	0.09	0.57	0.64
Goodwill	0.00	9.64	0.00	9.64	0.00	1.20	0.00	1.20	8.43	0.95
Goodwill (on Consolid ation)	1.05	0.00	0.00	1.05	0.11	0.11	0.00	0.21	0.84	0.00
Total	2,294.71	585.40	22.14	2,857.97	159.50	(4.77)	115.36	270.08	2,587.88	2,135.21

(₹ in Million)

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04. 2010	Additi on	Deducti on	As on 31.03. 2011	As on 01.04. 2010	Adjust ment / Amorti sation	For the Year	As on 31.03. 2011	As on 31.03. 2011	As on 31.03. 2010
Land (Lease Hold)	24.91	(0.14)	0.00	24.77	1.71	0.26	0.00	1.97	22.80	23.20
Land (Free Hold)	111.08	0.00	0.00	111.08	0.00	0.00	0.00	0.00	111.08	111.08
Factory Building	542.81	28.44	0.00	571.25	46.47	0.00	18.28	64.75	506.50	496.34
Plant &	1,983.58	214.55	0.00	2,198.13	189.32	(0.02)	111.07	300.37	1,897.76	1,794.25

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04. 2010	Additio n	Deducti on	As on 31.03. 2011	As on 01.04. 2010	Adjust ment / Amorti sation	For the Year	As on 31.03. 2011	As on 31.03. 2011	As on 31.03. 2010
Machine ry										
Electric Installati on	113.01	5.76	0.00	118.77	13.35	0.00	6.05	19.40	99.37	99.67
Furnitur e & Fixtures	25.40	7.77	0.00	33.17	4.95	(0.17)	4.07	8.85	24.32	20.45
Office Equipm ents	22.43	4.87	0.00	27.30	4.21	0.00	1.09	5.30	22.00	18.22
Vehicles - Cars	13.76	0.13	0.86	13.03	3.87	(0.29)	1.33	4.91	8.12	9.89
Vehicles - Others	0.36	0.04	0.00	0.41	0.16	0.00	0.01	0.18	0.23	0.20
Comput er	9.27	1.81	0.00	11.08	4.54	(0.01)	1.65	6.18	4.90	4.73
Patent	0.66	0.09	0.00	0.75	0.09	0.00	0.07	0.15	0.60	0.57
Goodwil l	9.64	0.02	0.00	9.66	1.20	3.06	0.05	4.32	5.34	8.43
Goodwil l (on Consoli dation)	1.05	8.43	0.00	9.48	0.21	0.93	0.00	1.14	8.34	0.84
Nissan	0.00	1.25	0.00	1.25	0.00	(0.04)	0.61	0.58	0.68	0.00
Total	2,857.97	273.02	0.86	3,130.13	270.08	3.72	144.28	418.09	2,712.04	2,587.88

Annexure X
Statement of Inventories

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Inventories :				
Raw Material & Finished Goods	231.68	309.22	650.63	1,073.86
Stores & Spares	33.94	65.49	80.03	144.89
Total	265.62	374.71	730.66	1,218.75

Note: The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Annexure XI
Statement of Debtors

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Outstanding for a period exceeding six months	60.63	47.24	30.84	196.48
Other Debts	313.56	195.83	599.94	1267.94
Total	374.19	243.07	630.78	1464.42

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Kalani Industries Pvt Ltd.	0.00	0.00	0.00	18.31
Total	0.00	0.00	0.00	18.31

Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Annexure XII
Statement of Loans and Advances

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Advances recoverable in cash or in kind or for value to be received	8.77	14.46	14.19	13.98
Advances against Supplies & Expenses	14.17	102.74	214.64	134.09
Advances to Staff & workers	4.15	11.06	8.22	10.15
Tax Deducted at source	1.80	1.46	2.03	2.78
Balance with excise Authorities	1.22	5.82	16.63	25.12
Other Advances Receivables	27.32	34.93	13.71	99.17
Entry Tax & Sales Tax Receivable	13.24	2.29	0.00	0.00
Incremental Growth (Against Exports) Receivable	11.66	3.24	0.00	0.00
Deposits & Retentions	9.55	17.94	18.82	21.09
Total	91.87	193.93	288.24	306.38

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Olive Commercial Co. Ltd.	0.32	0.00	0.00	0.00
Total	0.32	0.00	0.00	0.00

Notes:

- 1. The list of persons/entities classified as Promoters and Promoter Group Companies has be determined by the management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether the list is accurate or complete.*
- 2. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

Annexure XIII
Statement of Investments

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Trade Investments-Quoted				
-SBI Magnum Umbrella Growth Fund	0.00	0.00	2.50	0.00
Total	0.00	0.00	2.50	0.00
Market value of Quoted Investments	NA	NA	2.51	NA

Notes:

- 1. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

2. Investment in Land at Kashipur Project for the year ended 31.03.2008 has been regrouped, and considered as Capital Work in Progress in order to match the Accounting Policy for the treatment of the same in later years.

Annexure XIV
Statement of Current Liabilities & Provisions

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Current Liabilities				
Sundry Creditors	221.17	479.76	754.10	1,383.06
Advance from Customers	21.37	10.08	13.15	98.79
Deposits & Retention	0.00	0.00	0.29	1.31
Unpaid Dividends	0.00	0.00	0.00	0.00
Other Liabilities	41.87	65.65	157.16	163.93
Tax payable	4.73	2.05	6.20	9.79
Total Current Liabilities	289.14	557.55	930.89	1,656.88
Provisions				
Proposed Dividend	11.09	0.00	11.33	17.21
Dividend Tax on proposed dividend	1.89	0.00	1.88	2.86
Provision for taxes	2.59	7.56	2.14	19.71
Total Provisions	15.57	7.56	15.35	39.78
Total	304.71	565.10	946.24	1,696.66

Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.

Annexure XIV
Statement of Other Income

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011	Recurring / Non Recurring	Related / Not related to business activities
Profit from Sale of Granules	0.00	0.22	0.85	1.14	Recurring	Related
Interest Received	6.66	2.59	3.95	6.60	Recurring	Related
Entry Tax / Excise Duty/ Service Tax Refund	5.29	0.00	0.00	0.23	Non Recurring	Related
Insurance Claim Received	0.07	0.25	0.37	0.00	Non Recurring	Related
Lease Rent Received	0.00	0.00	0.30	1.50	Non Recurring	Related
Brokerage Received	0.00	1.71	0.37	0.64	Recurring	Related
Professional Fees & Consultancy	0.00	1.14	1.14	0.00	Recurring	Related
Sundry balances written back	0.02	0.86	0.20	2.26	Non Recurring	Related
Miscellaneous receipts	0.69	1.78	2.76	2.12	Recurring	Related

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011	Recurring / Non Recurring	Related / Not related to business activities
Profit on sale of investments	0.00	0.00	0.00	0.04	Non Recurring	Not Related
Total (Gross other income)	12.73	8.55	9.94	14.53		
Net Profit before tax	97.31	103.23	89.78	342.39		
% of Other Income	13.08%	8.28%	11.07%	4.24%		

Note : The classification of Other Income as Recurring / Non Recurring and Related / Not Related to business activities is based on the current operations and business activities of the Company, as determined by the Management.

Annexure XVI
Statement of Dividend declared

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Equity Dividend				
Equity Share Capital (₹ in Million)	110.91	113.14	115.23	172.12
Rate of Dividend	10%	0%	10%	10%
Amount of Dividend (₹ in Million)	11.09	0.00	11.33	17.21
Tax on Dividend (₹ in Million)	1.88	0.00	1.88	2.86

Annexure XVII
Statement of Accounting Ratios

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Net worth as per Annexure I (₹ in Million) (A)	594.49	697.77	811.63	1,629.53
Net Profit after tax as restated attributable to equity shareholders (₹ in Million) (B)	43.21	68.99	59.06	337.35
No of shares outstanding at the end of the Year (C)	11,091,430	11,314,430	11,523,430	17,212,110
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS (D)	6,363,989	11,160,468	11,325,882	12,650,765
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS (E)	7,254,183	15,130,321	15,287,464	16,729,119
Earnings per Share				
Basic (₹) (B/D)	6.79	6.18	5.21	26.67
Diluted (₹) (B/E)	5.96	4.56	3.86	20.17
Net Asset Value per Share- (₹) (A/C)	53.60	61.67	70.43	94.67
Return on Net Worth (%) (B/A)	7.27%	9.89%	7.28%	20.70%

Notes:

1. The Ratios have been computed as below

e) Earnings per Share (Basic) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$$

f) Earnings per Share (Diluted) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Dilutive Equity Shares outstanding during the year}}$$

g) Return on Net worth (%) =

$$\frac{\text{Net Profit after tax as restated}}{\text{Net Worth at the end of the year}}$$

h) Net Asset Value per share =

$$\frac{\text{Net Worth calculated as per Note 2}}{\text{Equity shares outstanding at the end of the year}}$$

Annexure XVIII
Statement of Related Party Transaction

a) List of Related Parties

Key Management Personnel

Mr. Manish Kalani
(Managing Director)

Relative of Key Management Personnel

Smt. Manisha Kalani
Mr. Saurabh Kalani

Associates

Kalani Industries Pvt. Ltd.
Olive Commercial Co. Ltd.
Entertainment World Developers Ltd.
Sunrise Properties Private Limited

b) Transactions with Related Parties

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
A. Remuneration to Key Management Personnel				
Director Remuneration & Perquisite	0.06	0.00	0.00	0.00
Sub-total (A)	0.06	0.00	0.00	0.00
B. Relative of Key Management Personnel				
Sale of Shares	0.00	0.00	0.00	0.00
Receiving of services	0.44	0.46	0.46	1.39
Sub-total (B)	0.44	0.46	0.46	1.39
C. Transactions with Associate Concerns				
Sales of Goods	0.00	0.00	0.00	18.31
Purchase of Goods	1.61	1.62	1.21	0.24
Purchase of Fixed Assets	0.00	0.59	0.00	0.00
Rendering of Services	0.01	0.00	0.00	0.00
Receiving of Services	3.78	1.69	0.61	0.72
Finance	6.95	0.00	0.00	0.00
Equity Contribution	8.85	26.31	24.66	115.34
Sub-total (C)	21.20	30.21	26.48	134.62
Grand Total (A+B+C)	21.70	30.67	26.94	136.01

Annexure XIX
Statement of Capitalization

(₹ in Million)

Particulars	Pre-issue as at 31.03.2011	Adjusted for the issue
Borrowings		
Short Term Debt	1,089.35	[•]
Long Term Debt	1,943.51	[•]
Total Debt	3,032.86	[•]
Shareholders' Fund		
Equity Share Capital	172.12	[•]

Particulars	Pre-issue as at 31.03.2011	Adjusted for the issue
Share/Warrants Application Money pending Allotment	0.00	[•]
Share Warrants	0.00	[•]
Reserves & Surplus	1,467.72	[•]
Less: Foreign Currency Translation Reserve	(3.81)	[•]
Less: Foreign Currency Exchange Fluctuation Reserve	3.13	[•]
Less: Miscellaneous Expenses	10.32	[•]
Total Shareholders' Fund	1,630.21	[•]
Long term Debt/ Shareholders' Funds (Ratio)	1.19	[•]

Notes:

1. Short term debt represent debt which are due within twelve months from March 31, 2011
2. Long term debt represent debt other than short term debt, as defined above.
3. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Group as at March 31, 2011
4. Long Term Debt/Equity =

$$\frac{\text{Long term Debt}}{\text{Shareholder's Funds}}$$
5. The corresponding Post Issue data is not determinable at this stage pending the completion of Book Building Process and hence have not been furnished.
6. The Classification of Borrowings into Short Term / Long Term Debt has been based on the fixed periodical repayment terms under the Loan Arrangements.

Annexure XX
Statement of Tax Shelters

(₹ in Million)

Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2011
Profit Before Tax as per Audited Accounts	97.31	103.23	89.78	342.39
Adjustments	(32.77)	(10.26)	13.08	27.68
Profit Before Tax as Restated (A)	64.54	92.97	102.86	370.07
Tax Rate	33.99%	33.99%	33.99%	33.22%
Tax at notional rate on profits	21.94	31.60	34.96	122.94
Adjustments:				
Permanent Differences				
Deduction u/s 10A of the Act	16.42	10.36	59.55	113.34
Other Adjustments	(0.36)	(1.75)	(3.70)	0.00
Penalties - interest on late deposit of TDS	0.00	(0.01)	0.00	0.00
Donations	(0.38)	(0.26)	(0.26)	0.13
Less: Deduction U/S 80G	(0.15)	0.00	0.00	0.00
Total Permanent Differences (B)	15.84	8.34	55.59	113.47
Timing Differences				
Difference between tax depreciation and book depreciation	69.88	212.17	202.51	163.11
Statutory duties claimed on paid basis net of reversal of duties	0.31	2.32	0.03	0.00
Disallowance U/s 43B	(0.27)	(0.31)	(0.43)	4.51
Total Timing Differences (C)	69.92	214.17	202.11	167.62
Net Adjustments (D)=(B)+(C)	85.76	222.51	257.70	281.09
Taxable Income (E) = (A)-(D)	(21.22)	(129.54)	(154.84)	88.97
Unabsorbed Losses (F)	0.00	(21.22)	(129.54)	(284.38)
Tax as per Normal Provisions (G)	(7.21)	(51.24)	(96.66)	(64.91)
MAT (H)	2.03	5.11	0.00	14.06
Tax Payable (G) or (H) whichever is Higher	0.00	5.11	0.00	14.06

Annexure XXI
Statement of Contingent Liabilities

(₹ in Million)

Particulars	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Estimated Amount of Contract remaining to be executed	182.01	9.07	20.19	8.47
Bank guarantee Outstanding	23.58	9.86	85.60	30.38
Corporate guarantees-Other Companies	4.55	4.55	4.55	64.75
Letter of credit	2.21	76.06	37.70	61.91
Foreign Bills Discounted	67.82	241.73	153.58	77.95
Forward Contracts *	1,161.09	868.18	505.69	116.70
Sales Tax Entry Tax Matters	2.15	0.00	1.97	3.65
Income Tax Matters	11.11	11.11	11.76	19.98
Total	1,454.52	1,220.55	821.03	383.79

* The amount of Forward Contracts was shown in Foreign Currency (USD/EURO/GBP) in the Audited Financial Statements from the year ended on March 31, 2008. In the above annexure, the same is converted in INR using the prevailing closing rate on the date of respective balance sheets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated consolidated Financial Statements included in the RHP which have been prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and other applicable legal provisions and restated in accordance with the ICDR Regulations, including the notes, schedules and annexures thereto and other financial data appearing elsewhere in the RHP. You should also read the section "Risk Factors" beginning on page 13 of the RHP, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section "Definitions and Abbreviations" beginning on page 1 of the RHP.

Our financial year ends on March 31, so all references to a particular financial year are to the twelve month period ended March 31.

OVERVIEW

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttarakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A. manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

Recently, we have manufactured Trap bags for AmeriGlobe USA, who was contracted by the City of Fargo to provide Trap bag Container Barrier System for flood protection in eight Fargo City locations. We have manufactured 35 miles of 100 feet long, 4 and 6 feet tall Trap bags chains, which have been air freighted to different flood locations at Fargo, North Dakota and Lafayette, Los Angeles for Red river and Mississippi river.

Trap bags are designed to allow very rapid and cost effective deployment of a barrier that can be filled with sand, soil or concrete to create a permanent or temporary barrier which can stop pollutant spills, flooding, mudslides and prevent soil and beach erosion.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units.

We believe that we are one of the leading integrated manufacturers of FIBC (*Source: IFIBCA*) having clean-room area at our SEZ unit.

MATERIAL DEVELOPMENTS AFTER PERIOD ENDED March 31, 2011

Except as stated below, in the opinion of our Board, there have not arisen any material development since the period ended March 31, 2011.

1. There has been an accidental death of one of our worker at Kashipur unit on June 22, 2011. Thereafter, people damaged the factory premises including stocks, electronic equipments, plant & machinery, building etc. Further, an amount of around ₹ 2.1 million kept for payment to workers was also reported to be missing. On account of this incidence, our unit was closed for 3 days and the work re-started from June 25, 2011 after initial survey and other formalities. Estimated damage to the factory premises including stocks, electronic equipments, plant & machinery, building etc. due to the above incident could be to the tune of ₹ 40 million. The damaged properties and the money stolen as mentioned above are insured to the extent of ₹ 2,370 million and ₹ 4 million

respectively. We have started processing the insurance claim from the insurers for the damage caused and the theft occurred.

SIGNIFICANT FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

A number of general factors which may affect our financial condition and performance are set out below:

- Disruption in raw material supply.
- Implementation risks involved in our expansion plans.
- Availability of labour.
- Continuation of tax benefits available to us.
- Our ability to successfully implement our strategy, growth and expansion plans.
- Our exposure to market risks.
- Exchange rate fluctuations.
- The outcome of legal or regulatory proceedings that we are or might become involved in.
- Contingent liabilities, environmental problems and uninsured losses.
- Non receipt/ late receipt of Government approvals.
- Changes in government policies and regulatory actions that apply to or affect our business.
- Disruptions in our manufacturing facilities.
- Developments affecting the Indian economy
- Uncertainty in global markets

RESULTS OF OPERATIONS

The following table sets forth selected financial data from our restated financial statements of profit and loss, the components of which are also expressed as a percentage of total income for financial years 2011, 2010, 2009 and 2008.

(₹ in Million)

Particulars	Year ended 31.03.2008	% of total income	Year ended 31.03.2009	% of total income	Year ended 31.03.2010	% of total income	Year ended 31.03.2011	% of total income
Income								
Sales	2,202.29	98.33	2,614.11	99.54	3,211.02	92.15	5779.40	93.46
Increase/ (Decrease) in Stock	24.76	1.11	3.60	0.14	263.51	7.56	390.00	6.31
Other Income	12.73	0.57	8.55	0.33	9.94	0.29	14.53	0.23
Total Income	2,239.78	100.00	2,626.26	100.00	3,484.47	100.00	6183.93	100.00
Expenditure								
Manufacturing Expenses	1,709.00	76.30	2,004.41	76.32	2,712.81	77.85	4767.63	77.10

Particulars	Year ended 31.03.2008	% of total income	Year ended 31.03.2009	% of total income	Year ended 31.03.2010	% of total income	Year ended 31.03.2011	% of total income
Administration Expenses	32.60	1.46	35.28	1.34	59.87	1.72	89.51	1.45
Employee Remuneration & Benefits	39.00	1.74	54.79	2.09	87.61	2.51	121.91	1.97
Selling Expenses	168.32	7.52	169.64	6.46	201.80	5.79	436.23	7.05
Interest & Financial Charges	140.89	6.29	207.29	7.89	215.67	6.19	277.41	4.49
Depreciation	39.12	1.75	51.26	1.95	115.36	3.31	144.28	2.33
Amortization of Miscellaneous expenditure	0.25	0.01	0.25	0.01	1.45	0.04	3.64	0.06
Amortization of Goodwill on acquisition	-	-	0.11	-	0.11	-	0.93	0.02
Preliminary & Share Issue Exp. W/o.	13.29	0.59	-	-	-	-	-	-
Total Expenditure	2,142.47	95.66	2,523.03	96.07	3,394.69	97.42	5,841.54	94.46
Profit before taxation	97.31	4.34	103.23	3.93	89.78	2.58	342.39	5.54
Less: Provision for taxation								
-Current	3.04	0.14	6.53	0.25	1.77	0.05	19.71	0.32
-MAT Credit entitlement for Asst.yr 2011-12	-	-	-	-	-	-	(14.06)	(0.23)
-Deferred	17.09	0.76	13.51	0.51	56.10	1.61	47.92	0.77
-Fringe benefit tax	0.94	0.04	1.74	0.07	-	-	-	-
Less: Prior Period Items	0.25	0.01	1.96	0.07	(6.02)	(0.17)	(5.26)	(0.09)
Less: Loss on Sale of Subsidiary	-	-	-	-	-	-	0.84	0.01
Less: Pre-acquisition Profits & Share of Minority	-	-	0.24	0.01	(8.04)	(0.23)	(16.44)	(0.27)
Profit After Taxation as per audited statement of accounts	75.98	3.39	79.25	3.02	45.98	1.32	309.67	5.01

Particulars	Year ended 31.03.2008	% of total income	Year ended 31.03.2009	% of total income	Year ended 31.03.2010	% of total income	Year ended 31.03.2011	% of total income
Adjustments on account of changes in accounting policies	(32.77)	(1.46)	(10.26)	(0.39)	13.08	0.38	27.68	0.45
Total adjustments	(32.77)	(1.46)	(10.26)	(0.39)	13.08	0.38	27.68	0.45
Adjusted profit/(loss)	43.21	1.93	68.99	2.63	59.06	1.69	337.35	5.46

a) Major items of Income and Expenditure

Income

Our total income comprises of income from operation and other income. Income from operation consist of income from sales of FIBCs, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags in both domestic and overseas market. Our revenue contribution from domestic and overseas market is as under:

(₹ in Million)

Particulars	FY 2008	% to sales	FY 2009	% to sales	FY 2010	% to sales	FY 2011	% to sales
	Consolidated							
Domestic	183.96	8.35	301.40	11.53	1,028.13	32.02	1,375.84	23.81
Overseas	2,018.33	91.65	2,312.71	88.47	2,182.89	67.98	4,403.55	76.19
Sales	2,202.29	100.00	2,614.11	100.00	3,211.02	100.00	5,779.40	100.00

Our other income comprises of sale of granules and scrap, income received from interest, profit on sale of mutual funds etc.

Expenditure

Our total expenditure consist of manufacturing expenses, administration expenses, selling expenses, employee remuneration and benefits, interest and financial charges, depreciation and amortization of miscellaneous expenditure.

Manufacturing Expenses

Manufacturing expenses comprises of cost incurred on manufacturing of our various products i.e. FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. It mainly comprises of expenditure incurred on procuring of raw materials viz. polymer resin, master batches, additives and consumables. It also includes expenses on power and fuel, rent, rates and taxes, labour cost, repairs to machinery, freight inward, laboratory and R&D expenses and factory expenses.

Administration expenses

Major expenses under this head include expenditure incurred on staff and workmen welfare, insurance charges, legal and professional charges, courier and telephone expenses, etc.

Selling expenses

Selling expenses includes expenses incurred for freight outward, travelling expenses, commission paid, expenses incurred for business and sales promotion and taxation on domestic sale like VAT, CST, etc.

Employee remuneration and benefits

Employee remuneration and benefits includes salaries, bonuses and incentives paid to employees, etc.

Interest and financial charges

Interest and financial charges includes interest on term loan, interest on loan taken for working capital requirements, bills discounting charges, bank charges including commission, profit/ loss on foreign exchange fluctuation, etc.

Depreciation

Depreciation is charged on assets which include factory building, plant and machinery, furniture and fixtures, office equipments, vehicles, etc. Our Company provides depreciation on straight line method basis and is calculated at the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis.

Amortization of Miscellaneous expenditure

It includes writing off of miscellaneous expenditure.

Provision for taxation

Provision for taxation comprises current tax, deferred tax and fringe benefit tax.

Significant Accounting Policies

1) Principles of Consolidation

- The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on “Consolidated Financial Statements” issued by The Institute of Chartered Accountants of India.

The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.

Minority interests’ share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant. The difference in accounting policies of the Company and its subsidiaries are not material and there are no material transactions from 01st January, 2011 to 31st March, 2011 in respect of subsidiaries and indirect subsidiaries having financial year ended 31st December, 2010.

- The Company follows non-integral basis for translation of foreign currency transactions in respect of its foreign subsidiaries, M/s. Eco Polymers Ltd & M/s. Flexiglobal Holdings Ltd. The translation of foreign operation is done in accordance with Accounting Standard 11 “The effects of changes in foreign exchange rates”. Accordingly the financials of non- integral operation has been translated at the rates prevailing on the date of Balance Sheet. The resulting exchange differences arising on conversion are accumulated under “Foreign Currency Translation Reserve”.

2) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

3) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

4) Revenue recognition

- a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- b. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.
- d. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

5) Fixed assets

- Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.
- Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

6) Depreciation

- Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.
- Leased assets are amortized over the operating period of 99 years.

7) Employee benefits

- Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.
- The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

8) Investment

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

9) Valuation of inventory

- Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.
- Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude “excise duty” thereon.

10) Retirement benefit

- Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.
- Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

11) Foreign currency transactions

- a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

- b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
- c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.
- d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

12) Taxes on income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

13) Impairment of fixed assets

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

14) Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

15) Replenishment

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

16) Provisions and Contingencies

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to

settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

17) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- 19) During the F.Y. 2010-11 the Company has transferred ₹ 113.34 million for creation of SEZ Reinvestment reserve in compliance with the provision of section 10 (1A) of Income Tax Act, 1961.

b) Income and Sales on account of major contribution from various products

Our revenue contribution from various products in terms of value and as a percentage to sales is mentioned below:

(₹ in Million)

Products	FY 2008	% to sales	FY 2009	% to sales	FY 2010	% to sales	FY 2011	% to sales
	Consolidated							
FIBC	2,018.33	91.65	2,312.70	88.47	2,182.89	67.98	3,915.90	67.76
Special PP /HD Bags	167.72	7.62	280.98	10.75	499.96	15.57	473.49	8.19
Reverse Printed BOPP Bags	-	-	-	-	200.60	6.25	817.24	14.14
Geotextile Fabric & Ground Cover	-	-	-	-	99.20	3.09	256.03	4.43
Sale of Recycle of Granules & Agglomerates	-	-	-	-	27.18	0.85	140.96	2.44
Trading of FIBC	-	-	-	-	172.68	5.38	144.36	2.50
Others	16.24	0.74	20.43	0.78	28.51	0.89	31.42	0.54
Total	2,202.29	100.00	2,614.11	100.00	3,211.02	100.00	5,779.40	100.00

DISCUSSION ON RESULTS OF OPERATIONS

Comparison of FY 2011 vis-à-vis FY 2010

Income

Our total income for FY 2011 increased to ₹ 6,183.93 million from ₹ 3,484.47 million in FY 2010 showing an increase of 77.47 % in FY 2011.

Sales

Our income from sales increased by 79.99% from ₹ 3,211.02 million in FY 2010 to ₹ 5,779.40 million in FY 2011. This is mainly because of increase in production of our Kashipur unit during FY 2011. Out of ₹ 5,779.40 million, sale of Reverse Printed BOPP bags comprises of ₹ 817.24 million, sale of Geotextile Fabric and Ground Cover comprises of ₹ 256.03 million, sale of Special PP bags and leno bags comprises of ₹ 473.49 million and remaining was on account of sale of FIBC and other products. Revenue from exports was ₹ 4,403.55 million and revenue from domestic sales was ₹ 1,375.84 million.

Increase/ (Decrease) in stock

In FY 2011 our inventory has increased to ₹ 1218.75 million from ₹ 730.66 million in FY 2010.

Other income

Our other income in FY 2011 was ₹ 14.53 million which was ₹ 9.94 million in FY 2010. Our other income in FY 2011 increased mainly on account of receipt of interest.

Expenditure

Our total expenditure in FY 2011 was ₹ 5,841.54 million and was ₹ 3,394.69 million in FY 2010. As a percentage of total income, our total expenditure decreased to 94.46% in FY 2011 from 97.42% in FY 2010. This can be attributable to decrease in expenditure incurred towards employee remuneration and benefits and lower interest and financial charges as a percentage of total income in FY 2011 as compared to FY 2010.

Manufacturing Expenses

Manufacturing expenses was increased to ₹ 4,767.63 million in FY 2011 from ₹ 2,712.81 million in FY 2010, showing an increase of ₹ 2,054.82 million. This was primarily due to increased in production from 26,308 MT in FY 2010 to 43,715 MT in FY 2011 and respective increase in manufacturing expenses viz. power and fuel, Rent, Rates and Taxes, labour cost, freight inward, etc.

Administration expenses

Administration expenses increased by 49.51% in FY 2011 from ₹ 59.87 million in FY 2010 to ₹ 89.51 million in FY 2011. The increase was mainly on account of expenditure incurred towards legal and professional fees, insurance charges and other miscellaneous expenses.

Employee remuneration and benefits

Our expenditure on employee remuneration and benefits increased to ₹ 121.91 million in FY 2011 from ₹ 87.61 million in FY 2010, showing an increase of ₹ 34.30 million. This can be attributable to increase in salaries of our employees.

Selling Expenses

Our selling expenses increased by 116.17% in FY 2011 from ₹ 201.80 million in FY 2010 to ₹ 436.23 million in FY 2011. The increase was mainly due to increase in travelling expenses of our sales team.

Interest and financial charges

Financial charges represented 4.49% of our total income in FY 2011 as against 6.19% in FY 2010 and have increased by 28.63% in FY 2011 from ₹ 215.67 million in FY 2010 to ₹ 277.41 million in FY 2011.

Depreciation

Depreciation increased by 25.07% in FY 2011 from ₹ 115.36 million in FY 2010 to ₹ 144.28 million in FY 2011. The increase was on account of addition of fixed assets.

Profit before tax

Due to factors discussed above our profit before tax increased by 281.36% to ₹ 342.39 million in FY 2011 from ₹ 89.78 million in FY 2010.

Provision for taxation

The Provision for taxation for FY 2011 was ₹ 53.57 million showing a decrease of 7.43% as compared to FY 2010. The above decrease was on account of entitlement of MAT credit in FY 2011.

Restated net profit

Our restated net profit for FY 2011 was ₹ 337.35 million as against ₹ 59.06 million in FY 2010. As a percentage of total income, restated net profit was increased to 5.46% in FY 2011 as compared to 1.69% in FY 2010.

Comparison of FY 2010 vis-à-vis FY 2009

Income

Our total income for FY 2010 increased to ₹ 3,484.47 million from ₹ 2,626.26 million in FY 2009 showing an increase of 32.68 % in FY 2010.

Sales

Our income from sales increased by 22.83% from ₹ 2,614.11 million in FY 2009 to ₹ 3,211.02 million in FY 2010. This was mainly on account of, sales of our new products and trading of FIBC which contributed approximately ₹ 499.66 million in our total sales. Out of this sales of ₹ 499.66 million, sales of Reverse Printed BOPP bags and Geotextile Fabric and Ground Cover comprises of ₹ 299.80 million and the remaining sales of ₹ 199.86 million was on account of sales of Sale of Recycle of Granules & Agglomerates and Trading of FIBC

Increase/ (Decrease) in stock

In FY 2010 our inventory increased to ₹ 263.51 million from ₹ 3.60 million in FY 2009.

Other income

Our other income in FY 2010 was ₹ 9.94 million which was ₹ 8.55 million in FY 2009. Our other income in FY 2010 increased mainly on account of receipts from sale of waste.

Expenditure

Our total expenditure in FY 2010 was ₹ 3,394.69 million and was ₹ 2,523.03 million in FY 2009. As a percentage of total income, our total expenditure increased to 97.42% in FY 2010 from 96.07% in FY 2009. This can be attributable to increase in sales and increase in manufacturing and administration expenses and also because of increase in depreciation which increased from ₹ 51.26 million in FY 2009 to ₹ 115.36 million in 2010.

Manufacturing Expenses

Manufacturing expenses was increased to ₹ 2,712.81 million in FY 2010 from ₹ 2,004.41 million in FY 2009, showing an increase of ₹ 708.40 million. This was primarily due to increased in production from 20582 MT in FY

2009 to 26308 MT in FY 2010 and respective increase in manufacturing expenses viz. power and fuel, labor cost, freight inward, expenditure towards repairs to machinery, etc.

Administration expenses

Administration expenses increased by 69.70% in FY 2010 from ₹ 35.28 million in FY 2009 to ₹ 59.87 million in FY 2010. The increase was mainly on account of expenditure incurred towards setting up of new office in New Delhi. The increase was also due to administration expenses incurred w.r.t. Kashipur unit.

Employee remuneration and benefits

Our expenditure on employee remuneration and benefits increased to ₹ 87.61 million in FY 2010 from ₹ 54.79 million in FY 2009, showing an increase of ₹ 32.82 million. This can be attributable to hiring of additional staff for our Kashipur unit.

Selling Expenses

Our selling expenses increased by 18.96% in FY 2010 from ₹ 169.64 million in FY 2009 to ₹ 201.80 million in FY 2010. The increase was mainly due to increase in ocean freight expenses and travelling expenses of our sales team.

Interest and financial charges

Financial charges represented 6.19% of our total income in FY 2010 as against 7.89% in FY 2009 and have increased by 4.04% in FY 2010 from ₹ 207.29 million in FY 2009 to ₹ 215.67 million in FY 2010.

Depreciation

Depreciation increased by 125.05% in FY 2010 from ₹ 51.26 million in FY 2009 to ₹ 115.36 million in FY 2010. The increase was on account of addition of fixed assets.

Profit before tax

Due to factors discussed above our profit before tax decreased by 13.03% to ₹ 89.78 million in FY 2010 from ₹ 103.23 million in FY 2009.

Provision for taxation

The Provision for taxation for FY 2010 was ₹ 57.87 million showing an increase of 165.65% as compared to FY 2009. The above increase was due to increase in deferred tax from ₹ 13.51 million in FY 2009 to ₹ 56.10 million in FY 2010

Restated net profit

Our restated net profit for FY 2010 was ₹ 59.06 million as against ₹ 68.99 million in FY 2009. As a percentage of total income, restated net profit was decreased to 1.69% in FY 2010 as compared to 2.63% in FY 2009.

Comparison of FY 2009 vis-à-vis FY 2008

Income

Our total income for FY 2009 increased to ₹ 2,626.26 million from ₹ 2,239.78 million in FY 2008 showing an increase of 17.26%.

Sales

Our income from sales increased by 18.70% from ₹ 2,202.29 million in FY 2008 to ₹ 2,614.11 million in FY 2009. This was mainly on account of demand met through higher production from 18443 MT in FY 2008 to 20582 MT in FY 2009.

Increase/ (Decrease) in stock

In FY 2009 our inventory decreased to ₹ 3.60 million from ₹ 24.76 million in FY 2008.

Other income

Our other income in FY 2009 was ₹ 8.55 million which was ₹ 12.73 million in FY 2008. Our other income in FY 2009 decreased mainly on account of interest received of ₹ 6.66 million and refund received w.r.t excise duty/ entry tax paid of ₹ 5.29 in FY 2008.

Expenditure

Our total expenditure in FY 2009 was ₹ 2,523.03 million and was ₹ 2,142.47 million in FY 2008. As a percentage of total income, our total expenditure increased to 96.07% in FY 2009 from 95.66% in FY 2008. This can be mainly attributable to increase in employee remuneration & benefits from ₹ 39.00 million in FY 2008 to ₹ 54.79 million in FY 2009, increase in interest and financial charges from ₹ 140.89 in FY 2008 to ₹ 207.29 million in FY 2009.

Manufacturing Expenses

Manufacturing expenses was increased to ₹ 2,004.41 million in FY 2009 from ₹ 1,709.00 million in FY 2008, showing an increase of ₹ 295.41 million. This was primarily due to increased in production from 18443 Mt in FY 2008 to 20582 MT in FY 2009 and respective increase in power and fuel expenses, labor cost, expenses towards repairs to machinery, etc.

Administration expenses

Administration expenses increased by 8.22% in FY 2009 from ₹ 32.60 million in FY 2008 to ₹ 35.28 million in FY 2009. This was primarily due to expenses incurred on repairs and maintenance and certain other miscellaneous expenses, etc.

Employee remuneration and benefits

Our expenditure on employee remuneration and benefits increased to ₹ 54.79 million in FY 2009 from ₹ 39.00 million in FY 2008, showing an increase of ₹ 15.79 million. This can be attributable to increase in salary expenses towards increase in employees from 560 employees in FY 2008 to 664 employees in FY 2009 and also due to increase in salary levels of our existing employees.

Selling Expenses

Our selling expenses increased by 0.78% in FY 2009 from ₹ 168.32 million in FY 2008 to ₹ 169.64 million in FY 2009. The increase was mainly due to increase in sales and respective increase in freight expenses.

Interest and financial charges

Financial charges represented 7.89% of our total income in FY 2009 as against 6.29% in FY 2008 and have increased by 47.13% in FY 2009 from ₹ 140.89 million in FY 2008 to ₹ 207.29 million in FY 2009. The increase was due to increase in borrowings and respective increase towards increased interest charges.

Depreciation

Depreciation increased by 31.05% in FY 2009 from ₹ 39.12 million in FY 2008 to ₹ 51.26 million in FY 2009. The increase was on account of addition of fixed assets.

Profit before tax

Due to factors discussed above our profit before tax increased by 6.08% to ₹ 103.23 million in FY 2009 from ₹ 97.31 million in FY 2008.

Provision for taxation

The provision for taxation for FY 2009 was ₹ 21.78 million showing an increase of 3.35% as compared to FY 2008. The above increase was due to increased in profit from ₹ 43.21 million in FY 2008 to ₹ 68.99 million in FY 2009.

Restated net profit

Our restated net profit for FY 2009 amounted to ₹ 68.99 million as against ₹ 43.21 million in FY 2008. As a percentage of total income, restated net profit was increased to 2.63% in FY 2009 as compared to 1.93% in FY 2008.

LIQUIDITY AND CAPITAL RESOURCES

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our liquidity requirements relate to servicing our debt, funding our working capital requirements and funding towards purchase of capital expenditure. Our business requires a significant amount of working capital. The Company funds these requirements/ costs primarily from funds generated from its operations, equity issuances, advances from clients and external borrowings, including term loan and working capital financing.

As on March 31, 2011, we have cash and cash equivalents of ₹ 145.59 million, secured loan of ₹ 3,013.86 million and unsecured loan of ₹ 19.00 million.

CASH FLOWS

The table below summarizes our cash flows as restated, for the periods indicated.

(₹ in Million)

Particulars	FY 2008	FY 2009	FY 2010	FY 2011
	Consolidated			
Net Cash flow from/ (used) in Operating Activities (A)	(20.85)	545.64	(55.90)	192.83
Net Cash from/ (used) in Investing Activities (B)	(480.00)	(1,262.41)	(661.15)	(633.58)
Net Cash from/ (used) in Financing Activities (C)	504.96	810.77	741.34	440.07
Net Increase/ (decrease) in cash & cash equivalent (A+B+C)	4.11	93.99	24.30	(0.68)
Cash & cash equivalent at beginning of the year/ period	23.55	27.67	121.97	146.27
Cash & cash equivalents at the end of the year/ period	27.67	121.97	146.27	145.59

Net cash from/ (used in) operating activities

In FY 2011, our net cash generated from operating activities ₹ 192.83 million primarily due to operating profit before working capital changes of ₹ 774.80 million and an increase in current liabilities of ₹ 762.68 million, off set by increase in trade and other receivables of ₹ 833.64 million and increase in inventories of ₹ 488.09 million.

In FY 2010, our net cash used in operating activities was ₹ 55.90 million. Changes in current assets and current liabilities that have a cash flow impact comprised mainly increase in trade and other receivables of ₹ 387.72, increase in inventories of ₹ 355.95, increase in current liabilities of ₹ 373.34 million. It also reflects non-cash/non-operating items of depreciation of ₹ 115.36 million and interest and financial charges of ₹ 215.67 million.

In FY 2009, our net cash generated from operating activities was ₹ 545.64 million. The increase in cash flow was primarily due to decrease in trade and other receivables of ₹ 131.13 million, increase in inventories of ₹ 109.09 million, increase in current liabilities of ₹ 268.41 million. It also reflects non-cash/non-operating items of depreciation of ₹ 51.26 million and interest and financial charges of ₹ 207.29 million.

In FY 2008, our net cash used in operating activities was ₹ 20.85 million. The decrease was due to increase in trade and other receivables of ₹ 194.08, increase in inventories of ₹ 65.97, decrease in current liabilities of ₹ 41.27 million. It also reflects non-cash/non-operating items of depreciation of ₹ 39.12 million and interest and financial charges of ₹ 140.89 million.

Net cash from/ (used in) investing activities

In FY 2011, our net cash used in investing activities was ₹ 633.58 million. This mainly due to expenditure towards purchase of fixed assets of ₹ 636.96 million.

In FY 2010, our net cash used in investing activities was ₹ 661.15 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 678.92 million, capital subsidy received against fixed assets of ₹ 18.53 million and fresh investment of ₹ 2.50 million.

In FY 2009, our net cash used in investing activities was ₹ 1,262.41 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 1,266.59 million.

In FY 2008, our net cash used in investing activities was ₹ 480.00 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 480.57 million.

Net cash from/ (used in) financing activities

In FY 2011, our net cash generated from financing activities was ₹ 440.07 million which is mainly attributable to increase in long term borrowings of ₹ 289.00 million and payment of short term borrowing of ₹ 89.92 million. In FY 2011, we have also received proceeds from issuance of equity shares of ₹ 607.50 million.

In FY 2010, our net cash generated from financing activities was ₹ 741.34 million which is mainly attributable increase in borrowings of ₹ 864.08 million. We have also received proceeds from issuance of equity shares of ₹ 24.66 million and share application money received of ₹ 69.58 million.

In FY 2009, our net cash generated from financing activities was ₹ 810.77 million. This was due to increase in borrowing of ₹ 1005.96 million mainly long-term borrowing of ₹ 958.07 million, proceeds from issue of equity shares of ₹ 26.31 million. During this period we also paid finance charges of ₹ 207.29 million.

In FY 2008, our net cash generated from financing activities was ₹ 504.96 million. This was due to increase in borrowing of ₹ 542.01 million mainly short-term borrowing of ₹ 525.21 million, proceeds from issue of equity shares of ₹ 99.06 million.

Certain Balance Sheet items

The below is the table showing selected items of our Balance Sheet as on dates indicated:

(₹ in Million)

Particulars	As At			
	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Fixed Assets (net)	1,168.86	2,381.85	2,928.05	3,426.29
Investments	-	-	2.50	-
Current Assets, Loans and advances	759.35	933.68	1,795.96	3,135.15
Liabilities and Provisions	304.71	565.1	946.24	1,696.66
Net Worth	594.49	697.77	811.63	1,629.53

Fixed Assets

Our fixed assets primarily consist of land, factory building, plant and machinery, furniture and fixtures, patents, etc. As of March 31, 2011 our net fixed assets were of ₹ 3,426.29 million.

Current assets, loans and advances

Our current assets, loans and advances as on March 31, 2011 were ₹ 3,135.15 million. This primarily constitutes inventory, sundry debtors, cash and bank balances and loans and advances.

Liabilities and Provisions

Our current liabilities and provisions as on March 31, 2011 were ₹ 1,696.66 million. This primarily constitutes sundry creditors and provision for tax.

Net Worth

Our net worth as on March 31, 2011 was ₹ 1,629.53 million representing mainly ₹ 172.12 million of equity share capital and ₹ 1,467.72 million of reserves and surplus.

Indebtedness

As of March 31, 2011, we had total borrowings of ₹ 3,032.86 million. The following table shows our borrowings as of March 31, 2011:

(₹ in Million)

Particulars	As at March 31, 2011
Secured loan	3,013.86
Unsecured loan	19.00
Total	3,032.86

For further details, please refer to the section “Financial Statements” beginning on page 231 of the RHP.

Contingent Liabilities

The following table provides our contingent liabilities as at March 31, 2011:

(₹ in Million)

Particulars	As at March 31, 2011
Estimated amount of contract remaining to be executed	8.47
Bank guarantee outstanding	30.38
Corporate guarantees- other companies	64.75
Letter of credit	61.91

Foreign bills discounted	77.95
Forward contracts	116.70
Sales tax, entry tax matters	3.65
Income tax matters	19.98
Total	383.79

Off balance sheet arrangements

We do not have any material off balance sheet arrangements.

OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION

(i) Unusual or infrequent events or transactions

There has been an accidental death of one of our worker at Kashipur unit on June 22, 2011. Thereafter, people damaged the factory premises including stocks, electronic equipments, plant & machinery, building etc. Further, an amount of around ₹ 2.1 million kept for payment to workers was also reported to be missing. On account of this incidence, our unit was closed for 3 days and the work re-started from June 25, 2011 after initial survey and other formalities. Estimated damage to the factory premises including stocks, electronic equipments, plant & machinery, building etc. due to the above incident could be to the tune of ₹ 40 million. The damaged properties and the money stolen as mentioned above are insured to the extent of ₹ 2,370 million and ₹ 4 million respectively. We have started processing the insurance claim from the insurers for the damage caused and the theft occurred.

Except as state above, there have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of our Company.

(ii) Significant economic changes/ regulatory changes

There have been no significant economic or regulatory changes which would have any material impact on our operations. For details of Regulations & Policies please refer to the section "Regulations and Policies" beginning on page 146 of the RHP

(iii) Known trends or uncertainties

Except as described in the section "Risk Factors" beginning on page 13 of the RHP and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 335 of the RHP to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

(iv) Future Changes in relationship between cost and revenues

Other than as described in the section "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13 and 335 of the RHP to our knowledge there are no future relationship between cost and income that have or had or are expected to have a material adverse impact on our operation and finances.

(v) Reason for material increase in net sales

We have witnessed increase in sales from FY 2008 to FY 2011 due to increase in product portfolio and increased in installed capacity and respective increase in capacity utilization.

(vi) Total turnover of each major industry segment

Our operations mainly relate to only one segment i.e. Packaging. Hence, there are no reportable segments.

(vii) New products or business segment

We intend to manufacture Injection Moulding Products and Polymer Compounds.

(viii) Seasonality of business

Our business is not seasonal

(ix) Dependence on a few client

The customer base of our Company is well diversified and spread across overseas and domestic market and we sell our products directly or through various distributors, hence we are not dependent upon single or few customers.

(x) Competitive conditions

For details on competition, please refer to the section "Business Overview – Competition" on page 143 of the RHP.

FINANCIAL INDEBTEDNESS

The details of borrowings of our Company as on March 31, 2011 on standalone basis are as follows

Statement of Secured Loans

(₹ in million)

Particulars	For the year ended March 31				
	2007	2008	2009	2010	2011
<u>WORKING CAPITAL</u>					
<u>Cash Credit facility</u>					
UCO Bank	23.76	26.24	64.63	261.11	472.35
State Bank of India	0.00	33.45	22.43	49.06	72.82
Central Bank of India	10.84	12.03	11.75	23.05	22.77
Punjab National Bank	54.03	81.51	90.63	302.05	298.25
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
State Bank of Patiala	0.00	0.00	0.00	26.08	20.67
HSBC Bank Ltd.	0.00	0.00	4.80	0.46	1.30
Axis Bank Ltd	0.00	0.00	0.00	0.00	147.34
TOTAL (A)	88.63	153.23	194.24	661.80	1,035.49
<u>TERM LOAN</u>					
<u>Foreign Currency Loan</u>					
State Bank of India	0.00	0.00	0.00	0.00	0.00
Central Bank of India	7.68	0.00	0.00	0.00	0.00
Punjab National Bank	0.00	0.00	0.00	0.00	177.83
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
HSBC Bank Limited Race Course Road Indore	0.00	0.00	0.00	0.00	14.55
Effect in changes in Accounting Policies	(0.14)	0.00	0.00	(3.14)	0.00
<u>Indian Rupee Loan</u>					
UCO Bank	195.71	201.83	170.80	146.64	102.95
State Bank of India	0.00	0.00	0.00	0.00	0.00
Central Bank of India	2.49	5.25	3.23	1.17	0.00
Punjab National Bank	60.84	44.06	27.12	12.40	0.00
Corporate Loan (STL) from Punjab National Bank	0.00	0.00	100.00	0.00	0.00
State Bank of Bikaner & Jaipur	0.00	0.00	0.00	0.00	0.00
Axis Bank Ltd	0.00	0.00	0.00	0.00	200.00
<u>For Kashipur Phase I</u>					
- UCO Bank Ltd., Pipliyahana Br. Indore	0.00	0.00	435.16	420.61	355.52
- State Bank of	0.00	0.00	189.86	183.95	150.59

Particulars	For the year ended March 31				
	2007	2008	2009	2010	2011
India, IF Br. Indore					
- Central Bank of India Siyaganj Br. Indore	0.00	0.00	115.11	108.40	96.11
- Punjab National Bank, Siyaganj Br., Indore	0.00	0.00	190.00	242.35	14.85
- HSBC Bank Limited Race Course Road Indore	0.00	0.00	0.00	40.39	0.00
Kashipur Project Phase-II :					
- UCO Bank Ltd., Pipliyahana Br. Indore	0.00	0.00	0.00	136.94	212.38
- State Bank of India, IF Br. Indore	0.00	0.00	0.00	95.84	101.20
- State Bank of Patiala, Orbit Mall Indore	0.00	0.00	0.00	4.46	111.18
- Punjab National Bank	0.00	0.00	0.00	0.00	117.96
- Uco Bank Ltd., R & D Loan	0.00	0.00	0.00	120.00	155.87
TOTAL (B)	266.58	251.14	1,231.28	1,510.02	1,810.98
From Financial Institutions					
MPFC Capital Market	47.50	87.11	67.40	46.94	24.58
M.P.A.K.V.N. (Indore) Ltd.	4.95	0.00	0.00	0.00	0.00
TOTAL (C)	52.45	87.11	67.40	46.94	24.58
VEHICLE LOAN					
From ICICI Bank Ltd.	5.67	2.97	0.83	1.36	0.85
From HDFC Bank Ltd.	0.12	0.54	0.31	0.87	0.51
TOTAL (D)	5.79	3.51	1.14	2.23	1.36
TOTAL (A+B+C+D)	413.45	494.99	1,494.06	2,220.99	2,872.41

Statement of Secured Loans (Term Loans)

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
1	Axis Bank Ltd., Y. N. Road, Indore	200.00	29-07-2010	ABBR + 4.50 % i.e.12.00 p.a.	12 quarterly installments after 9 months from date of first disbursement as per schedule given below:- 1) 10th to 21st month: ₹33.3 Mn in 4 equal quarterly installments. 2) 22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installments. 3) 34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installments.	Pari Passu First charge on the Fixed Assets of the Company.	Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st installment). The Amount to be increased based on repayments, three months prior to the increase in	Company require prior permission of bank: a) to formulate any scheme of amalgamation or restructuration; b) to undertake guarantee obligation on behalf of any third party or any other company. c) to make any change in Management. d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation. e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred. f) to invest by way of share capital in or lend or advance to or place deposits with any other concern normal trade credit or security deposit in the routine course of business or advances to employees can however be extended.

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
							installment	
2	Central Bank of India Siyaganj Br. Indore (Project Phase-I)	115.00	27-06-2008	BPLR (12)	Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis	E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws)		a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us. d)Company shallnot make any major capital investment without the prior permission of the consortium. e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for extending their guarantees for credit facilities f) The comapany /Director shall undertake that no litigation is pending before them, initiated by banks/ financial institution.
3	HSBC Bank Limited Race Course Road Indore (Project Phase-I)	61.00	28-07-2009	At Mutually agreed rate	3 equal annual installments commencing 1 year from the date of disbursement	1) Personal Guarantee of Mr. Manish Kalani for Rs111,000,000/	-	a) Any changes in the capital structure, schemes of amalgam ation/ re-construction must be agreed by the bank prior to

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						<p>- (Required. Held for ₹ 66,000,000/-)</p> <p>2) Corporate Guarantee of Kalani Industries Ltd. For Rs111,000,000/- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-)</p> <p>3) First pari passu charge on the entire fixed assets of the borrower both present & future for ₹ 61,000,000/-. (Held)</p> <p>4) Second pari passu charge on the current assets of the borrower at Pithampur Industrial area and C-41-50, Sector- 3, Dhar Madhya Pradesh & expansion at Uttaranchal</p>		<p>being undertaken.</p> <p>b) The Borrower will seek Bank's prior permission for the following;</p> <p>- Declaration of dividend , in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants.</p> <p>- If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid.</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						(both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held		
4	Punjab National Bank, Indore (Existing Loan)	36.00	23.01.2004	Base rate+4.00% + TP	23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms	-	a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written permission from bank
		10.00	19.03.2005	Base rate+3.75% + TP	20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement.			
		36.00	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	24 quarterly installment of ₹1.0625 million and 20 quarterly installment of ₹0.525 million.			
		2.40	14.11.2006	BPLR + 2.00% +0.50% (TP) - 2.75%	4 quarterly installment of ₹0.563 million and 1 quarterly installment of ₹0.148 million.			

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						lenders on pari passu basis.		
5	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	190.00 [Parts of Laon ₹ 132.33 Mn converted into Foreign Currency Term Loan \$2.89 Mn @₹.45.76 (Ref S No.18)]	27-05-2008	Base rate +3.50%+ TP	24 equal quarterly installments after 1 year & 6 months from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms with lenders on pari passu basis.	-	a) Company should undertake not to diversify its activities, take up new projects and/or expand without written permission. b) Company should not take any alteration or modifications in the project without the prior approval of bank in writing. c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written permission from bank. d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank. e) Company should undertake not to effect any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>is/are running irregular..</p> <ul style="list-style-type: none"> - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever specifically situated
6	Punjab National Bank, Siyaganj Br., Indore (Project Phase-I)	50.00 [Part of Loan ₹ 44.47 converted in to Foreign Currency Loan \$0.97 Mn @ ₹ 45.76 (Ref S.No.18)]	27-05-2008	Base Rate + 3.50% +TP	<p>1) 12 quarterly installments for Rs1.1 million after one year from the date of first disbursement</p> <p>Next 11 quarterly installments for Rs3.2 million</p> <p>2) Last quarterly installment for Rs1.6 million</p>	First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Oversea (P) Ltd. (IOPL)	-	<p>a) The borrower shall not undertake expansion/diversification/modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium.</p> <p>b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:-</p> <ul style="list-style-type: none"> - Declare dividends for any year, if the account(s) of

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
7	Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II)	120.00	25-06-2009	Base Rate + 3.50%+ TP.	1)First three quarterly installments of ₹1.10 Million each starting from 30.09.10 2) Next 20 quarterly installments of ₹5.50 Million each. 3)Last one quarterly installment of ₹6.70 million & interest to be recovered as and when charged to the account.	1 st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of the Uttaranchal phase II project.	2nd charges on entire current assets (both existing and future) of the existing & proposed project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal on pari passu basis with the team lenders	a) The borrower shall not undertake expansion/diversification/modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned.
8	State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore (Project Phase-I)	190.00	03-06-2008	BPLR-.25%	24 quarterly installments, which will commence from 18 months after the first disbursement.	First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank
9	State Bank of India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II)	105.00	05-10-2009	5.25% above Base Rate	7 Years including moratorium period of 15 months and repayable in 24 quarterly installments.	Extension of 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present as well as future.	-	-Any scheme of commission payable to any sister concern should have prior written permission by the bank
10	State Bank of Patiala, Orbit Mall Indore (Project Phase-II)	110.00	02-05-2009	12.75	Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly	1 st Pari Passu charge on all fixed assets of the company OR	-	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
					installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of 1st disbursement.	1 st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed assets of the company.		modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources
11	UCO Bank, Pipliyahana Branch, Indore (Existing Loan)	221.30	28-09-2006	BPLR- 0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly	24 equal quarterly installment after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing	-	Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						& future)- Charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 throughout the entire tenure of the loan.		
12	UCO Bank, Pipliyahana Br. Indore (Project Phase-I)	325.00	17-03-2009	12.50	24 equal quarterly installments after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)-	-	Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						Charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.		
13	UCO Bank, Pipliyahana Br. Indore (Project Phase- I)	110.00	17-03-2009	12.50	1) 12 quarterly installments for Rs2.5 million after six month from the date of first disbursement 2) 10 quarterly installments for Rs7.5 million from the date of first disbursement 3) 2 quarterly installments for Rs 2.5 million from the date of first disbursement	1st Pari-passu hypothecation charge over plant & machinery and other movable fixed assets at Kandla (both existing & Future -charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan.	a) 2nd charges on entire current asset (both existing and future) of the existing and proposed project sites at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, &company's unit at Uttaraanchal on pari passu basis with other term lender.	a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind;

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<ul style="list-style-type: none"> - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. - pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned
14	UCO Bank Ltd., Pipliyahana Br. Indore (Project Phase-II)	210.00	27-09-2010	12.50	4 equal quarterly installment of ₹2.5 million after one year six month from the date of first disbursement 20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement	1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis.FACR to be maintained min. at 1.33	2nd pari pasu hypo charge on current assets of the company with the other existing / proposed term lenders at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttaranchal (both	The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						through out the entire tender of the loan.	existing and future), Project at IOPL at Kandla - charge to be shared with excising term lenders of the project on the pari pasu basis. First charge being held by banks extending / to be extended working capital finance both at existing units, IOPL, Kandla & at Uttaranchal Phase I and II	Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>the Banks.</p> <ul style="list-style-type: none"> - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company, firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned
15	UCO Bank, R & D Loan	160.00	25-03-2010	11.75	Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement	1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with other term lenders.		<p>a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan.</p> <p>b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders.</p> <p>c) Company has to take prior permission from bank in following cases:</p> <ul style="list-style-type: none"> - effect any change in the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>Company's Capital Structure;</p> <ul style="list-style-type: none"> - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								<p>credit limit sanctioned by the Banks.</p> <p>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person.</p> <p>- Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank.</p> <p>- Undertake any activity other than that for which the facilities has been sanctioned</p>
16	MPFC Capital Market, Indore (Existing Loan)	50.00	04-07-2006	10.50	20 quarterly installments of ₹2.50 Million each moratorium period of six month.	-Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ	-	<p>-Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan</p> <p>- Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation.</p> <p>-The</p>

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P		company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion
17	MPFC Capital Market, Indore (Existing Loan)	50.00	21-05-2007	12.50	First 8 quarterly installments of ₹2.50 Million each moratorium period six month. Remaining 10 quarterly installments of ₹3.00 Million	Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq.	-	a)Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. b) The promoters, guarantors and the company shall give undertakings stating that in

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
						mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P		case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name of the company and its promoters/guarantors in the newspaper or through other media.-No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. c) The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion d) The company shall not

S. No.	Name of Institution	Sanctioned Limit (₹ in Million)	Date of Sanction	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered	Others Securities Offered	Covenants
								declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year. e) The company shall not go for public issue without prior permission of the Corporation.
18	Punjab National Bank, Mid Corporate Branch, Siyaganj, Indore (Foreign Currency Term Loan)	\$4.35Mn (₹ 200 Mn)	20-09-2010	(6 Months) LIBOR +6.50% p.a.	Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6	Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6		Since Rupee Loan Converted in Foreign Currency Loan (Remains same as offered in ₹ 190.00 Mn & ₹ 50.00 Mn Loan) as S.No 5 & 6

Statement of Secured Loans (Working Capital Loans)

(₹ in Million)

UCO Bank, Pipliyahana Branch, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	230.00	Base rate + 4%p.a.(monthly rests) i.e. presently 12% p.a., however if any consortium partner bank charge higher ROI, then the same will be applicable
	EPC /FBD	200.00	Gold card holder and in line with the bank's extant guide lines. Beside this, an additional stand by limit, concession in ROI & service charges etc. As entitled in the scheme in terms of bank circular no ID/IBD/1847/2004 dt.09-08-2004 for UCO EXPO GOLD CARD FOR EXPORTERS.
	Additional Stand by Limit against Gold Card	40.00	
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	250.00	50% of normal charge
	Bank Guarantee	100.00	50% of normal charge
	TOTAL EXPOSURE	820.00	
Punjab National Bank, Siyaganj, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	100.00	Base Rate+4.5% -1% i.e. presently 12.50% to be charged at monthly rests. ROI is subject to change as per RBI / HO guidelines issued from time to time.
	EPC	252.50	As per extant bank's guidelines. ROI is subject to change as per RBI/HO guidelines
	FOBNLC/ FOUBNLC	78.50	As per Bank's guideline HO/FEDAI rules
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit /BG	341.50	- LC:-50% of normal charge or charged by the leader bank which ever is higher
			-BG:-As per extant guideline of the bank
	TOTAL EXPOSURE	772.50	
Central Bank of India, Siyaganj, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	<i>Working Capital - Fund Based</i>		
	Cash Credit	18.20	BPLR+1.5% as per RBI/ C.O. guideline
	EPC	6.50	as per RBI guideline/ C.O. guideline
	FBD	7.80	As per C.O. circular
	<i>Working Capital - Non Fund Based</i>		
	Letters of Credit	22.50	As per C.O. circular

Central Bank of India, Siyaganj, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Bank Guarantee	6.00	As per C.O. circular
	TOTAL EXPOSURE	61.00	
State Bank of India, (Erstwhile State Bank Of Indore) Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit	7.50	BPLR - 0.25%, subject to min of 12.50% p.a.
	EPC	62.50	-As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be charges.
	Working Capital - Non Fund Based		
	Letters of Credit	20.00	As per Bank's standard charges.
	TOTAL EXPOSURE	90.00	
State Bank of Patiala, Orbit Mall, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit	22.50	4.25% Above Base rate
	EPC	14.00	As applicable to Gold Card Scheme.
	Working Capital - Non Fund Based		
	Letters of Credit	10.00	Commission as per extant guideline, 50% Concession allowed in LC
	TOTAL EXPOSURE	46.50	
Axis Bank Ltd., Y.N. Road, Indore			
S.NO.	NATURE OF FACILITY	LIMIT	INTEREST/ COMMISSION
	Working Capital - Fund Based		
	Cash Credit/ EPC	150.00	-CC:- Axis Bank Base Rate (ABBR) + 4% i.e.11.50% Payable at monthly interval -EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.)
			PCFC: Disbursal is subject to availability and pricing will be subject to approval from treasury deptt.
	Working Capital - Non Fund Based		
	Letters of Credit	150.00	1.25% p.a. all inclusive payable upfront.
	TOTAL EXPOSURE	300.00	

Statement of Unsecured Loans

(₹ in Million)

Particulars	As at 31.03.2007	As at 31.03.2008	As at 31.03.2009	As at 31.03.2010	As at 31.03.2011
Inter Corporate Deposits	5.00	5.61	12.50	0.00	19.00
0% Fully Convertible Debentures	0.00	460.00	460.00	460.00	0.00
Total	5.00	465.61	472.50	460.00	19.00

Notes:

1. The Inter Corporate Deposits are repayable on demand.

2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.

SECTION-VI LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding or pending litigations, disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or disputed tax liabilities, over-dues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ criminal/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) against/by our Company, our Subsidiaries, our Promoters, our Directors or our Group Companies Other than as stated below, there are no defaults of non-payment of statutory dues against our Company including under the excise, customs, sales tax, income tax and service tax and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Subsidiaries, its Promoters, its Directors and its Group Companies. Further, there have been no defaults and there are no over-dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

I. Proceedings Involving our Company

i. Details of cases filed against our Company:

i. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore

Our Company had filed an appeal before the Income Tax Appellate Tribunal, Indore (ITA No. 30/Ind/2009) against the order of CIT (A) dated December 31, 2008 confirming the penalty of ₹ 1,453,000 imposed under section 271(1)(c) of the Income Tax Act, 1961 contending that the quantum addition was deleted by the tribunal and therefore, the penalty does not survive. Vide order dated May 4, 2010, the ITAT held that when the basis on which penalty was imposed is no more in existence (as deleted by the tribunal), no penalty under section 271 (1)(C) is exigible. The appeal was allowed in favour of our Company. The Commissioner of Income Tax-I, Indore has now filed an appeal before the Madhya Pradesh High Court (ITA 64/2010) challenging the said order of the ITAT allowing the appeal filed by our Company.

ii. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore

Our Company had filed an appeal before the Income Tax Appellate Tribunal, Indore (ITA No. 515/Ind/2006) challenging the order of the CIT (A) dated May 15, 2006 for the assessment year 2003-04 confirming the addition of ₹ 3,951,765 on account of deduction under section 80-IB of the Income Tax Act, 1961. After considering the submissions and materials on record, ITAT held that our Company was entitled to deduction under section 80-IB of the Act on the amount of duty drawback and the order of the CIT(A) was set aside. The Commissioner of Income Tax-I, Indore has now filed an appeal (ITA 80/2009) before the Madhya Pradesh High Court challenging the said order of ITAT. The appeal is pending adjudication.

iii. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore

Our Company had filed return of income declaring total income of ₹ 5,234,160. Upon scrutiny, the Assessment Officer determined income at ₹ 22,385,925 and initiated penalty proceedings. Being aggrieved by the order of the assessment officer our Company preferred an appeal before the CIT (A) – I, Indore, which by its order dated May 15, 2006 deleted the addition of ₹ 13,200,000 made by the assessment officer. Being aggrieved by the order of CIT (A) Revenue preferred an appeal before the Income Tax Appellate Tribunal (ITA/530/Ind/2006). The Income Tax Appellate Tribunal (ITAT), however, Commissioner of Income Tax – I, Indore dismissed the appeal vide its order dated December 22, 2006. The Income Tax Department has again preferred an appeal before the Madhya Pradesh High Court, Indore (ITA No. 252/2007) challenging the order of ITAT. The matter is presently pending adjudication before the High Court of Madhya Pradesh.

Writ Petitions

iv. Writ Petition filed by Zenith Metals Private Limited

Zenith Metals Private Limited (“Zenith Metals”) has filed a writ petition (W.P. No. 1641/ 2011) before the Madhya Pradesh High Court, (Indore Bench) against the State of Madhya Pradesh (Respondent no.1), Managing Director M.P. Audyogik Kendra Vikas Nigam (Respondent no. 2) and our Company (Respondent no.3). In the said writ petition Zenith Metals has challenged the Notice Inviting Tender (NIT) bearing no. 12366 dated October 19, 2010 issued by the Respondent no. 2. In the writ petition, it has been stated that the said tender was issued for the purpose of operation and maintenance and management of warehousing or for setting up the manufacturing facilities for the period of 30 (thirty) years at SEZ Pithampur. Further, there were two options in the NIT. The first option was for operation, maintenance and management of warehousing and the second option was for setting up manufacturing facilities. It has been alleged that in the NIT itself it was provided that if sufficient bids are not received for the first option, the second option would be considered. In spite of only one bid being received for the first option, the Respondent no. 2 opened the same (i.e. tender for the first option). Further, it has been alleged that the financial bid for the first option was opened suddenly and abruptly. Also, when there were three bidders for the second option, Zenith Metals alleged that they were not considered and the first option (where there was only one bid) was considered. With the above allegations, Zenith Metals has filed the writ petition challenging the said NIT stating that Respondent no. 2 has joined hands with our Company to get the tenders sanctioned in favour of our Company. The matter is now pending before the Madhya Pradesh High Court.

v. Writ Petition filed by Elixir Impex Private Limited

Elixir Impex Private Limited (“Elixir Impex”) has filed a writ petition (WP No. 1639/ 2011) before the Madhya Pradesh High Court, (Indore Bench) against the State of Madhya Pradesh (Respondent no.1), Managing Director M. P. Audyogik Kendra Vikas Nigam (Respondent no. 2) and our Company (Respondent no.3). In the said writ petition Elixir Impex has challenged the Notice Inviting Tender (NIT) bearing no. 12366 dated October 19, 2010 issued by the Respondent no. 2. In the writ petition, it has been stated that the said tender was issued for the purpose of operation and maintenance and management of warehousing or for setting up the manufacturing facilities for the period of 30 (thirty) years at SEZ Pithampur. Further, there were two options in the NIT. The first option was for operation, maintenance and management of warehousing and the second option was for setting up manufacturing facilities. It has been alleged that in the NIT itself it was provided that if sufficient bids are not received for the first option, then the second option would be considered. In spite of only one bid being received for the first option, the Respondent no. 2 opened the same (i.e. tender for the first option). Further, it has been alleged that the financial bid for the first option was opened suddenly and abruptly. Also, when there were three bidders for the second option, Elixir Impex alleged that they were not considered and the first option (where there was only one bid) was considered. With the above allegations, Elixir Impex has filed the writ petition challenging the said NIT stating that Respondent no. 2 has joined hands with our Company to get the tenders sanctioned in favour of our Company. The matter is now pending before the Madhya Pradesh High Court.

Compensation Cases

vi. Compensation case filed by Mr. Vijay Shukla against the factory manager of our Company before the Labour Court

Mr. Vijay Shukla has filed a case/ petition before the Labour Court, Dhar (labour case no. 04/11/MPIR/2011) against the factory manager of our Company, Mr. A.K. Giri. In the said petition Mr. Vijay Shukla has alleged that the Factory Manager of our Company has, by verbal order on January 11, 2011, terminated his appointment in our Company as an electrician without giving any charge sheet or any opportunity for submitting explanation. In the said petition, Mr. Vijay Shukla has asked for setting aside of the alleged termination order. He has also asked that his services to be reinstated with the same salary as earlier and all other service benefits.

- vii. *Compensation Claim Application by an ex-workman for loss of his fingers while working in the factory of our Company*

One of the ex-workman, Mr. Krishnadhar Tripathi of our Company has lost his two fingers on August 4, 2006 while working on the R.P. Machine in the factory of our Company at Pithampur, Dhar. On December 10, 2007, he has filed an Application before the Labour Court, Rewa (M.P.) (W.C. Case No. 64/2007) against our Company and Krishi Associates, village Dhar, District Indore, M.P. for claiming compensation of ₹ 502,200 plus interest @ 12% from the date of accident.

ii. Notices and summons issued against/ upon our Company:

- i. *Show cause notice by the Additional Commissioner, Customs, Central Excise & Service Tax in respect of payment of service tax*

Show Cause Notice dated September 17, 2010 has been issued by the Additional Commissioner, Customs, Central Excise & Service Tax, Manik Bagh Palace, Indore stating that our Company is liable to pay the service tax on the freight paid on inward transportation of goods as well as outward transportation of goods up to place of removal. It has been further stated in the said notice that during the course of scrutiny of S.T.3 return for the period from April 2009 to September 2009 and October 2009 to March 2010 on GTA *vis a vis* trial balance for the year 2009-2010, it has been observed that our Company has short paid the service tax of ₹ 630,587 during the financial year 2009-2010. In the said notice it has also been stated that our Company was asked to pay the differential amount of service tax by the jurisdictional range Superintendent vide C.No.IV(16) 30-66/ST Pith/2009-10 dated August 2, 2010 but our Company has not paid the amount. Vide this show cause notice our Company has been called upon to show cause and explain to the Additional Commissioner Central Excise and Service Tax, Hqrs, Indore as to why an amount of service tax of ₹ 630,587 should not be demanded with interest and penalty. Thereafter, there has been no correspondence in this matter between our Company and the service tax authorities.

- ii. *Demand cum Show Cause Notice by the Additional Commissioner, Central Excise in respect of alleged short paid duty*

Demand cum Show Cause Notice dated February 2, 2010 has been issued by the Additional Commissioner, Central Excise HQRS, Indore. In the said notice it has been stated that our Company is engaged in the manufacture of HDPE Woven Sacks/Bags/FIBC/Fabric Tape etc. falling under the First Schedule to the Central Excise Tariff Act, 1985. It further states that the Company is also availing CENVAT Credit facility in respect of duty paid on the inputs used in the manufacture of the above products as per the provisions of CENVAT Credit Rules, 2004 and our Company is paying duty on Flexible Intermediate Bulk Container (FIBC), classifying the product under Sub Heading 63053200 of the Central Excise Tariff Act, 1985. It also states that during the scrutiny of records it was noted that our Company is engaged in the manufacture of various products falling under Chapter 39 of Central Excise Tariff Act, 1985 and it is observed that FIBC etc. so manufactured by the Company merited classification under Chapter 39269099 attracting duty @ 14%, 10% and 8% but it was classified under Sub Heading No. 60053300, thus resulted in short-levy of duty during the period from December 2008 to July 2009. In the notice, it has been stated that during the period from January 2009 to June 2009, the Company had short paid duty amounting to ₹ 883,976 which is recoverable from our Company under section 11 A of the Central Excise Act, 1944. Further, goods are also liable to be confiscated in terms of the provisions of Rule 25 of the Central Excise Rules, 2002 as the goods were cleared/ removed from the factory premises violating Rule 6 and Rule 8. Vide this demand cum show cause notice, our Company has been called upon to show to the Commissioner, Central Excise and Customs, Manik Bagh Palace, Indore as to why an amount of ₹ 883,976 should not be recovered from our Company under section 11 A of the Central Excise Act, 1944 and as to why penalties and interest should not be imposed. Thereafter, there has been no correspondence in this matter between our Company and the central excise authorities.

- iii. *Show cause notice by Factory Inspector and Asst Manager, Industrial Health and Safety Pithampur, Dhar, MP:*

The factory Inspector, Industrial Health and Safety, Sector no. 2, Pithampur, Dhar, MP and Assistant Manager Industrial Health and Safety Pithampur, Dhar, MP had inspected the factory of our Company on June 17, 2010 because of the fatal accident of Sri Satish Trivedi on June 16, 2010 and issued Show Cause Notice dated June 21,

2010 as to why no legal action should be taken against our Company for the various violations alleged to be found under the Factories Act, 1948 and Madhya Pradesh Factories Rules. Our Company has replied to the said show cause notice vide its reply dated July 14, 2010 denying the allegations.

- iv. *Show Cause Notice dated May 6, 2009 issued by the Directorate General of Central Excise Intelligence, Ahmedabad Zonal Unit.*

The Directorate General of Central Excise Intelligence (DGCEI), Ahmedabad zonal unit has issued a show cause notice dated May 6, 2009 bearing reference number F.NO. DGCEI/AZU/36-8/2009-10/266 upon our Company, Mr. Umesh Dwivedi, Vice President of our Company and Mr. Mukesh Sangla.

DGCEI has alleged in the aforesaid notice that certain suppliers of plastic polymers had issued cenvatable invoices to the manufacturers of plastic products including our Company to fraudulently avail CENVAT credit against those invoices without receipts of duty paid. The officers of DGCEI have further alleged that our Company has violated the provisions of Central Excise Act, 1944 and the rules made thereunder. It is also alleged by DGCEI that our Company has made certain fraudulent availment of excess drawback. Our Company was called upon to show cause as to why CENVAT Credit amounting to ₹ 3,841,487 should not be recovered alongwith interest and penalty; and as to why duty drawback amounting to ₹ 16,286,651 should not be recovered from our Company. Mr. Umesh Dwivedi was also called upon to show cause as to why penalty should not be imposed upon him under the rules framed under Central Excise Rules 2002, CENVAT Credit Rules 2004 and Customs Act, 1962. Our Company has replied to the said show cause notice vide its letters dated December 07, 2010 and December 28, 2010 denying all the allegations and contentions on the grounds that the demand of CENVAT Credit is not justified on facts and in law, since it is based entirely on uncorroborated third party records, the notice does not disclose how the drawback demand has been computed and, non consideration of other relevant facts.

- v. *Summons issued by Income Tax Officer, TDS-I*

Summons were issued upon our Company vide summon dated January 20, 2011 by the Income Tax Officer, TDS-I under section 131 of the Income Tax Act, 1961 to attend its office on February 3, 2011 to give evidence and/ or to produce either personally or through an authorised representative the books of account or other documents: (i) all records relating to compliance of TDS under chapter XVII of the Income Tax Act, 1961 (ii) photo copy of e-TDS returns for last three years (iii) year wise amount paid as development fund/ maintenance charges to Madhya Pradesh Audyogik Kendra Vikas Nigam Limited during financial years 2004-05 to 2009-10 (iv) copy of the ledger of development fund/ maintenance charges account for financial years 2004-05 to 2009-10 (v) copy of the audit report for the 2004-05 to 2009-10 and trial balance.

- vi. *Show cause notice by the Directorate General of Central Excise Intelligence*

Directorate General of Central Excise Intelligence has issued a show cause notice dated July 23, 2010 calling upon our Company as to why: ₹ 1,413,030 as Service Tax towards the taxable service rendered during 2005-06 to 2009-10 (upto July 7, 2009) under the category of "Business Auxiliary Services" should be demanded and recovered alongwith interest and penalty. Our Company has replied to the said show cause notice vide its reply dated October 4, 2010 stating that our Company is entitled for certain exemptions from service tax and in view of legal provisions stated therein no service tax is payable from our Company and also our Company is not liable for any interest amount or penalties. Our Company has also asked for setting aside of the said show cause notice.

- vii. *Legal notice issued by M/s. Ettlinger Kunststoffmaschinen GmbH, Germany*

Our Company has received a notice dated January 27, 2011 from M/s. Ettlinger Kunststoffmaschinen GmbH (Ettlinger), Germany through their advocate in India. It is alleged in the said notice that our Company has damaged a meltfilter which was taken on a hire basis from Ettlinger. Ettlinger has raised an invoice for a sum of Euro 49,811.00 towards the cost of repair for the damaged meltfilter. It is further stated that our Company is required to pay Euro 56,660.64 (which includes Euro 3183.00 towards administration costs and Euro 3666.64 towards interests till January 21, 2011) and also interest at the rate of 18% p.a. on Euro 56,660.64. It states that if our Company fails to remit the aforesaid amount along with the interest within 21 days of the receipt of the notice, M/s. Ettlinger Kunststoffmaschinen GmbH will file a petition for winding up under Section 433(circumstances in which the

company may be wound up by court) and Section 434 (*company when deemed unable to pay its debts*) of the Companies Act, 1956. Our Company has replied to the said notice dated January 27, 2011 through its advocate vide letter dated February 15, 2011 denying the allegations. Our Company has further stated that in the contract dated August 18, 2009 executed between our Company and Ettlinger, it was mentioned that our Company will be liable for damages by coercion or wearing during the hiring period and for all other damages including force majeure condition, our Company was liable to take out an insurance policy which our Company has taken. Our Company has further stated that in the present case the dispute is about damages caused to meltfilter while in transit/ transportation from one factory to another. As such, for the said alleged damages, if any caused, the same has to be made good through insurance company and our Company has already lodged claim with them and as such our Company is not liable to pay the sum of Euro 56,660.64 or any other amount towards the said damages. Our Company has further denied all the contrary allegations and advised Ettlinger through its advocate in India not to initiate any malicious proceedings as threatened in their notice. The advocates of Ettlinger have also para-wise replied on February 23, 2011 to our advocate's reply and denied the contents thereof and reiterated the contents of their notice dated January 27, 2011. Our Company has also been called upon to remit the said amount of Euro 56,660.64 alongwith interest @ 18% per annum within 15 days from the date of receipt of their reply, failing which, it has been stated that, Ettlinger would be constrained to take legal action against our Company. Thereafter, following another correspondence by our Company vide a reply dated March 8, 2011 (to the para-wise reply of Ettlinger dated February 23, 2011), Ettlinger has addressed another letter/notice on May 6, 2011 through its advocate granting 4 weeks time to our Company to pay the outstanding dues and calling upon our Company to send a copy of the Insurance Policy taken in respect of ERF Meltfilter. On July 1, 2011 Ettlinger has once again, through its advocate, called upon our Company to send a copy of the Insurance Policy failing which Ettlinger may initiate legal action against our Company. Thereafter, there has been no correspondence in this matter.

viii. *Cease and desist notice for the alleged infringement of Patents*

Codefine SA, claiming to be the registered proprietor of the European Patent designating the United Kingdom no. EP1023232B1 ("Patent") titled "Bag for Transporting and Intermediate Storing of Bulk Goods" has issued a cease and desist notice dated February 1, 2011 against our Company and Flexiglobal (UK) Limited. Our Company has been called on to cease and desist from importing the alleged infringing FIBCs into the United Kingdom. Our Company has also been asked to deliver all documents relating to the alleged infringing FIBC; and to retrieve all stock of the alleged infringing FIBC from all the purchasers etc and to deliver those within 28 days.

ix. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by our Company*

Returns of income were filed by our Company as required by the income tax authorities for the assessment years 2004-05, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010. Thereafter 6 (six) notices all dated January 3, 2011 and January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of our Company to attend his office on February 8, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and our Company.

x. *Order under section 201 (1) of the Income Tax Act, 1961 for claiming short deduction of the TDS*

Income Tax Officer, TDS Ward – 1, Indore had issued a show cause notice dated December 24, 2010 upon our Company in respect of certain defaults under section 201(1) of the Income Tax Act, 1961, short deduction/ amount deducted but not paid and interest under section 201(1A) of the Income Tax Act, 1961 for transactions in the financial year 2007-2008. Thereafter, our Company had filed the reply vide letter dated nil bearing reference no. FIL/2010-11/08 which was received by the IT/TDS-1 on January 19, 2011 and thereby made certain clarifications (i.e. that certain payments have been made after issuing the show cause notice dated December 24, 2010; some of the TDS have already been paid etc) and also furnished copy of the revised statement. Thereafter, the Income Tax Officer (TDS)-1, Indore passed an order under section 201(1)/ 201(1A) of the Income Tax Act, 1961 taking on record our reply to the said show cause notice. In the said order, our Company has been made liable for short deduction and interest payable under section 201(1A) of the Income Tax Act, 1961 to the tune of ₹ 522,558. Our Company has now filed an application under section 154 of the Income Tax Act, 1961 on February 11, 2011 for seeking rectification of the said order, stating that the Income Tax Officer (TDS)-1 has worked out the liability

towards short deduction/ interest payable amounting to ₹ 522,558 under section 201 (1A), while our Company had clarified all the query in its reply submitted on January 19, 2011.

- xi. Notice to our Company by the Deputy Commissioner of Income Tax, Circle-1(1), Indore for furnishing certain details etc.*

The Deputy Commissioner of Income Tax, Circle-1(1), Indore had issued a notice dated May 20, 2011 calling upon our Company to furnish detail/ explanation in respect of certain documents seized during the course of search operation under section 132 of the Income Tax Act, 1961 (for the assessment year 2004-05 to 2009-10). The notice further required our Company to furnish a copy of return of wealth for of the assessment years 2004-05 to 2010-11, if filed. The next date of the hearing as per the notice was June 17, 2011. Also, 6 (six) notices dated May 20, 2011 (in connection with the assessment year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively) under section 153A read with section 142(1)(ii) of the Income Tax Act, 1961 were served upon our Company by the Deputy Commissioner of Income Tax, 1(1), Indore, calling upon our Company to prepare a true and correct return of its income in respect of which our Company is assessable under the Income Tax Act, 1961 during the previous year relevant to the assessment year mentioned in each respective notices. The said notices further required that the return should be in the appropriate form and in accordance with the provisions of section 140 of the said Income Tax Act, 1961. The notice required our Company to produce accounts and documents and information specified therein on June 17, 2011. Thereafter, on June 17, 2011, Deputy Commissioner of Income Tax 1(1), Indore issued 6 (six) notices (in connection with the Assessment Year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 respectively) calling upon our Company to produce the book of account, documents and explanations as specified in the respective notices on July 12, 2011. Our Company appeared on July 12, 2011 with the documents. The matter is pending and next date of hearing is yet to be given.

- xii. Show Cause Notice upon our Company under section 221(1) of the Income Tax Act, 1961*

The Assessing Officer had issued a show cause notice dated July 28, 2006 under section 221(1) of the Income Tax Act, 1961 stating that a demand of ₹ 2,095,362 was issued against our Company for the assessment year 2003-2004 and why penalty should not be levied. Our Company has replied to the said show cause notice vide its reply dated August 18, 2006 and referred to the rectification application filed by our Company under section 154 of the Income Tax Act, 1961 earlier in respect of the order dated June 12, 2006 in reference to which the demand notice dated July 28, 2006 has been issued. Thereafter, there has been no correspondence in this matter.

- xiii. Order under section 154 of Income Tax Act, 1961 issued by the Dy. Commissioner of Income Tax Circle-1(1), Indore*

The income of our Company was assessed at ₹ 4,7437,029 as per the Assessment Order dated December 27, 2007 for the assessment year 2005-06. Our Company vide an application dated January 2, 2008 had highlighted certain mistakes in the record. On verification, the contention of our Company was found correct and the revised income was computed by the income tax department at ₹ 8,614,268 and a demand notice dated January 16, 2008 under section 156 of the Income Tax Act, 1961 was issued by the Dy. Commissioner of Income Tax 1(1), Indore determining ₹ 2,658,479 as payable by our Company. The demand notice further states that if our Company do not pay the amount within 30 days of the service of this said notice then: (i) it shall be liable pay simple interest at one per cent for every month or part of a month in accordance with section 220(2), (ii) penalty may be imposed in accordance with section 221 (iii) proceedings for the recovery will be taken in accordance with sections 222 to 227, 229 and 232 of the Income Tax Act, 1961. Our Company had on March 15, 2008 paid ₹ 1,329,240, i.e. 50% of the amount demanded to the tax department.

- xiv. Notice from Mr. Yogesh Kumar for payment of salary and compensation*

Our Company had supplied certain materials, worth ₹ 189,761 to M/s Tirupati Packer, Delhi. Upon enquiry, we were informed that the materials which were supplied to M/s. Tirupati Packers were taken by a former employee of our Company, Mr. Yogesh Kumar and were not returned. Thereafter, our Company issued a notice dated July 3, 2010 against Mr. Yogesh Kumar calling upon him to deposit ₹ 189,671 or return the materials taken by him. Mr. Yogesh Kumar, by his reply dated August 13, 2010 alleged that he was compelled to resign and claimed dues on account of salary, allowances etc. Our Company thereafter replied on December 31, 2010, calling upon Mr. Yogesh

Kumar to clear the outstanding, failing which legal recourse would be adopted. Mr. Yogesh Kumar has now sent a legal notice dated April 15, 2011 through his advocate requiring our Company (through its Managing Director Mr. Manish Kalani and its Director Mr. Pawan Kumar Jain), the Chief General Manager (Marketing), and Manager (HR) to arrange payment of ₹103,084 towards his alleged accrued and payable salary due to his account with interest till the date of payment of such amount ₹ 100,000 as mental agony and compensation, and ₹ 5,000 towards the charges of serving this legal notice. Our Company has replied to the said legal notice dated April 15, 2011 vide its reply dated May 9, 2011 bearing reference no. Ref/FIL/LEG/05/2011/81, denying the contentions raised in the legal notice and reiterating the contents of our Company's earlier reply dated December 21, 2010. In the reply our Company has called upon Mr. Yogesh Kumar to make payments of the outstanding amount of ₹ 145,914 including interest as stated therein within 15 days of receipt of the reply/ notice, failing which our Company shall be constrained to initiate legal action. Thereafter there has been no correspondence between our Company and Mr. Yogesh Kumar.

iii. Details of cases filed by our Company:

Criminal Cases

i. Criminal Complaint under section 138 of Negotiable Instrument Act against M/s Verma Fibres and Others.

M/s. Verma Fibres had issued a cheque, bearing cheque no. 064870 dated December 28, 2006 of ₹100,546 in favour of our Company against the purchase of HDPP Cloth fabrics from our Company. The said cheque, when presented in bank by our Company, was dishonoured with the remark "Funds Insufficient". Our Company, thereafter, filed a criminal complaint (Criminal Complaint No. 38386/2007) under section 138 of The Negotiable Instruments Act, 1881 against (1) M/s. Verma Fibres and (2) Ms. Suman Verma (Signatory) on March 8, 2007 for dishonour of the said cheque. The complaint is pending before the District Court, Indore for adjudication.

ii. Complaint against M/s Maxam Packaging Inc. U.S.A and others

Our Company has filed a criminal complaint under sections 406 (*punishment for criminal breach of trust*), 407(*criminal breach of trust by carrier, etc*), 409 (*criminal breach of trust by public servant, or by banker, merchant or agent*) and 420 (*cheating and dishonestly inducing delivery of property*) read with 120B of the Indian Penal Code, 1860 (IPC) against M/s Maxam Packaging Inc., U.S.A and 8 others (**Accused**) for the alleged misappropriation of consignment of jumbo bags by the Accused which was dispatched around August 27, 2007 by our Company. The complaint is pending before Chief Judicial Magistrate, Dhar for adjudication.

iii. FIR in relation to accidental death of a worker at Kashipur unit

Our Company has filed a first information report (FIR) on June 24, 2011 in relation to accidental death of a worker Mr. Guddu at our Kashipur unit on June 22, 2011. Police was informed of the incident and in the presence and assistance of the police, Mr. Guddu was sent to the government hospital where he was declared dead. Thereafter, the mob damaged the factory premises including stock, electronic equipments, plant and machinery, building etc. An amount of around ₹ 2.1 million kept for payment to workers was also reported to be missing. On account of this incidence, our unit also closed down for three days and the work re-started on June 25, 2011 after initial survey and other formalities. Estimated damage due disruption in operations could be to the tune of ₹ 40 million. Our Company has started processing the insurance claim for the said amount, as the damaged properties are insured to the extent of ₹ 2,370 million. Our Company has also started processing the insurance claim for theft of around ₹ 2.1 million as mentioned above which is insured to the extent of ₹ 4 million.

Civil Cases

iv. Execution Case against M/s Sharad Ransingh and Others for recovery of money.

Our Company had deposited ₹ 575,000 (5% of the cost) for the supply of 500 metric tons of iron in the bank account of M/s Sharad Ransingh, Mr. Sharad Ransingh, Aditya Kridatt and others (Defendants). However, the Defendants had failed to supply the iron rods and also failed to refund the deposit money. Our Company, thereafter, filed a civil suit (Civil Suit No. 3 B/ 2007 before the Additional District Judge, Dhar) for the recovery of ₹ 575,000

along with interest. The suit has been decreed in favour of our Company and the Defendants have been ordered to pay ₹ 575,000 plus interest at the rate of 6 per cent from the May 6, 2004 and ₹ 5,000 as cost. Thereafter, our Company has filed an execution petition, bearing Execution Case no. 11/10, before District Court, Dhamtari, Chattisgarh for recovery of the said amount. The case is pending for execution.

- v. *Consumer Complaint against Satguru Motors and Bajaj Allianz General Insurance Company Limited (“Bajaj Allianz”)*

Our Company had purchased a Skoda Car on September 14, 2006 from Satguru Motors, who is the authorised dealer of Skoda Auto Private Limited. The said car was fully insured by Bajaj General Insurance Company Limited. The said car had developed some problem and as per the report of Service Manager of Satguru Motors the problem was due to water which had entered into the engine through filter during heavy rains and flooding of roads. Our Company had registered the claim with Bajaj Allianz and requested them to depute a surveyor to get the survey completed. However, the surveyor was not convinced with the report of the Satguru Motors. Subsequently Bajaj Allianz repudiated the claim on the grounds stated therein including that the knocking noise (which was one of the developed problem) in the engine was pre-existing as per the repair history of the vehicle and the repair order. Our Company has sent a legal notice dated June 14, 2010 bearing reference no. Ref./FIL/LEG/06/2010/37 alleging that the user was deprived of the use of the said car apart from mental agony which he suffered on account of negligence on part of Satguru Motors and Bajaj Allianz. Our Company has further alleged in the said notice that all the addressees are jointly and severally liable for the losses, inconvenience and mental agony which are calculated to ₹ 2,250,669.25 as per the statement of claim annexed therein. Further, they are alleged to be liable to pay interest @ 18% p.a. on the said amount from the date of the notice. As per the said notice, the addressees were liable to pay the said amount along with the interest within seven days from the date of receipt of this notice failing which our Company shall be constrained to file an appropriate complaint before the consumer forum. As per the said notice, Skoda Auto can, alternatively, replace the existing car with a new one and settle the inherent defect in the car. Since no reply was given by the Bajaj Allianz or by the Satguru Motors, our Company has filed a consumer complaint before the Consumer Forum, Indore claiming for the damage caused to the tune of ₹ 1,971,000 along with interest at the rate of 18% per annum.

Writ Petitions

- vi. *Writ Petition filed by our Company against the order passed by the Assistant Commissioner Customs, Central Excise and Service Tax adjusting the refund of service tax from the arrears of Kalani Industries Private Limited (our Promoter).*

Our Company was entitled for refund of service tax of ₹ 1,031,909 on account of various charges covered under specified services used for authorised operation of our Company and payment of service tax which has been made to service provider. As such our Company submitted application for refund of claim of the said service tax which was allowed vide the orders dated November 15, 2010 and three other orders all dated November 30, 2010 by the Assistant Commissioner Customs, Central Excise and Service Tax. However, the same was adjusted towards arrears of ₹ 1,151,000 pending for recovery from M/s Kalani Industries Private Limited, Pithampur under section 11-B of the Central Excise Act, 1944 read with section 81 of the Finance Act. Our Company has filed a writ petition before the High Court of Madhya Pradesh (Indore Bench) (WP No. 1338/2011) challenging the said orders stating that both our Company and Kalani Industries Private Limited are different legal entities, they have separate registered offices, separate board of directors and as such there can be no adjustment of liability of one against refund claim of another company. The case is pending before High Court of Madhya Pradesh.

- vii. *Writ Petition filed by our Company against the order passed by the Assistant Commissioner Customs, Central Excise and Service Tax adjusting the rebate claim in relation to central excise duty from the arrears of Kalani Industries Private Limited*

Our Company had submitted rebate claim for sanctioning rebate of central excise duty amounting to ₹ 3,007,997. The Assistant Commissioner Customs, Central Excise and Service Tax, vide order dated October 26, 2010 sanctioned the said rebate claim but directed that the said rebate claim be adjusted against the arrears of ₹ 4,151,000 due and payable to Kalani Industries Private Limited. Our Company has filed a writ petition before the High Court of Madhya Pradesh (Indore Bench) (WP No. 13862/2010) challenging the said order stating that both Kalani

Industries Private Limited and our Company are separate legal entities and therefore, there can be no adjustment of liability of one company against the liability of the other company. The case is pending before High Court of Madhya Pradesh.

Tax Appeals

viii. *Appeal against the confirmation of demand of additional duty of customs leviable on imported High Speed Diesel Oil*

Our Company had filed an appeal before the Commissioner of Customs (Appeals) Kandla, Ahmedabad challenging the order dated March 17, 2010 issued by Joint Commissioner of Customs, Custom House, Kandla. The dispute in this appeal related to the confirmation of demand of additional duty of customs leviable under Section 116 of the Finance Act, 1999 on imported High Speed Diesel Oil (HSD). Out of total demand of ₹ 1,060,200 after extending the benefit of limitation, the adjudicating authority vide impugned Order-In-Original passed in *denovo* proceedings had confirmed the demand of additional duty of customs leviable under Section 116 of Finance Act, 1999 amounting to ₹ 963,240 against our Company along with interest payment under Section 28 AA of the Customs Act, 1972. Commissioner of Customs (Appeals) Kandla has, however, rejected our appeal vide its order dated February 4, 2011. Aggrieved, our Company has preferred an appeal before the Customs, Excise and Service Tax, Appellate Tribunal, West Zonal Bench, Ahmedabad (Appeal No. C/185/2011).

ix. *Appeal before the Appellate Board M. P. Tax Tribunal, Bhopal against the demand of Sales Tax*

Assistant Commissioner of Commercial Tax Circle 09, Indore had completed the assessment (assessment period April 1, 2005 to March 31, 2006) vide its order dated March 31, 2009 and created a demand of Sales Tax of ₹ 1,957,148 in case no. 192/2006 (State) by considering the capping amount available at ₹ 1,528,135 as against the actual capping amount available at ₹ 1,927,241. Our Company had preferred an appeal against the said order before Appellate Authority and Deputy Commissioner of Commercial Tax Division 03, Indore ("Appellate Authority"). However, Appellate Authority had rejected the appeal. Our Company has again preferred an appeal before the Appellate Board M. P. Tax Tribunal, Bhopal stating that the Appellate Authority and Deputy Commissioner of Commercial Tax passed the impugned order without giving the proper opportunity to produce the required documents and the confirmation of the consideration of available capping amount of ₹ 1,528,135 is improper, unjustified and unwarranted. The appeal is pending.

x. *Appeal before the Appellate Board M. P. Tax Tribunal, Bhopal against the demand of Sales Tax*

Assistant Commissioner of Commercial Tax Circle 09, Indore had completed the assessment (assessment period April 1, 2005 to March 31, 2006) vide its order dated March 31, 2009 and created a demand of ₹ 15,329 in a case no. 191/2006 (state) by considering the capping amount available at ₹ 1,528,135 as against the actual capping amount available at ₹ 1,927,241. Our Company had preferred an appeal against the said order before Appellate Authority and Deputy Commissioner of Commercial Tax Division 03, Indore ("Appellate Authority"). However, Appellate Authority had rejected the appeal. Our Company has again preferred an appeal before the Appellate Board M. P. Tax Tribunal, Bhopal stating that the Appellate Authority and Deputy Commissioner of Commercial Tax passed the impugned order without giving the proper opportunity to produce the required documents and the confirmation of the consideration of available capping amount of ₹ 1,528,135 is improper, unjustified and unwarranted. The appeal is pending.

xi. *Appeal against the determination and confirmation of Entry Tax levied against our Company*

Deputy Commissioner of Commercial Tax, Audit Wing, Indore 02 had completed the Assessment (assessment period April 1, 2007 to March 31, 2008) vide its order dated May 19, 2010 and created a demand Entry Tax of ₹ 1,679,289 in audit case no. 08/08 (Entry tax) by determining the Gross Turn Over at ₹ 604,236,392. Our Company had filed an appeal before the Appellate Authority and Upper Commissioner, Commercial Tax, Indore Division stating *inter alia* that the Deputy Commissioner did not consider certain exemptions to SEZ unit from Entry Tax. Further, it is alleged that the Assessing Officer did not consider the entry tax exemption in respect of sale to SEZ unit under the Notification No. A-3-93-05-1-V (75) dated November 2, 2006 and certain explanation given by our Company. The appeal of our Company has, however, been rejected vide order dated March 25, 2011. Aggrieved,

our Company has filed a second appeal before the Appellate Board, Madhya Pradesh Tax Tribunal at Bhopal. The matter is presently pending adjudication.

- xii. *Appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the order of the Income Tax Officer (TDS) I, Indore*

The Income Tax Officer (TDS) I, Indore has levied the demand of ₹ 708,195 including interest under section 201(1) and 201(1A) for failure of our Company to deduct tax at source from the lease rent paid to Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited for the financial year 2005-2006, 2006-2007 and 2007-08 and for failure of our Company to deduct tax at source from the maintenance/ development charges paid to the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited for the year financial year 2005-2006 and 2006-2007 vide its order dated March 7, 2011. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the said order.

- xiii. *Appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the order of the Income Tax Officer (TDS) I, Indore*

The Income Tax Officer (TDS) I, Indore has levied a demand of ₹ 1,464,060 including interest under section 201(1) and 201(1A) on account of short deduction of TDS and interest thereon in connection with the assessment year 2009-2010 (period: July 1, 2008 to September 30, 2008) vide its order dated March 11, 2011. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the said order.

- xiv. *Appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the order of the Income Tax Officer (TDS) I, Indore*

The Income Tax Officer (TDS) I, Indore has levied a demand of ₹ 114,370 including interest under section 201(1) and 201(1A) on account of short deduction of TDS and interest thereon in connection with the assessment year 2009-2010 (period: October 1, 2008 to December 31, 2008) vide its order dated March 11, 2011. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the said order.

- xv. *Appeal before the Commissioner of Income Tax (Appeals)-I, Indore against the order of the Assistant CIT-1(1), Indore*

Our Company had filed a return of income on October 30, 2004 declaring total income of ₹ 5,056,470 for the assessment year 2004-05. The Assistant Commissioner of Income Tax-1(1), Indore has, however, added ₹ 13,800,000 to the total income as per the return filed by our Company, treating investments made by certain parties in the share capital of our Company as non genuine and therefore disallowed the same. The Assistant Commissioner of Income Tax has further disallowed certain expenses of ₹ 100,000 and added the same to the taxable income of our Company for the said assessment year vide its order dated December 29, 2006 assessing the income at ₹ 18,956,473. A demand of ₹ 7,002,285 has been issued upon our Company. The order also states that the penalty proceedings are initiated under section 271(1)(c). Our Company has filed an appeal on February 1, 2007 before the Commissioner of Income Tax (Appeals)-I, Indore against the said order of the Assistant CIT-1(1), Indore.

- xvi. *Appeal Before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeal)-I, Indore*

Our Company had filed a return of income on November 20, 2003 declaring total income of ₹ 5,234,160 for the assessment year 2003-04. The Deputy Commissioner of Income Tax-1(1), Indore has, however, added ₹ 13,200,000 on the total income as per the return stating that share capital/ share premium etc received in the names of certain companies as bogus being our Company's own unaccounted money routed through such companies. The said Assistant Commissioner of Income Tax has further disallowed certain deduction (₹ 3,951,765) under section 80 IB and further added the same to the taxable income of our Company vide its order dated March 31, 2006. The said order also required to charge interest under section 234 B and 234 C of the Income Tax Act, 1961 and requires demand notice to be issued. The Deputy Commissioner of Income Tax 1(1), Indore has also levied a penalty of ₹1,453,000 vide penalty order dated March 28, 2008. Being aggrieved by the said penalty order, our Company had filed an appeal before the Commissioner of Income Tax (Appeal)-I, Indore which has been disallowed vide order

dated December 31, 2008. Our Company has now filed an appeal before the Income Tax Appellate Tribunal against the order said dated December 31, 2008.

iv. Notices issued by our Company

i. Notice for refund of penalty and surcharge

Our Company, for the purpose of enhancement in drawing capacity of electricity than the earlier contracted demand (i.e. 2000 KVA to 2200 KVA), had paid the requisite charges and deposit of ₹492,416 to M. P. Audyogik Kendra Vikas Nigam Limited, Indore (MPAKVNL) on April 3, 2007. Thereafter, our Company had again paid the requisite charges and deposit of ₹ 615,520 on July 4, 2007 for further enhancement from 2200 KVA to 2450 KVA. MPAKVNL has, however, levied the penal charges upon our Company aggregating to ₹1,165,336 for allegedly drawing more electric power than contracted demand. In response to the same, our Company had, thereafter, issued a letter to MPAKVNL on February 22, 2008 for the waiver of penalty charges levied and refund of the same on the ground that our Company had already paid the required charges and deposit for enhancement in the drawing capacity of the electricity than the contracted demand. The matter was also referred to the Board of Madhya Pradesh State Industrial Development Corporation, however, the matter did not get approval. Our Company, vide its letter dated September 1, 2008, addressed to the chairman of Madhya Pradesh State Industrial Development Corporation has sought personal hearing in the matter.

ii. Notice for recovery of money

Our Company had supplied certain materials, worth ₹ 189,761 to M/s Tirupati Packer, Delhi. Upon enquiry, we were informed that the materials which were supplied to M/s. Tirupati Packers were taken by a former employee of our Company, Mr. Yogesh Kumar and were not returned. Thereafter, our Company issued a notice dated July 3, 2010 against Mr. Yogesh Kumar calling upon him to deposit ₹ 189,671 or return the materials taken by him. Mr. Yogesh Kumar, by his reply dated August 13, 2010 alleged that he was compelled to resign and claimed dues on account of salary, allowances etc. Our Company thereafter replied on December 31, 2010, calling upon Mr. Yogesh Kumar to clear the outstanding, failing which legal recourse would be adopted. Mr. Yogesh Kumar has now sent a legal notice dated April 15, 2011 through his advocate requiring our Company (through its Managing Director Mr. Manish Kalani and its Director Mr. Pawan Kumar Jain), the Chief General Manager (Marketing), and Manager (HR) to arrange payment of ₹103,084 towards his alleged accrued and payable salary due to his account with interest till the date of payment of such amount ₹ 100,000 as mental agony and compensation, and ₹ 5,000 towards the charges of serving this legal notice. Our Company has replied to the said legal notice dated April 15, 2011 vide its reply dated May 9, 2011 bearing reference no. Ref/FIL/LEG/05/2011/81, denying the contentions raised in the legal notice and reiterating the contents of our Company's earlier reply dated December 21, 2010. In the reply our Company has called upon Mr. Yogesh Kumar to make payments of the outstanding amount of ₹ 145,914 including interest as stated therein within 15 days of receipt of the reply/ notice, failing which our Company shall be constrained to initiate legal action. Thereafter there has been no correspondence between our Company and Mr. Yogesh Kumar.

iii. Notice under section 138 of Negotiable Instrument Act Venus Sugar Limited ("Venus Sugar")

Venus Sugar had purchased goods worth ₹ 5,892,680 vide purchase orders of different dates. Venus Sugar had paid ₹ 987,800 and ₹ 1,599,000 through RTGS mode and issued cheques of different dates for the balance amount of ₹ 3,305,880. Our Company had deposited 3 cheques issued by Venus Sugar each amounting to ₹200,000 for clearing with its bank. However all these cheques were returned dishonoured for the reason of "insufficient fund". In view of this our Company has served a legal notice dated July 2, 2011 under section 138 of the Negotiable Instrument Act alleging the offence of cheating and calling upon Venus Sugar and its officers to pay the outstanding amounts, failing which the Company may proceed to initiate appropriate legal proceedings against all the notices.

Thereafter, Venus Sugars issued cheques of different dates for an amount of ₹ 1,802,370/-, which when presented for clearing with our Company's bank were once again returned dishonoured for the reason of "insufficient funds". In light of the same, our Company has served a legal notice dated September 5, 2011 under section 138 of the Negotiable Instrument Act alleging the offence of cheating and calling upon Venus Sugar and its officers to pay the outstanding amounts, failing which the Company may proceed to initiate legal proceedings.

iv. *Notice under section 138 of Negotiable Instrument Act Naived Disposable Plant ("Naived Disposables")*

Naived Disposable had purchased goods vide purchase orders of different dates. Naived Disposables issued cheques of different dates for the amount of ₹ 1,350,000/-. Upon presentation of the cheques with our bank, all the cheques were returned dishonoured for the reason of "insufficient fund". Thereafter, our Company has served a legal notice dated September 05, 2011 u/s 138 of the Negotiable Instrument Act and has called upon Naived Disposables to pay the outstanding amounts, failing which our Company may proceed to initiate legal proceedings.

II. Proceedings involving our Promoters

1. Kalani Industries Private Limited (KIPL):

A. Litigations against KIPL

i. *Criminal Prosecution initiated by the Government of Madhya Pradesh through Food Inspector, Food and Drug Administration, Indore before the Chief Judicial Magistrate, Indore against KIPL and its directors, and others.*

Government of Madhya Pradesh through Food Inspector (Mr. Sachin Logaria), Food and Drug Administration Indore has initiated a criminal prosecution bearing criminal prosecution no. 19743 ("complaint") before the Chief Judicial Magistrate Indore against: (i) Mr. Nimnai Das, Procurement Executive, KIPL (ii) Mr. Avnish Asija, Director, KIPL, (iii) Mr. Pawan Kumar Jain, Director, KIPL, (iv) Mr. Krishna Gopal Baheti, Director, KIPL, (v) Mr. Santosh Kumar, Director, KIPL (vi) Mithilesh Kumar Sinha, Director, KIPL (vii) KIPL (viii) Jaysingh Vallabhdas, Director, Vallabhdas Kanji Ltd. (ix) Ajay J. Maribal, Director, Vallabhdas Kanji Ltd. (x) Sanjay J. Maribal, Director, Vallabhdas Kanji Ltd. (xi) Mohan J. Mariwal, Director, Vallabhdas Kanji Ltd. (xii) Sunil K. Kolnagara, Director, Vallabhdas Kanji Ltd. (xiii) Bhushan Prasad, Unit Head, General Mills India Pvt. Ltd. (xiv) General Mills India Pvt. Ltd.

As per the complaint, on November 18, 2006 the Food Inspector, Indore, inspected Pizza Hut situated at Treasure Island and found various ingredients like oil, spices, flour etc. He had taken samples of 500 grams of flour and 130 grams of PHI Spice mix. Both the samples were deposited with Public Analysts, State Food Inspection Laboratory Bhopal. Also samples were deposited with local health authority. Thereafter, the Food Inspector, Food & Drugs Administration, Indore received instruction to initiate prosecution from the Deputy Controller, Food and Drugs Administration, Indore. As per the complaint accused no. 1 to 7 i.e. Mr. Nimnai Das, Mr. Avnish Asija and the Directors of KIPL as mentioned above and KIPL have been alleged to have used adulterated flour and PHI Spice mix while producing food material and have thereby alleged to have violated section 7(i) of The Prevention of Food Adulteration Act, 1954 ("PFA Act") which is punishable under section 16(1) (a) (i) of the PFA Act. The complaint further states that by producing and selling adulterated flour, the accused no. 13 & 14 i.e. Mr. Bhushan Prasad & M/s. General Mills India Pvt. Ltd. have violated section 7(i) the PFA Act and is punishable under section 16(1) (a) (i) of the PFA Act. Further, as per the rules, by not producing the bill in which batch no. and warranty is not mentioned, section 14 of the PFA Act has been violated which is punishable under section 16(1) (a) (i) of the PFA Act. Also, M/s. General Mills India Private Limited has not procured a license in respect of food article for which license is required, and therefore, the same is in violation of section 7(iii) which read with section 16(1)(a)(i) is a punishable offence. The complaint also states that by producing adulterated PHI Spice mix, the accused no. 8 to 12 mentioned above have violated section 7(i) of the abovementioned Act which is a punishable offence under section 16(1) (a) (i). Also, by not producing the bill in which batch no. and warranty is not mentioned, section 14 of the PFA Act has been violated which is punishable under section 16(1) (a) (i). The Learned Chief Judicial Magistrate has taken cognizance of the offence vide its order dated August 11, 2008. However, the cognizance taken against Mr. Santosh Kumar Sharma and Mr. Mithilesh Kumar Sinha has been quashed by the Hon'ble High Court vide its order dated April 29, 2009.

ii. *Income Tax Appeal against KIPL before the Madhya Pradesh High Court*

KIPL had filed the return of income declaring gross total income of ₹ 42,486,536 for the assessment year 2003-2004. The Assessing Officer, however, assessed the income of KIPL to be ₹ 49,486,536 vide its Assessment Order dated March 31, 2006. Being aggrieved by the Assessment Order, KIPL preferred an appeal before the CIT(A), which subsequently deleted the addition of ₹ 7,000,000 made by the Assessing Officer. Being aggrieved by the order of CIT(A), the department had preferred an appeal before the Income Tax Appellate Tribunal (ITAT). The ITAT, however, dismissed the appeal vide its order dated December 22, 2006. The Income Tax Department has again preferred an appeal before the Madhya Pradesh High Court, Indore (Appeal No. ITA 250/2007) challenging the order of ITAT. The matter is presently pending adjudication before the High Court of Madhya Pradesh.

B. Notices issued against KIPL

i. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961*

Returns of income were filed by KIPL as required by the income tax authorities for the assessment years 2004-05, 2006-07, 2007-08, 2008-09, 2009-10. Thereafter 5 (five) notices dated January 3, 2011 and January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of the company to attend his office on February 7, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and KIPL.

ii. *Demand Notice by Recovery Officer, Employees State Insurance Corporation*

The Recovery Officer, Employees State Insurance Corporation issued a demand notice for recovery of an amount of ₹415,007 along with such interest in relation to Employer's Code no. 18000101290000205. KIPL has paid ₹ 200,000 towards part payment of the demand. For payment of the balance amount, they sought time till March 30, 2011 vide their letter dated February 22, 2011 and so that the factual position on the basis of which the final amount can be decided. Thereafter, KIPL addressed another letter dated February 23, 2011 to the Deputy Director, Employees State Insurance Corporation stating that the said code no. 18-10129-101 pertains to Kalani Finance which was one of the divisions of KIPL which was merged with KIPL on employer code 18-10350-101 and all employees of Kalani Finance were transferred to KIPL. KIPL has been regularly depositing ESIC contribution since merging for the said Employer Code no. 1800010350000408. During August 1998 to June 2000, Kalani Finance division had not deposited ESIC contribution of ₹ 71,509 and the said matter was referred to the Madhya Pradesh High Court which decided the matter on June 30, 2008. In view of the order of the High Court, KIPL stated that they were ready to deposit ESIC contributions. KIPL has hence requested that demand for ESI contribution for the relevant employer code which was not deposited by Kalani Finance be revised and also requested for the closure of Kalani Finance employer code.

iii. *Show cause notice in respect of service tax amounting to ₹ 255,212*

The Assistant Commissioner, Service Tax, CGO Complex, Indore has issued a show cause notice dated April 7, 2011 bearing reference no. V(ST)3-07/SCN/Kalani Industry/2011-12/942 upon KIPL stating that KIPL has received amount from their customers as maintenance advance/ deposit to the tune of ₹ 1800 per customer for a year on which service tax appears liable to be paid under the service category of "Management, maintenance or Repair service" as defined under section 65(64) of the Finance Act, 1994 and service tax of ₹ 88,569 is payable in this respect. The notice further states that KIPL has received certain ₹ 45,505, ₹ 34,863 and ₹ 900 during the years 2008-09, 2009-10 and 2010-11 respectively against charges (over and above basic sale price) for extra development like change in quality of flooring, sanitaryware work sought by the buyers and service tax of ₹ 9,308 is liable to be paid on this amount. It is also stated that KIPL retained balance amount of ₹ 272,942 during 2007-08 which was shown by them as "balance utilised for meeting common and indirectly attributable expenses like cost of travelling to and from Dhar and other expenses like TA/DA, typing and stationary etc." which appears taxable under the service category of "Business Auxiliary Services" and service tax of ₹ 33,735 is liable to be paid on this amount by KIPL. Also, as per the show cause notice, KIPL has availed exemption of threshold limit of ₹ 1,000,000 under the notification no. 06/2005-ST dated March 1, 2005 during the year 2008-09 which appears not available to them as

after addition of the amount of “maintenance deposit” and balance utilised for meeting common and indirectly attributable expenses like cost of travelling etc. as mentioned above and service tax to the tune of ₹ 123,600 is liable to be paid by KIPL on this account. Therefore, as per the notice total amount of service tax of ₹ 255,212 not paid by KIPL is recoverable from them along with interest. In view of this KIPL has been called upon to show cause and explain in writing to the Assistant Commissioner, Service Tax Division, Indore within thirty days of the receipt of the show cause notice as to why: (i) the service tax of ₹ 255,212 and the interest should not be recovered (ii) and penalty should not be imposed in terms of sections 76, 77 and 78 of the Finance Act. On June 7, 2011 KIPL has filed its reply before the Assistant Commissioner, Service Tax, Indore praying that the show cause notice be drop on the various grounds for defence stated therein. In the said reply, KIPL has also asked for personal hearing. Thereafter, there has been no correspondence in this matter.

C. Litigations filed by KIPL

Civil Cases

i. Writ petition before the High Court of Jodhpur:

A demand notice dated February 4, 2009 and March 24, 2009 was issued by the Tahasildar, Jaisalmer for the payment of sum of ₹ 211,859 alongwith interest of ₹ 47,574 and ₹189,619 alongwith interest respectively against the lease rent of land payable by one of our Promoter, KIPL, for wind generation farm admeasuring 30 (Thirty) acres situated at Jaisalmer. KIPL, has filed a writ petition (WP No. 5944/2009) before the Hon’ble High Court of Jodhpur against the State of Rajasthan, the District Collector, Jaisalmer and Tahasildar, Collectorate, Jaisalmer (Respondents) to quash the said aforesaid notices on the ground that the lease rent has been unilaterally revised in contrary to the agreement entered into by KIPL with the Respondents, which provides that the rent shall be subject to revision after 30(thirty) years. The State of Rajasthan has filed its reply and stated that KIPL was required to deposit the rent/ interest and as per the terms and conditions of the lease deed and KIPL is responsible for deposition the lease rent as prescribed by the state government from time to time. The State Government has also challenged the writ petition on the ground *inter-alia* that KIPL has got alternative, speedy, efficacious and statutory remedy by way of filing appeal before the competent authority, if at all, it feels aggrieved against any order passed by the competent authority and the writ petition is not maintainable. The matter is pending adjudication.

ii. Suit for recovery of money

Public Health Department of Rajasthan had invited tenders for supply of air conditioners (AC) pressure pipes. KIPL had participated in the tender process and certain tenders were awarded to KIPL for supply of AC pressure pipes. As required by the said department, KIPL had furnished security deposits against the supply of pressure pipes. Subsequently, the said department had written letters to KIPL alleging defects in the pressure pipes supplied by it. KIPL had replied to the said letters denying the allegations and had sought for the refund of security deposit amounting to ₹ 1,237,845 in aggregate. However, the Department vide its office order dated December 22, 2005 retained the said security deposit. Thereafter, KIPL has filed a suit on April 23, 2008 (Case No. GCG/18/2008) against the Secretary and the Chief Secretary, Department of Public Health, Government of Rajasthan for refund of the said security deposit along with interest at the rate of 9% per annum i.e. ₹1,409,532. The matter is pending before the Court of Additional District Judge – 9, Jaipur City, Jaipur for adjudication.

iii. Suit for recovery of forfeited amount

The Secretary, Department of Public Health, Government of Rajasthan and Chief Secretary, Department of Public Health, Government of Rajasthan (Defendants) had issued rate contract dated April 17, 2001 in favour of KIPL for supply of AC pressure pipes and five purchase orders were issued with the specifications. KIPL had deposited the security deposit in pursuant to the purchase orders. However, the Defendants vide letter dated January 30, 2002 had asked KIPL to deliver the pipes on January 31, 2002 from Indore to different places in Rajasthan. Similarly, orders were placed on KIPL vide letter dated February 14, 2002 for delivery of pipes on February 14, 2002. As sufficient time was not given for the delivery of the pipes, KIPL failed to deliver the same. KIPL requested the Defendants to grant the extension of time so that the delivery of pipes could be made. However, the request was not accepted and the security deposit amounting to ₹ 800,000 was forfeited by the Defendants. KIPL, thereafter, vide its letters dated January 14, 2006 requested for the refund of the said balance deposit. On April 23, 2008, KIPL had issued a demand

notice through its lawyer for the refund of ₹ 800,000 along with the interest at the rate of 18% p.a. Subsequently, another demand notice was sent on October 7, 2008 by KIPL. As the security deposit was not refunded, KIPL has filed a suit before the District Judge, Jaipur on July 15, 2010 seeking refund the security deposit of ₹ 800,000 along with the interest of ₹ 183,000 aggregating to ₹983,000 till the date of filing of this suit alongwith further interest at 9% p.a. till realisation. The matter is pending before the Court of District Judge Jaipur for adjudication.

Criminal Cases

iv. Criminal complaint for dishonour of cheque:

KIPL has filed a criminal complaint (Criminal Complaint No. 724/02) under section 138 (*Dishonour of cheque for insufficiency, etc. of funds in the accounts*) of Negotiable Instrument Act, 1881 against M/s Santha Infrass and others (Accused) on June 25, 2002 for dishonour of cheque no. 198253 and 198254 both dated December 20, 2001 each amounting to ₹ 350,000. The matter is pending before 3rd Chief Judicial Magistrate, Indore for adjudication and was listed on June 29, 2011. However, on May 12, 2011 KIPL has filed an application for withdrawal of the case as the dispute has been resolved between the parties.

Arbitration

v. Arbitration Appeal (bearing Arbitration Appeal no. 22/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).

KIPL and MPLUN had entered into an agreement dated April 27, 2002 (Agreement) for a period of one year for the supply of air conditioner (AC), pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before the sole arbitrator alleging that KIPL has breached the terms of the Agreement and had supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it was supplied to the MPLUN and claimed ₹ 338,511 including interest @ 18% per annum i.e. ₹ 139,635 from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 12/2005. The arbitrator passed an award in favour of MPLUN on December 20 2006 to the tune of ₹ 478,147 along with interest @18% per annum. Aggrieved by the order, KIPL preferred an appeal vide arbitration appeal no. 22/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication

vi. Arbitration Appeal (bearing Arbitration Appeal no. 23/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).

KIPL and MPLUN had entered into an agreement dated April 27, 2002 for a period of one year for the supply of air conditioner (AC) pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before a sole arbitrator alleging that KIPL had breached the terms of the said agreement and supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it was supplied to the MPLUN and claimed ₹ 3,073,560 including interest @ 18% per annum i.e. ₹ 1,267,843 from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 11/2005. The arbitrator passed an award in favour of MPLUN on December 20, 2006 directing KIPL to pay ₹ 4,341,403 along with interest @18% per annum. Aggrieved by the said order, KIPL has preferred an appeal vide arbitration appeal no. 23/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication.

vii. Arbitration Appeal (bearing Arbitration Appeal no. 21/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).

KIPL and MPLUN had entered into an agreement dated April 27, 2002 for a period of one year for supply of air conditioner (AC), pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before the sole arbitrator alleging that KIPL had breached the terms of the said agreement and supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it supplied to MPLUN and claimed ₹ 2,130,135 including the interest @ 18% per annum from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 10/2005. The arbitrator passed an award in favour of MPLUN on December 20, 2006 in favour of MPLUN directing KIPL to pay ₹ 2,130,135 along with the interest @ 18% per annum. Aggrieved

by the said order, KIPL has preferred an appeal vide arbitration appeal no. 21/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication.

viii. *Claim Application against Vestas Wind Technology India Private Limited ("Vestas")*

Vestas in pursuant to a Supply Agreement dated December 14, 2006 (Agreement) with KIPL had supplied a Wind Energy Generator (WEG) to KIPL against a cost of ₹ 106,523,950. The WEG was installed, commissioned and maintained by the Vestas for generation of electricity at a Wind Energy Park located in Gudepanchgani village, Sangli District, Maharashtra (Wind Energy Park) which was developed by Vestas. It was, however, observed that the generation from WEG was almost 50% lesser than the estimated generation given by the Vestas to KIPL. Consequently, a dispute arose and KIPL has filed this Claim Petition before the Arbitral Tribunal presided over by Hon'ble Justice Shri P.R. Gokulakrishan (Retd.), the Presiding Arbitrator, Hon'ble Justice Shri K. Sampath (Retd.) and Hon'ble Justice Shri R. Balasubramanian (Retd.). Detail of claims prayed for are (a) Loss of Energy Generation: ₹ 149,298,012; (b) Inconvenience: ₹ 10,000,000; and (c) Exemplary damages: ₹ 50,000,000. The matter is pending adjudication.

ix. *Arbitration Petition against Edelweiss Securities Private Limited (Edelweiss)*

KIPL had appointed Edelweiss as its broker and accordingly Demat account was opened by KIPL. Edelweiss was authorised to do trading on its behalf as per the prior instructions or prior written approval obtained by Edelweiss from KIPL. It is alleged that on or after August 13, 2007, Edelweiss arbitrarily and without prior intimation and/ or permission changed the officer who was handling the account of KIPL and also started trading in derivatives without any authority and or direction of and/ or permission of KIPL and continued doing so till September 6, 2007 when the president of KIPL sent a letter dated September 6, 2007 to Edelweiss, strongly protesting the unauthorised trading on the account of KIPL. KIPL addressed a letter dated December 10, 2007 to Edelweiss setting out various irregularities and unauthorised trading done on the account of KIPL and called upon Edelweiss to make good the loss so sustained by KIPL. Edelweiss replied vide its advocate's legal reply dated January 18, 2008 denying the content. KIPL, thereafter, vide its legal notice dated February 15, 2008 denied the contentions of Edelweiss legal reply and had also sent a copy of the said letter dated February 15, 2008 to SEBI as a complaint to resolve the disputes *inter se* between KIPL and Edelweiss. KIPL had also sent a copy of the letter dated February 15, 2008 to the Investor Grievance Cell of NSE and BSE which was followed with another complaint lodged with the Investor Grievance (Service) Cell of NSE on June 5, 2008. The Investor Grievance (Service) Cell of NSE finally took cognizance of the complaint of KIPL. However, after considering the explanation given by Edelweiss, the Investor Grievance (Service) Cell of NSE treated the complaint as closed vide letter dated August 28, 2008. Since the conciliation failed, KIPL referred the dispute to arbitration vide its Application/ Claim dated December 5, 2008. As required by the NSE, to select 7 arbitrators in order of its preference from the list of 8 arbitrators provided, KIPL had also selected 7 arbitrators. However, NSE vide its letter dated February 23, 2009 appointed Mr. A N Chakrabarti, whose name was not in the list of 7 arbitrators given by KIPL, to which KIPL objected and protested. The said objection was, however, not considered. The reference was numbered Arbitration Matter No. F&O/M-0013/2009. Subsequently, the Arbitral Tribunal by its award dated July 18, 2009 held that the claim of KIPL was time barred and accordingly rejected the claim of KIPL. Being aggrieved by the said arbitral award, KIPL has filed Arbitration Application No. 922 of 2009 under section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Bombay challenging the award. KIPL has also submitted that SEBI has issued a circular and in view of that circular KIPL's claim will be within the period of limitation. The Hon'ble Bombay High Court has disposed of the Arbitration Petition stating that if the claim is within the period of limitation, it is for KIPL to approach the NSE on the basis of that circular and that there is no question of this point being raised in this petition.

Income Tax

x. *Appeal before the Commissioner of Income Tax (Appeal), Indore against the order of Assessing Officer*

KIPL had filed the return of income declaring the total income as Nil for the assessment year 2005-2006. The case was selected for scrutiny and KIPL was asked to explain why interest expenses should not be attributed to non-performing assets like investment in shares. KIPL replied stating that the term loan from financial institution and banks were taken for specific project and it was utilized as per terms of sanction and during the year KIPL did not have any fund base working capital limits. It was further stated that question of utilization of interest bearing funds

in non performing assets did not arise and hence, attribution of interest to non performing assets cannot be done and investment in shares was out of KIPL's own fund and not from the interest bearing funds.

The contention of KIPL was not accepted by the Assessment Officer and income has been recomputed as ₹7,200,000 by the Assessment Officer vide its order dated December 24, 2007. KIPL has filed an appeal on January 15, 2008 before Commissioner of Income Tax (Appeal), Indore (Appeal No. IT-553/2007-2008) challenging the said order of the Assessment Officer. The case is pending adjudication.

Excise Cases

xi. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner

KIPL has availed the Modified Value Added Tax (MODVAT) scheme and accordingly the final products manufactured by KIPL are dutiable. The buyers of KIPL make delay in payments to KIPL. KIPL having book debt limit with their bankers is required to make payment of interest on receivables to banks. KIPL had claimed deduction of interest element while arriving the assessable value of their product and the same was allowed to KIPL vide order no. 162/95 dated September 19, 1995 and the issue was settled in favour of KIPL. However, the Assistant Commissioner, Central Excise, Div. II, C.G.O, Indore vide order no. 237-239/97 dated November 20, 1997 disallowed the claim of KIPL and demanded duty for the period of May 1995 to June 1997 amounting to ₹ 239,837. Being aggrieved by the order passed by the Assistant Commissioner, KIPL has filed an appeal before the Commissioner (Appeals), Indore under section 35 of the Central Excise Act, 1944 on the grounds that KIPL is required to pay interest to bank on the receivables and such interest does not form part of the assessable value and is, therefore, excludible from the price of the goods while determining the assessable value as per section 4 of the Central Excise Act, 1944. Further, the same deduction of interest element was allowed previously. KIPL has also challenged the order on the ground that the issue was already settled and therefore the adjudicating authority has erred in reopening the same again. The matter is pending for adjudication.

xii. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner

KIPL has availed the MODVAT scheme and accordingly the final products manufactured by KIPL are dutiable. In the event the buyers of KIPL make delay in payments, KIPL having book debt limit with their bankers is required to make payment of interest on receivables to banks. KIPL had claimed deduction of interest element while arriving the assessable value of their product and the same was allowed to KIPL vide order no. 162/95 dated September 19, 1995 and the issue was settled in favour of KIPL. However, the Assistant Commissioner, Central Excise, Div. II, C.G.O, Indore vide Order F. No. IV (16)30-29/98/DII/CIII/4194 dated March 30 1998 disallowed the claim of KIPL and demanded duty for the period of July 1997 to November 1997 amounting to ₹ 190,938 and imposed a penalty of ₹ 20,000. Being aggrieved by the order of the Assistant Commissioner, KIPL has filed an appeal before the Commissioner (Appeals), Indore under section 35 of the Central Excise Act, 1944 on the grounds that KIPL is required to pay interest to bank on the receivables and such interest does not form part of the assessable value and is, therefore, excludible from the price of the goods while determining the assessable value as per section 4 of the Central Excise Act, 1944. Further, the same deduction of interest element was allowed previously. KIPL has also challenged the order on the ground that the issue was already settled and therefore, the adjudicating authority has erred in reopening the same again. The matter is pending adjudication.

xiii. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner

On February 27, 1996, the Assistant Commissioner, Central Exchange and Customs, Division II, Indore issued a show cause notice stating that KIPL is availing the benefit of notification no. 01/93 dated February 28, 1993 by taking full exemption from duty upto the clearance value of ₹ 3,000,000 as contemplated in the said notification and thereafter, pays duty at the different concessional rate, applicable till ₹ 7,500,000. It was observed that KIPL had cleared 961 A.C. pressure pipes at nil rate of duty and the value of the said clearance should not be taken for the purpose of computation of aggregate value of clearance. Also stated therein that KIPL had already availed full exemption upto ₹ 3,000,000 and subsequently the benefit of concessional rate of duty from 3,000,000 to ₹ 7,500,000

and that they had not taken into account the value of clearances made under said ad-hoc order during the period August 1, 1995 to December 1995 while computing the value of clearance. Therefore, it was alleged that the rate of duty should be charged from KIPL for the period August 1995 to December 1995, instead of the duty paid on the clearance made without accounting the value of goods cleared. After issuing a show cause notice and affording hearing, Deputy Commissioner of Central Excise, Head Quarter Manik Bagh Palace, Indore passed an order demanding duty to the tune of ₹ 422,763 and penalty of ₹25,000 together with interest thereon. Being aggrieved by the said order KIPL has filed an appeal before the Commissioner (Appeal), which is pending adjudication.

- xiv. *Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner*

The Assistant Collector, Central Excise, Division II, Indore had issued a demand cum show cause notice dated December 2, 1994 upon KIPL stating that KIPL had availed full exemption upto the clearance value of ₹ 3,000,000. It is further stated that KIPL, on the date of opting out of MODVAT i.e. June 7, 1994, did not have any balance of credit nor did they have any balance of inputs. However, there was a stock of finished products of 3,549 A.C pressure pipes of different sizes and the amount of MODVAT credit, on inputs contained therein was to the tune of ₹ 268,699 which KIPL was allegedly required to reverse/ pay, but they did not do. In the said notice KIPL was called upon to show cause and explain as to why MODVAT credit amounting to ₹268,699 should not be recovered from them under Central Excise Rules 1994 and Central Excise Salt Act, 1994. Thereafter, KIPL filed its replies vide letter dated February 17, 1995 and letter dated May 13, 1995 and made submissions during the personal hearing. However, the adjudicating authority passed an order for recovery of MODAVT credit amounting to ₹ 268,699 and imposed penalty of ₹ 25,000. Aggrieved, KIPL has filed an appeal before the Commissioner (Appeals). The matter is pending adjudication.

D. Notice issued by KIPL: Nil

2. Sanovi Trading Private Limited:

A. Notice issued against Sanovi Trading Private Limited

- i. *Notice upon Sanovi Trading Private Limited ("Sanovi Trading") from the Assistant Commissioner of Income Tax- 1(2), Indore for non furnishing of wealth tax return for the assessment year 2010-11*

The Assistant Commissioner of Income Tax- 1(2), Indore has issued a notice dated March 15, 2011 bearing reference no. F.No. ACIT-1(2)/Ind/2010-11/1369 upon Sanovi Trading for non furnishing of wealth tax return for assessment year 2010-11. The notice states that on verification of records it is noted that Sanovi Trading have not filed the return of wealth tax for the assessment year 2010-11. As per the notice, if Sanovi Trading had already filed the said return, it was required to furnish the acknowledgment of the same within 15 days of the receipt of the said notice. However, as per the notice if Sanovi Trading have not filed the return then they were required to file the same immediately otherwise all coercive action as per the Income Tax Act, 1961 will be taken against Sanovi Trading. Sanovi Trading have replied to the said notice dated March 15, 2011 vide its reply dated March 21, 2011 stating that their wealth tax limit is below taxable limit and therefore they have not filed the wealth tax return. In support of this, Sanovi Trading have furnished a copy of the balance sheet, profit and loss account, computation of total wealth, and a copy of valuation report. Thereafter, there has been no correspondence between the Sanovi Trading and the income tax department.

3. Miscellani Global Private Limited: Nil

III. Proceedings involving our Directors

A. Litigations against our Directors

- i. *Criminal Complaint against Mr. Manish Kalani*

A criminal complaint No. 15020/2007 has been filed under section 44 of the Building & Other Construction Workers (Regulation of Employment & Condition of Service) Act, 1996 against Mr. Manish Kalani and others in

relation to an accident which occurred at a construction site, resulting in the death of a contract labourer. The case is pending adjudication.

ii. *Criminal proceeding against Mr. Manish Kalani in respect of report registered before the Economic Offence Wing, Bhopal and Economic Offence Wing, Indore*

A Report registered under section 154 of the Criminal Procedure Code, 1973 has been lodged against our Managing Director, Mr. Manish Kalani and others by Mr. Mahesh Garg on July 9, 2008 before the Director General of Economic Offence Wing, Bhopal and the Superintendent of Police, Economic Offence Wing, Indore in relation to the change of use of land situated at 11, M. G. Road, Indore from residential to commercial by a Government notification and advising taking cognizance of offences under section 13(1)(a)(d)(e) and section 13(2) of Prevention of Corruption Act, 1988 read with sections 120B, 420, 467, 468 and 471 of the Indian Penal Code, 1860. It was alleged that the use of the land on which a mall was constructed was changed by the government to favour the project. Mr. Manish Kalani is accused of having committed offences under sections 420 and 120B of the Indian Penal Code and sections 13(1)D and 13(2) of the Prevention of Corruption Act, 1988, in relation to change of use of land situated at 11, M.G Road, Indore from residential to commercial purposes. The challan (in the crime no. 6/2009 registered with the Madhya Pradesh State Economic Offence Investigation Bureau, Bhopal) has been filed against him before the First Additional Sessions and Special Judge and he has been released on bail. Next date of hearing is September 19, 2011.

iii. *Criminal proceeding launched against Mr. Pawan Kumar Jain*

The Inspector of Factories, Pithampur has filed a criminal case bearing No. 2782/2009 on August 25, 2009 under section 7 (a-2) (c) of the Factories Act, 1948 and Rule 73(E) and Rule 73(F) of Madhya Pradesh Factories Rules against Mr. Pawan Kumar Jain (in the capacity as Occupier) and Mr. Madan Singh Negi (in the capacity of Factory Manager) of our Company. The said case has been filed due to an accidental death of a worker employed with our Company, Late Shri. Gajanan Bawanthode, in our factory premises situated at Pithampur under certain unfortunate circumstances. The case is pending before the Chief Judicial Magistrate, Dhar for adjudication.

iv. *Criminal Prosecution initiated by the Inspector, Food and Drug Administration, Indore before the Chief Judicial Magistrate, Indore against KIPL and its directors (including Mr. Pawan Kumar Jain), and others.*

Government of Madhya Pradesh through State Food Inspector (Mr. Sachin Logaria), Food and Drug Administration Indore has initiated a criminal prosecution bearing criminal prosecution no. 19743 ("complaint") before the Chief Judicial Magistrate Indore against: (i) Mr. Ninmai Das, Procurement Executive, KIPL (ii) Mr. Avnish Asija, Director, KIPL, (iii) Mr. Pawan Kumar Jain, Director, KIPL, (iv) Mr. Krishna Gopal Baheti, Director, KIPL, (v) Mr. Santosh Kumar, Director, KIPL (vi) Mithilesh Kumar Sinha, Director, KIPL (vii) KIPL (viii) Jaysingh Vallabhdas, Director, Vallabhdas Kanji Ltd. (ix) Ajay J. Maribal, Director, Vallabhdas Kanji Ltd. (x) Sanjay J. Maribal, Director, Vallabhdas Kanji Ltd. (xi) Mohan J. Mariwal, Director, Vallabhdas Kanji Ltd. (xii) Sunil K. Kolhagara, Director, Vallabhdas Kanji Ltd. (xiii) Bhushan Prasad, Unit Head, General Mills India Pvt. Ltd. (xiv) General Mills India Pvt. Ltd.

As per the complaint, on November 18, 2006 the Food Inspector, Indore, inspected Pizza Hut situated at Treasure Island and found various ingredients like oil, spices, flour etc. He had taken samples of 500 grams of flour and 130 grams of PHI Spice mix. Both the samples were deposited with Public Analysts, State Food Inspection Laboratory Bhopal. Also samples were deposited with local health authority. Thereafter, the Food Inspector, Food & Drugs Administration, Indore received instruction to initiate prosecution from the Deputy Controller, Food and Drugs Administration, Indore. As per the complaint accused no. 1 to 7 i.e. Mr. Ninmai Das, Mr. Avnish Asija and the Directors of KIPL as mentioned above and KIPL have been alleged to have used adulterated flour and PHI Spice mix while producing food material and have thereby alleged to have violated section 7(i) of The Prevention of Food Adulteration Act, 1954 ("PFA Act") which is punishable under section 16(1) (a) (i) of the PFA Act. The complaint further states that by producing and selling adulterated flour, the accused no. 13 & 14 i.e. Mr. Bhushan Prasad & M/s. General Mills India Pvt. Ltd. have violated section 7(i) the PFA Act and is punishable under section 16(1) (a) (i) of the PFA Act. Further, as per the rules, by not producing the bill in which batch no. and warranty is not mentioned, section 14 of the PFA Act has been violated which is punishable under section 16(1) (a) (i) of the PFA Act. Also, M/s. General Mills India Private Limited has not procured a license in respect of food article for which

license is required, and therefore, the same is in violation of section 7(iii) which read with section 16(1)(a)(i) is a punishable offence. The complaint also states that by producing adulterated PHI Spice mix, the accused no. 8 to 12 mentioned above have violated section 7(i) of the abovementioned Act which is a punishable offence under section 16(1) (a) (i). Also, by not producing the bill in which batch no. and warranty is not mentioned, section 14 of the PFA Act has been violated which is punishable under section 16(1) (a) (i). The Learned Chief Judicial Magistrate has taken cognizance of the offence vide its order dated August 11, 2008. However, the cognizance taken against Mr. Santosh Kumar Sharma and Mr. Mithilesh Kumar Sinha has been quashed by the Hon'ble High Court vide its order dated April 29, 2009.

B. Notice issued against our Directors

Mr. Manish Kalani

- (a) Intimation u/s 143(i)/(ii) of the Income Tax Act, 1961 has been issued to Manish Kalani (for the A.Y. 2008-09) vide notice dated March 19, 2010 by the Income Tax Department, Indore showing his assessed income as ₹ 17,360,600 and net amount payable at ₹ 7,423,580. Mr. Manish Kalani has replied to the said intimation notice stating that his income has been assessed as ₹ 17,360,600 in place of returned income of ₹ 17,303,630. He further stated that certain mistakes have occurred (for the reasons expressly stated in the reply) and his income remains at ₹ 17,303,630. His total tax liability comes to ₹ 5,823,721 against which a T.D.S of ₹ 6,031,360 has been deducted. Further after adjusting the tax payable of ₹ 5,823,721 from the T.D.S amount, Mr. Manish Kalani is entitled for a refund of ₹ 207,639 with interest.
- (b) The Assistant Commissioner, Income Tax (CPC) has sent an intimation order dated March 14, 2011 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/1011/14/1009943720 to Manish Kalani for the assessment year 2010-11, showing a refund of ₹ 615,019. The said intimation order further shows an adjustment of refund of ₹ 2,040 (assessment year 2009) and adjustment of interest of ₹ 180 (assessment year 2009) under section 220(2) payable on demand outstanding and net amount refundable as ₹ 612,800. Mr. Manish Kalani has filed rectification application dated April 10, 2011 under section 154 stating that the department has not allowed loss from self occupied property during the year for ₹ 128,882 and created tax demand of ₹ 2,040 while Mr. Manish Kalani has set off the same from salary income as detailed in the rectification application. Mr. Manish Kalani has accordingly requested to the income tax department to rectify the same and has also requested to cancel the said demand of ₹ 2,040 created by the department while processing his return and arrange to give refund of ₹ 41,810 alongwith interest thereon.
- (c) The Assistant Commissioner, Income Tax (CPC) has sent an intimation order dated June 23, 2010 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/14/1001242369 to Manish Kalani for the assessment year 2009-10 showing a demand of ₹ 2,040 (towards income tax). Mr. Manish Kalani has filed rectification application dated April 10, 2011 under section 154 stating that the department has not allowed loss from self occupied property during the year for ₹ 128,882 and created tax demand of ₹ 2,040 while Mr. Manish Kalani has set off the same from salary income as detailed in the rectification application. Mr. Manish Kalani has accordingly requested to the income tax department to rectify the same and has also requested to cancel the said demand alongwith interest thereon.
- (d) *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed*

Returns of income were filed by Mr. Manish Kalani as required by the income tax authorities for the assessment years 2006-07, 2007-08, 2008-09, 2009-10. Thereafter 4 (four) notices dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of our Company to attend his office on February 10, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Mr. Manish Kalani.

(e) *Notices under section 153A read with section 142(1)(ii) of the Income Tax Act, 1961*

5 (five) notices dated May 20, 2011 (in connection with the assessment year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 respectively) under section 153A read with section 142(1)(ii) of the Income Tax Act, 1961 have been served upon Mr. Manish Kalani by the Deputy Commissioner of Income Tax, 1(1), Indore, calling upon him to prepare a true and correct return of his income in respect of which he is assessable under the Income Tax Act, 1961 during the previous year relevant to the assessment year mentioned in each respective notices. The said notices further states that the return should be in the appropriate form and in accordance with the provisions of section 140 of the said Income Tax Act, 1961. The notice further requires Mr. Manish Kalani to produce accounts and documents and information specified therein on June 17, 2011

Mr. Ravindra Chaurasia

(f) *Notices under section 153A of the Income Tax Act, 1961*

The Deputy Commissioner of Income Tax (1) has issued 6 (six) notices dated October 22, 2010 under section 153A calling upon the director to prepare a correct return for the previous year relevant to the assessment years 2004-05 to 2009-10. Mr. Chaurasia has thereafter filed the returns on February 17, 2011.

Mr. Pawan Kumar Jain

(g) *Notices under section 153A of the Income Tax Act, 1961*

The Deputy Commissioner of Income Tax (1) has issued 6 (six) notices dated October 22, 2010 under section 153A calling upon the director to prepare a correct return for the previous year relevant to the assessment years 2004-05 to 2009-10. Mr. Pawan Kumar Jain had thereafter filed the returns on November 22, 2010. Thereafter 6(six) notices dated January 17, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring assessee to attend his office on February 16, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Mr. Pawan Kumar Jain.

(h) *Notices under section 142(1) of the Income Tax Act, 1961*

6 (six) notices dated May 20, 2011 (in connection with the assessment year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively) under section 142(1) of the Income Tax Act, 1961 have been served upon Mr. Pawan Kumar Jain by the Deputy Commissioner of Income Tax, 1(1), Indore, calling upon him to prepare a true and correct return of his income in respect of which he is assessable under the Income Tax Act, 1961 during the previous year relevant to the assessment year mentioned in each respective notices. The said notices further states that the return should be in the appropriate form and in accordance with the provisions of section 140 of the said Income Tax Act, 1961.

(i) *Notice to Mr. Pawan Kumar Jain by the Deputy Commissioner of Income Tax, Circle-1(1), Indore for furnishing certain details etc.*

The Deputy Commissioner of Income Tax, Circle-1(1), Indore has issued a notice dated May 20, 2011 calling upon Mr. Pawan Kumar Jain to furnish detail/ explanation in respect of certain documents seized during the course of search operation under section 132 of the Income Tax Act, 1961 (for the assessment year 2004-05 to 2009-10). The notice further requires Mr. Pawan Kumar Jain to furnish a copy of return of wealth for the assessment years 2004-05 to 2010-11, if filed any.

Mr. Aswini Sahoo

(j) *Notice issued under section 434 of the Companies Act*

Mr. Aswini Sahoo, one of our Directors, has received a legal notice dated July 29, 2011 from one M/s. Chandmor Agencies (“**Chandmor**”), an agency which rendered certain services to BW Highway Star Private

Limited ('BW'). Mr. Sahoo was a nominee director on the board of BW till his resignation on May 18, 2009. It is alleged that BW failed to pay dues aggregating ₹ 755,674 for work rendered by Chandmor to it, in 2008. The notice has been issued in terms of section 434 (1) (a) of the Companies Act, 1956 calling upon BW to pay the said amount of ₹ 755,674, together with interest @ 18% p.a. from the date on which it fell due until the date of payment, failing which Chandmor shall proceed to initiate winding up proceedings against BW.

C. Litigations filed by our Directors: Nil

IV. Proceedings involving our Group Entities

A. Litigations filed against our Group Entities

i. Special Leave Petition against Saurabh Properties Private Limited

M/s. Saurabh Properties Private Limited (Saurabh Properties), owner of land in Village Bicholi, Hapsi District, Indore had submitted applications to the Joint Director of Town and Country Planning (T&CP) for sanction of the plans for construction of residential houses on the said land. The Joint Director (T&CP) did not approve the plans for construction of the houses on account of the Draft Scheme No. 164 under Section 50 (2) of the M.P. Nagar Tatha Gram Nivesh Abhiyan, 1973 (Abhiyan). Saurabh Properties thereafter challenged the Draft Scheme No. 164 and the communications of the Joint Director (T&CP) before the High Court of Jabalpur. By order dated March 6, 2007, the division bench of the High Court of Jabalpur quashed the notification published in the Draft Scheme No. 164 under Section 50 (2) of Abhiyan, in so far as it applied to the village Bicholi Habsi and directed that the applications of the petitioner Saurabh Properties be reconsidered. The said order of March 6, 2007 was challenged by the Indore Development Authority before the Supreme Court, but the same was dismissed. However, the Joint Director (T&CP) did not pass any order on the application and accordingly Saurabh Properties filed contempt petitions before High Court of Jabalpur, which thereafter passed directions upon the Joint Director (T&CP) to grant permission to Saurabh Properties and the other petitioners. The State of Madhya Pradesh has now filed a Special Leave Petition (SLP No. 19190/08) before the Supreme Court against the final judgment and order dated April 10, 2008 passed by the High Court of Jabalpur in Contempt Petition No. 904/2007. Thereafter, the Joint Director (T&CP) has issued an order dated April 24, 2008 granting permission to Saurabh Properties for development of land on certain Survey Nos. stipulated therein subject to the decision of the Special Leave Petition. The case is pending adjudication.

ii. Arbitration Appeal filed by Madhya Pradesh Housing Board against Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited

Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited had entered into a Memorandum of Understanding dated May 21, 2003 for the development of a housing cum family entertainment complex cum multiplex-cum-shopping mall. The land was owned by Padma Homes Private Limited and Kalani Brothers (Indore) Private Limited and was to be developed by Entertainment World Developers Limited and would be supervised by the Madhya Pradesh Housing Board. In consideration for the supervision of the project by the Madhya Pradesh Housing Board, it was agreed that the Madhya Pradesh Housing Board would be entitled for a supervision fee of 7.5% of the civil construction cost subject to a maximum of ₹ 22,500,000 of which 11,250,000 was to be paid in advance by way of equity shares of Entertainment World Developers Limited. Accordingly, the board of Entertainment World Developers Limited issued partly paid up equity shares in favour of the Madhya Pradesh Housing Board. Thereafter, the chairman of the Madhya Pradesh Housing Board vide a letter dated November 25, 2003 terminated the said MoU which termination was subsequently struck down. The Madhya Pradesh Housing Board then made a claim of ₹ 114,967,000 towards the equity shares allotted, loss of profit and interest. The matter was thus referred to arbitration. The Arbitrator, vide order dated June 27, 2010 held that the Madhya Pradesh Housing Board was entitled to receive ₹ 1,067,300 being the value of the equity shares issued alongwith interest aggregating to ₹ 2,187,965. The Arbitrator however did not order in favour of the Madhya Pradesh Housing Board on certain other claims raised. Aggrieved by the order, an Arbitration Appeal was filed by Madhya Pradesh Housing Board against Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited before the District Court in Bhopal. The matter is pending adjudication.

B. Notices issued against our Group Entities

ii. Notice on Anshuman Properties Private Limited (“Anshuman Properties”) by Income Tax Officer

Anshuman Properties filed its return of income for the assessment year 2007-08 declaring total income as Nil. The return of income was processed under section 143(1) of the Income Tax Act, 1961 and the case was selected for scrutiny. After assessment and consideration of submissions of Anshuman Properties disallowance of interest was worked out as ₹ 316,420 as per section 14A read with rule 8D and the same was added back to the total income of Anshuman Properties. The final total income was assessed at ₹ 51,100 and demand of ₹ 22,360 was issued. Thereafter, Anshuman Properties filed rectification under section 154 vide its application dated November 26, 2009 computing the total income at ₹ 8,380. In the said rectification it was further stated that the Income Tax Officer has not given credit of TDS of ₹14,471 and that after considering of above TDS certificate there is a refund of ₹ 11,650 alongwith interest due thereon. In the said rectification application, Anshuman Properties asked for refund of ₹ 11,650 alongwith the interest thereon. The Income Tax Officer 8(1)(1) has vide its letter dated March 19, 2010 rejected request for rectification and asked Anshuman Properties to pay the demand within 2 days of receipt of the letter. Anshuman Properties have replied on June 28, 2010 to the said order dated March 19, 2010 restating that the department has not given credit for TDS certificate amounting to ₹ 14,471. Anshuman Properties after deducting the said amount of TDS (i.e. ₹ 14,471) have paid the balance tax payable amounting to ₹ 3,548 on June 25, 2010. There has been no further correspondence in this regard.

iii. Demand notice on Vibgyor Laminates Pvt. Ltd. (Vibgyor Laminates) by the Income Tax Officer

Vibgyor Laminates had filed the e-return of income on October 26, 2007 declaring an income of ₹ Nil for the assessment year 2007-2008. Subsequently the case was selected for scrutiny and notice under section 143 (2) of the Income Tax Act, 1961 was served on our Company. Thereafter, vide an order dated November 16, 2009 the Income Tax officer 9(3)(3) Mumbai disallowed ₹ 348,877 and after adding back the same to the total income, the total income was computed at ₹ 348,877 and issued a demand of ₹ 60,526 as net tax payable with interest. Vibgyor Laminates have now filed rectification application under section 154 of the Income Tax Act, 1961 requesting to rectify the interest disallowed as calculated therein and to calculate the correct demand payable in reference to details given in the in the rectification application.

iv. Notice on Wanderland Real Estate Private Limited (“Wanderland Real”) by Inspector, Department of Weights and Measures

Notice dated September 12, 2010 has been issued by the Inspector, Department of Weights and Measures, Indore alleging the violation of section 11 of Standard of Weights and Measures (Enforcement) Act, 1985 in the advertisement published by *Wanderland Real* in Dainik Bhaskar newspaper on October 9, 2010, the landscaped area has been denoted in “sq.ft” instead of “sq.mts” which as per the Inspector, Department of Weights and Measures is non-standard unit. *Wanderland Real* has replied to the said notice vide its reply dated September 19, 2010 refuting the allegation made by the Inspector, Department of Weights and Measures on the ground *inter-alia* that the said area has been reflected as landscaped green area and play area for children and teenagers which is not meant to be sold and therefore, does not fall within the purview of section 11 of Standard of Weights and Measures (Enforcement) Act, 1985.

v. Intimation Notice on High Skey Properties Private Limited (“High Skey Properties”)

The Income Tax Department, Mumbai has sent an intimation dated July 17, 2009 under section 143(1) of the Income Tax Act, 1961 to High Skey Properties showing the amount payable of ₹ 5,260. High Skey Properties have filed rectification under section 154 of the Income Tax Act, 1961 on December 2005, 2009 stating that the department has charged tax @ 30.90% on income on capital gain of ₹ 41,430 instead of applicable tax rate @ 20.60% and have stated that they have paid the tax within stipulated time and no demand remains. In the said rectification, High Skey Properties have requested to rectify the said order.

vi. Intimation Notice on Dreamworld Developers Private Limited (“Dreamworld Developers”)

The Income Tax Department, Mumbai has sent an intimation on September 10, 2010 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/16/1004032090 to Dreamworld Developers, for the assessment year 2009-10, showing the demand of ₹ 4,780. Dreamworld Developers have filed rectification application under section 154 of the Income Tax Act, 1961 on 21 January 2011 stating that the department has not adjusted loss of previous years i.e. for the assessment year 2007-08 of ₹ 9,129 and for the assessment year 2008-2009 of ₹ 3,432 and has requested to rectify the same and cancel the demand of ₹ 4,782.

vii. *Intimation Notice on Dreamworld Developers Private Limited (“Dreamworld Developers”)*

The Assistant Commissioner, Income Tax (CPC), Bangalore has sent an intimation order dated January 20, 2011 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/1011/I6/1008033834 to Dreamworld Developers for the assessment year 2010-11, showing an income tax refund of ₹ 1,840 and an adjustment of refund of ₹ 1,840 (assessment year 2009) against the demand outstanding. Dreamworld Developers have filed rectification application before the Income Tax Officer (CPC) under section 154 of the Income Tax Act, 1961 on April 30, 2011 stating that the department has adjusted demand of ₹ 1,840 for the assessment year 2008-09 against their refund of ₹ 1,840 for the assessment year 2010-11. Dreamworld Developers have further stated that in this respect they have submitted an application for rectification under section 154 for the assessment year 2008-09 on January 21, 2011, which is pending with the department. Dreamworld Developers requested the department to rectify the mistake for the assessment year 2008-09 and cancel the demand. Dreamworld Developers have further requested to issue the refund for the assessment year 2010-11 as there is no demand pending for the assessment year 2008-09.

viii. *Notice under section 142 of the Income Tax Act, 1961 issued by the Income Tax Officer requiring certain details/ explanation upon Sunrise Properties Private Limited (“Sunrise Properties”)*

In connection with the assessment for the assessment year 2009-2010, the income Tax Officer – 8(3)(2), Mumbai has issued a notice under section 142(1) of the Income Tax Act, 1961 upon Sunrise Properties on January 12, 2011 calling upon them to furnish (i) computation for income for assessment year 2009-10 along with return of income filed (ii) profit and loss account for the year ending March 31, 2009 (iii) balance sheet as on March 31, 2009 and (iv) tax audit reports in the prescribed form on January 13, 2011 at its office (which was received by Sunrise Properties on January 19, 2011). Sunrise Properties have sent the first three documents on January 27, 2011. Regarding the tax audit records, they have stated as “Not Applicable”. Thereafter Income Tax Officer -8(3)-2 has issued a notice dated March 24, 2011 under section 142(1) of the Income Tax Act, 1961 calling upon Sunrise Properties to give detailed explanation with substantiating evidences in respect of certain documents and information mentioned therein. Sunrise Properties have submitted point wise details vide its letter dated May 5, 2011. Thereafter, there has been no correspondence in this matter.

ix. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by Padma Homes Private Limited (“Padma Homes”)*

Returns of income were filed by Padma Homes as required by the income tax authorities for the assessment years 2004-05 to 2009-10. Thereafter 6 (six) notices all dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of Padma Homes to attend his office on February 9, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Padma Homes.

x. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by Kalani Brothers (Indore) Private Limited (“Kalani Brothers”)*

Returns of income were filed by Kalani Brothers as required by the income tax authorities for the assessment years 2004-05 to 2009-10. Thereafter 6 (six) notices all dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax (1)(1), Indore requiring the representatives of Kalani Brothers to attend his

office on February 7, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Kalani Brothers.

- xi. Notice upon Triple A Constructions Private Limited ("Triple A Constructions") from the Assistant Commissioner of Income Tax- 1(2), Indore for non furnishing of wealth tax return for the assessment year 2010-11*

The Assistant Commissioner of Income Tax- 1(2), Indore has issued a notice dated March 15, 2011 bearing reference no. F.No. ACIT-1(2)/Ind/2010-11/1375 upon Triple A Constructions for non furnishing of wealth tax return for assessment year 2010-11. The notice states that on verification of records it is noted that Triple A Constructions have not filed the return of wealth tax for the assessment year 2010-11. As per the notice, if Triple A Construction had already filed the said return, it was required to furnish the acknowledgment of the same within 15 days of the receipt of the said notice. However, as per the notice if Triple A Constructions have not filed the return then they were required to file the same immediately otherwise all coercive action as per the Income Tax Act, 1961 will be taken against Triple A Construction. Triple A Constructions have replied to the said notice dated March 15, 2011 vide its reply dated March 21, 2011 stating that their wealth is below taxable limit, therefore, they have not filed the wealth tax return. In support of this, Triple A Constructions have furnished a copy of the balance sheet, profit and loss account, computation of total wealth, and a copy of valuation report. Thereafter, there has been no correspondence between Triple A Constructions and the income tax department.

- xii. Intimation Notice on Triple A Constructions Private Limited ("Triple A Constructions")*

The Assistant Commissioner, Income Tax (CPC), Bangalore has sent an intimation order dated February 4, 2011 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/1011/I6/1008078457 to Triple A Constructions for the assessment year 2010-11, showing a demand of ₹ 3,580 (towards income tax). Triple A Constructions have filed a rectification application under section 153 of Income Tax Act, 1961 on March 3, 2011 on the reasons stated therein.

- xiii. Intimation Notice on Dumet Wire India Private Limited ("Dumet Wire")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 10, 2010 under section 143(1) and 115 WE (1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1004036661 to Dumet Wire, for the assessment year 2009-10, showing the demand of ₹ 95,920 (towards income tax) and ₹ 40 (towards fringe benefit tax). Dumet Wire has filed rectification application under section 154 of the Income Tax Act, 1961 on April 13, 2011 stating that the department has added twice the income amount of ₹ 3,03,592 and create tax demand of ₹ 95,920 while Dumet Wire has already disallowed the same in its computation of income as detailed in the rectification application. Dumet Wire has accordingly requested to the income tax department to rectify the same and has also requested to allow a refund of ₹ 15,850 alongwith the interest as per the calculations given in the rectification application.

- xiv. Intimation Notice on Ecstasy Heights Private Limited ("Ecstasy Heights")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 6, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003600223 to Ecstasy Heights, for the assessment year 2009-10, showing the demand of ₹ 21,390 (towards income tax). Ecstasy Heights have filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 56,000 and created tax demand of ₹ 21,390 while Ecstasy Heights have already disallowed the same in their computation of income as detailed in the rectification application. Ecstasy Heights have accordingly requested to the income tax department to rectify the same and have also requested to cancel the said demand.

- xv. Intimation Notice on FAB Syntex Private Limited ("FAB Syntex")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 20, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no.

CPC/0910/I6/1004038573 to FAB Syntex, for the assessment year 2009-10, showing the demand of ₹ 15,930 (towards income tax). FAB Syntex have filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 125,110 and created tax demand of ₹ 15,930 while FAB Syntex have already disallowed the same in their computation of income as detailed in the rectification application. FAB Syntex have accordingly requested the income tax department to rectify the same and have also requested to cancel the said demand.

xvi. *Intimation Notice on Gemini Heights Private Limited ("Gemini Heights")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 6, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003892675 to Gemini Heights for the assessment year 2009-10, showing the demand of ₹ 7,640 (towards income tax). Gemini Heights have filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 20,000 and created tax demand of ₹ 7,640 while Gemini Heights have already disallowed the same in their computation of income as detailed in the rectification application. Gemini Heights have accordingly requested the income tax department to rectify the same and have also requested to cancel the said demand.

xvii. *Intimation Notice on High Beam Reality Private Limited ("High Beam Reality")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 6, 2010 under section 143(1) and 115 WE (1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003892657 to High Beam Reality for the assessment year 2009-10, showing the demand of ₹ 5,720 (towards income tax). High Beam Reality has filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 15,000 and created tax demand of ₹ 5,720 while High Beam Reality has already disallowed the same in its computation of income as detailed in the rectification application. High Beam Reality has accordingly requested the income tax department rectify the same and has also requested to cancel the said demand.

xviii. *Intimation Notice on Olive Commercial Company Limited ("Olive Commercial")*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 10, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003991749 to Olive Commercial for the assessment year 2009-10 showing demand of ₹ 9,430 (as income tax payable) and ₹ 20 (as fringe benefit tax payable). Olive Commercial has filed rectification application under section 154 of the Income Tax Act, 1961 on April 13, 2011 stating the department has added twice the income amount of ₹ 74,097 and created tax demand of ₹ 9,430, while Olive Commercial has already disallowed the same in its computation of income as detailed in the rectification application. Olive Commercial has accordingly requested to the income tax department rectify the same and has also requested to cancel the said demand.

xix. *Intimation Notice on Olive Commercial Company Limited ("Olive Commercial")*

The Assistant Commissioner, Income Tax (CPC), Bangalore has sent an intimation order dated February 8, 2011 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/1011/I6/1008811177 to Olive Commercial for the assessment year 2010-11 showing refund of ₹ 10,090. The intimation order further shows an adjustment of refund of ₹ 9,430 for the assessment year 2009 against the demand outstanding and adjustment of interest of ₹ 94 for the assessment year 2009 under section 220(2) payable on demand outstanding. It also shows a refund of ₹ 546. Olive Commercial has filed rectification application before the Income Tax Officer (CPC) under section 154 of the Income Tax Act, 1961 on April 20, 2011 stating the department has adjusted demand of ₹ 9,430 and interest of ₹ 94 (assessment year 2009-10) against their refund of ₹ 10,090 for the assessment year 2010-11. Olive Commercial has further stated that its has submitted the application for rectification under section 154 for the assessment year 2009-10 on April 13, 2011 which is pending with the department and this rectification is filed against the wrong disallowance, and after rectification there will be no demand pending. Olive Commercial has further requested to issue the refund for the assessment year 2010-11.

xx. *Notice upon Pusti Trading Private Limited (“Pusti Trading”) from the Assistant Commissioner of Income Tax- 1(2), Indore for non furnishing of wealth tax return for assessment year 2010-11*

The Assistant Commissioner of Income Tax- 1(2), Indore has issued a notice dated March 15, 2011 bearing reference no. F.No. ACIT-1(2)/Ind/2010-11/1365 upon Pusti Trading for non furnishing of wealth tax return for assessment year 2010-11. The notice states that on verification of records it is noted that Pusti Trading has not filed the return of wealth tax for the assessment year 2010-11. As per the notice, if Pusti Trading had already filed the said return, it was required to furnish the acknowledgment of the same within 15 days of the receipt of the said notice. However, as per the notice if Pusti Trading has not filed the return then it was required to file the same immediately otherwise all coercive action as per the Income Tax Act, 1961 will be taken against Pusti Trading. Pusti Trading has replied to the said notice dated March 15, 2011 vide its reply dated March 21, 2011 stating that their wealth is below taxable limit and therefore it has not filed the wealth tax return. In support of this, Pusti Trading has furnished a copy of the balance sheet, profit and loss account, computation of total wealth, and a copy of valuation report. Thereafter, there has been no correspondence between the company and the income tax department.

xxi. *Intimation Notice on Saka Trading Private Limited (“Saka Trading”)*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 10, 2010 under section 143(1) and 115 WE (1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1004039168 to Saka Trading, for the assessment year 2009-10, showing the demand of ₹ 10,370 (towards income tax). Saka Trading has filed rectification application under section 154 of the Income Tax Act, 1961 on April 13, 2011 stating that the department has added twice the income amount of ₹ 50,000 and create tax demand of ₹ 10,370 while Saka Trading has already disallowed the same in their computation of income as detailed in the rectification application. Saka Trading has accordingly requested to the income tax department to rectify the same and cancel the said demand.

xxii. *Intimation Notice on Samarprit Developers Private Limited (“Samarprit Developers”)*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 6, 2010 under section 143(1) and 115 WE (1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003892732 to Samarprit Developers for the assessment year 2009-10, showing the demand of ₹ 8,780 (towards income tax). Samarprit Developers has filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 23,000 and create tax demand of ₹ 8,780 while Samarprit Developers have already disallowed the same in their computation of income as detailed in the rectification application. Samarprit Developers have accordingly requested the income tax department rectify the same and have also requested to cancel the said demand.

xxiii. *Intimation Notice on Vibgyor Laminates Private Limited (“Vibgyor Laminates”)*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 10, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1004036657 to Vibgyor Laminates for the assessment year 2009-10, showing the demand of ₹ 23,140 (towards income tax) and a refund of ₹ 4 in respect of fringe benefit tax. Vibgyor Laminates have filed rectification application under section 154 of the Income Tax Act, 1961 on April 13, 2011 stating that the department has added twice the income amount of ₹ 91,695 and created tax demand of ₹ 23,140, while Vibgyor Laminates have already disallowed the same in their computation of income as detailed in the rectification application. Vibgyor Laminates have accordingly requested to the income tax department rectify the same and have also requested to cancel the said demand. In the said reply, Vibgyor Laminates have also stated that the income tax department has not given credit under section 115 JAA for ₹ 35,787 which was also claimed by the Vibgyor Laminates and accordingly requested the department to give the said credit and send the refund of ₹ 46, 530 along with interest thereon.

xxiv. *Intimation Notice on Wanderland Constructions Private Limited (“Wanderland Constructions”)*

The Income Tax Officer (CPC), Bangalore has sent an intimation order dated September 6, 2010 under section 143(1) and 115 WE(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/I6/1003600349 to Wanderland Constructions for the assessment year 2009-10, showing a demand of ₹

10,690 (towards income tax). Wanderland Constructions have filed rectification application under section 154 of the Income Tax Act, 1961 on April 9, 2011 stating that the department has added twice the income amount of ₹ 28,000 and created tax demand of ₹ 10,690, while Wanderland Constructions have already disallowed the same in their computation of income as detailed in the rectification application. Wanderland Constructions have accordingly requested to the income tax department rectify the same and have also requested to cancel the said demand.

xxv. *Intimation Notice on Vindhya Cement Private Limited (“Vindhya Cement”)*

The Assistant Commissioner, Income Tax (CPC), Bangalore has sent an intimation order dated February 4, 2011 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/1011/I6/1008046645 to Vindhya Cement for the assessment year 2010-11, showing a refund of ₹ 1,28,240. The said notice also shows an adjustment of refund of ₹ 6,820 for assessment year 2008 and an adjustment of interest of ₹ 68 for assessment year 2008 under section 220(2) payable on demand outstanding. Vindhya Cement has filed rectification application before the Income Tax Officer (CPC) under section 154 of the Income Tax Act, 1961 on April 20, 2011 stating that the department has adjusted demand of ₹ 6,820 and interest of ₹ 68 under section 220(2) (for the assessment year 2008-09) against their refund of ₹ 1,28,240 for the assessment year 2010-11. Vindhya Cement has further stated that it has not yet received any Assessment Order for the assessment year 2008-09 or any demand notice and as such requested the department to send a copy of the order so the Vindhya Cement can find out the reasons of demand created and adjusted. Thereafter there has been no correspondence between the income tax department and Vindhya Cement.

C. Litigations filed by our Group Entities

i. *Appeal filed by Olive Commercial Private Limited (“Olive Commercial”) before the Commissioner of Income Tax (Appeals)*

Olive Commercial had filed the return of income on September 26, 2008 disclosing a total loss of ₹ 1,239,500 for the assessment year 2008-2009. Thereafter, notices were issued by the Income Tax Officer and information was sought and the case was discussed by the authority with representatives of the Olive Commercial. Subsequently on November 9, 2010, the I.T.O Wd 6 (3) Kolkata passed as Assessment Order disallowing ₹ 333,753 as per the provisions of section 14A of the Income Tax Act 1961 and added back to the total income of Olive Commercial. Olive Commercial has subsequently filed an appeal before the Commissioner of Income Tax (Appeals) on December 6, 2010 challenging the said order of the I.T.O dated November 9, 2010. The matter is pending adjudication.

ii. *Arbitration Appeal filed by Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited against the Madhya Pradesh Housing Board*

Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited had entered into a Memorandum of Understanding dated May 21, 2003 for the development of a housing cum family entertainment complex cum multiplex-cum-shopping mall. The land was owned by Padma Homes Private Limited and Kalani Brothers (Indore) Private Limited and was to be developed by Entertainment World Developers Limited and would be supervised by the Madhya Pradesh Housing Board. In consideration for the supervision of the project by the Madhya Pradesh Housing Board, it was agreed that the Madhya Pradesh Housing Board would be entitled for a supervision fee of 7.5% of the civil construction cost subject to a maximum of ₹22,500,000 of which ₹ 11,250,000 was to be paid in advance by way of equity shares of Entertainment World Developers Limited and the balance to be paid in cash. Accordingly, the board of Entertainment World Developers Limited issued partly paid up equity shares in favour of the Madhya Pradesh Housing Board. Thereafter, the chairman of the Madhya Pradesh Housing Board vide a letter dated November 25, 2003 terminated the said MoU which termination was subsequently struck down. The Madhya Pradesh Housing Board then made a claim of ₹114,967,000 towards the equity shares allotted, loss of profit and interest. The matter was thus referred to arbitration. The Arbitrator, vide order dated June 27, 2010 held that the Madhya Pradesh Housing Board was entitled to receive ₹ 1,067,300 being the value of the equity shares issued alongwith interest aggregating to ₹ 2,187,965. Aggrieved by the order, an Arbitration Appeal was filed by the Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited against the Madhya Pradesh Housing Board before the District Court in Indore. The matter is pending adjudication.

iii. *Income Tax Appeal filed by Padma Homes Private Limited (Padma Homes) against the order of the assessing officer*

Padma Homes had filed its return of income declaring net total income after set off at ₹Nil for the Assessment year 2004-2005. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 26,809,867 vide its Assessment Order dated December 24, 2007 stating *inter alia* that the income of ₹ 105.72 lacs (accrual basis) received as security deposit from Entertainment World Developers Limited against lease should be treated as capital gains. The assessing officer has also issued a demand of ₹ 7,454,679 as balance tax payable with interest. Assistant Commissioner of Income Tax 1(2), Indore has also issued a show cause notice dated December 24, 2007 calling upon Padma Homes as to why an order imposing a penalty should not be made under section 271 of Income Tax Act, 1961. Padma Homes has now filed an appeal before the Commissioner of Income Tax (Appeals), Indore challenging the said order of the Assessing Officer.

iv. *Income Tax Appeal filed by Padma Homes Private Limited (Padma Homes) against the order of the assessing officer*

Padma Homes had filed its return of income declaring net total loss at ₹ 33,356 for the Assessment year 2005-2006. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 14,900,950 vide its Assessment Order dated December 24, 2007 stating *inter alia* that the income of ₹ 105.72 lacs (accrual basis) received as security deposit from Entertainment World Developers Limited against lease should be treated as capital gains. The assessing officer has also issued a demand of ₹ 4,143,970 as balance tax payable with interest. Assistant Commissioner of Income Tax 1(2), Indore has also issued a show cause notice dated December 24, 2007 calling upon Padma Homes as to why an order imposing a penalty should not be made under section 271 of Income Tax Act, 1961. Padma Homes has now filed an appeal before the Commissioner of Income Tax (Appeals), Indore challenging the said order of the Assessing Officer.

v. *Income Tax Appeal filed by Kalani Brothers (Indore) Private Limited ("Kalani Brothers") against the order of the assessing officer*

Kalani Brothers had filed its return of income declaring loss of ₹ 42,200 for the Assessment year 2004-2005 which was carried forward. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 104,446,750 vide its Assessment Order dated December 29, 2006 stating *inter alia* that receipt of refundable security of ₹ 70,492,487 (and total of ₹105.72 million on accrual basis) from Entertainment World Developers Limited under agreement to lease dated May 21, 2003 should be treated as income of Kalani Brothers from capital gains made under section 45 of the Income Tax Act, 1961 and demand of ₹ 28,472,306 was issued. The Assistant Commissioner of Income Tax 1(1), Indore has also issued a show cause notice dated December 29, 2006 calling upon Kalani Brothers as to why an order imposing a penalty should not be made under section 271 of Income Tax Act, 1961. Kalani Brothers has now filed an appeal before the Commissioner of Income Tax (Appeals) II, Indore challenging the said order of the Assessing Officer.

vi. *Appeal filed by Padma Homes Private Limited (Padma Homes), Kalani Brothers (Indore) Private Limited ("Kalani Brothers") and another against the demand order for property tax*

Demand order for property tax of ₹ 2,113,730 (including penalty) was issued by the Municipal Corporation, Indore on November 30, 2004 on Kalani Brothers (for AY 2004-2005). Being aggrieved by the said demand order Kalani Brothers, Padma Homes and Entertainment World Developers Limited preferred three appeals: (i) before the Mayor-in-Council, Indore (ii) before the Commissioner of Indore Municipal Corporation (bearing reference No. 8386) and (iii) before the Ist Additional District Judge, Indore. The Ist Additional Dist Judge has disposed off the matter stating that it does not have jurisdiction to entertain the appeal vide its order dated March 3, 2008. Appeals before the Mayor-in-council, Indore and Commissioner of Indore Municipal Corporation are pending adjudication.

D. Other Proceedings

i. *Scheme of Amalgamation of Fab-Syntex Private Limited ("FSPL") and TI Travels Private Limited ("TTPL") with Dumet Wire India Private Limited ("DWIPL"):*

An application under section 391 to 394 of the Companies Act, 1956 for the purposes of considering the Scheme of Amalgamation of FSPL, TTPL with DWIPL has been filed in the Ordinary Original Civil Jurisdiction of High Court of Judicature at Bombay ("the said application"). The said application also seeks to dispense the requirement of the meeting of the equity shareholders, unsecured creditors of DWIPL on account of the consents received from their equity shareholders and the unsecured creditors. The matter is at pre-admission stage and is presently pending before the Bombay High Court.

E. Notices issued by our Group Entities: Nil

V. Proceedings involving our Subsidiaries

A. Litigations against our Subsidiaries

Nil

B. Notices issued against our Subsidiaries

i. Cease and desist notice for the alleged infringement of Patents issued against Flexiglobal (UK) Limited

Codefine SA, claiming to be the registered proprietor of the European Patent designating the United Kingdom no. EP1023232B1 ("Patent") titled "Bag for Transporting and Intermediate Storing of Bulk Goods has issued a cease and desist notice dated February 1, 2011 against Flexiglobal (UK) Limited and our Company. Our Company has been called on to cease and desist from importing the alleged infringing FIBCs into the United Kingdom. Our Company has also been asked to deliver all documents relating to the alleged infringing FIBC; and to retrieve all stock of the alleged infringing FIBC from all the purchasers etc and to deliver those within 28 days.

C. Litigations by our Subsidiaries

i. Appeal filed by Satguru Polyfab Private Limited

Satguru Polyfab Private Limited ("Satguru Polyfab") filed a return of income on September 30, 2008 declaring total loss of ₹ 555,330. The return was processed under section 143 of Income Tax Act, 1961 and the case was selected for scrutiny and thereafter, the assessment officer vide its order dated December 28, 2010 assessed the income as ₹ 7,090,050. Thereafter, a notice of demand dated December 28, 2010 under section 156 was been issued for payment of tax amounting to ₹ 2,910,300. The Income Tax officer further issued a notice under Section 274 of the Income Tax Act, 1961 calling upon Satguru Polyfab to show cause as to why penalty should not be imposed for concealment of income. Satguru Polyfab has thereafter filed an appeal before the Commissioner of Income Tax (Appeals). The matter is presently pending.

ii. Appeal filed by Satguru Polyfab Private Limited against Murarka Exports Pvt. Ltd and other

A suit was filed by Murarka Exports Pvt. Ltd (Plaintiff) (Suit No. 56/1999) for recovery of ₹ 352,000 with interest at the rate of 18% p.a. against Satguru Polyfab Private Limited ("Satguru Polyfab") and M/s Polyline Limited (Defendants) for the alleged breach of oral agreement for supply of plastic waste materials. It was alleged by the Plaintiff that the Defendants had supplied materials of a poor and defective quality. In the said suit, Satguru Polyfab had also prayed for recovery of ₹ 117,205 as counter claim for the loss caused. The suit was partly decreed by the Additional Senior Civil Judge, Gandhidham vide order dated February 1, 2006 in favour of the Plaintiff and the Defendants have been held liable for the damages to the tune of USD 5,000 or ₹ 209,500 alongwith the interest at the rate of 8% p.a from the date of filing of the suit till realisation and costs. Further, the counter claim of Satguru was rejected. Satguru Polyfab has now filed an appeal before the Additional District Court at Gandhidham – Kachchh (Civil Regular Appeal No. 56/2006) for setting aside the order of the Additional Senior Civil Judge, Gandhidham. Satguru Polyfab has also prayed for its counter claim to be decreed. The Judgment Decree passed by the Additional Senior Civil Judge has also been stayed vide order dated May 3, 2007 by the Additional District Judge, Gandhidham – Kachchh and as a condition for stay of Judgment Decree, Satguru Polyfab has furnished a bank guarantee of ₹ 209,500 which is valid upto May 20, 2013. Further, Murarka Exports Pvt. Ltd has filed a cross

objection stating that the judgment and order of the trial court is required to be modified from USD 5000 or ₹ 209,500 to USD 8,400 besides interest and costs.

D. Notices issued by our Subsidiaries

Nil

Save as disclosed above, there are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.

Other than those disclosed above, our Company is not involved in:

- (i) Litigation involving criminal offences.
- (ii) Litigation/Disputes involving securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad.
- (iii) Litigation involving statutory and other offences, including penalties imposed by any regulatory authority in India or abroad (present or past).
- (iv) Litigation involving civil and economic offences.
- (v) Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against our Company.

Prosecution under Schedule XIII to the Companies Act, 1956: Nil

There have been no defaults and there are no over-dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Other than those disclosed above, there are no litigation/disputes/penalties or any proceedings known to be contemplated by government authorities.

There are no litigations against any other company whose outcome could have materially adverse effect on the position of our Company.

Other than those disclosed above, there are no pending litigations in which our Promoters are involved. No defaults have been made to the financial institutions/ banks and non-payment of statutory dues by our Promoters and the companies/ firms promoted by them.

Further, there are no cases of pending litigations, defaults etc. in respect of companies/ firms/ ventures with which our Promoters were associated in the past but are no longer associated.

Further, there are no litigations against our Promoters involving violation of statutory regulations or alleging criminal offence.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with our Company as per section 370 (1B) of the Companies Act, 1956).

Outstanding dues to small scale undertaking(s) or any other creditors

Our Company has 318 creditors in respect of whom a sum exceeding ₹ 100,000 is outstanding for more than 30 days. The aggregate amount of such outstanding as on March 31, 2011 is ₹ 627.56 million. No amounts exceeding ₹ 100,000, outstanding for more than 30 days are due to small scale undertakings.

Material developments since the last balance sheet date

Except as stated below, in the opinion of our Board, there have not arisen any material development since the year ended March 31, 2011.

- (i) There has been an accidental death of one of our worker at Kashipur unit on June 22, 2011. Thereafter, people damaged the factory premises including stocks, electronic equipments, plant & machinery, building etc. Further, an amount of around ₹ 2.1 million kept for payment to workers was also reported to be missing. On account of this incidence, our unit was closed for 3 days and the work re-started from June 25, 2011 after initial survey and other formalities. Estimated damage to the factory premises including stocks, electronic equipments, plant & machinery, building etc. due to the above incident could be to the tune of ₹ 40 million. The damaged properties and the money stolen as mentioned above are insured to the extent of ₹ 2,370 million and ₹ 4 million respectively. We have started processing the insurance claim from the insurers for the damage caused and the theft occurred.

GOVERNMENT APPROVALS

Our Company has obtained all necessary consents, licenses, permissions and approvals from the concerned Government authorities / other certifying bodies, which are required in order to carry on the business of our Company in compliance with the laws in force and except as mentioned below, no further major approvals are required for carrying on our present business activities or to undertake the Issue. We have also applied to the concerned governmental authorities for approvals as required to be obtained to continue our activities. Unless otherwise stated, these approvals are all valid as of the date of the RHP.

Approvals for the Issue

1. The Board has, pursuant to a resolution dated July 14, 2010 authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act;
2. The shareholders of our Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of our Company held on January 7, 2011;
3. The board of directors of Clearwater Capital Partners (Cyprus) Limited has, by way of a resolution dated February 24, 2011, authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale;
4. Our Company has submitted an application dated March 21, 2011 seeking the approval of the Reserve Bank of India for the sale of 2,250,000 Equity Shares by the Selling Shareholder by way of an Offer for Sale in the Issue. The RBI has, vide its letter dated August 11, 2011 accorded approval for the Offer for Sale of shares by the Selling Shareholder;
5. In-principle approval from the National Stock Exchange of India Limited dated June 10, 2011;
6. In-principle approval from the Bombay Stock Exchange Limited dated May 19, 2011;

Licenses and approvals obtained in relation to our business and operations

Licenses and approvals relating to the Company

1. Certificate of Incorporation bearing No. 10-07621 of 1993 dated April 8, 1993 issued by the Registrar of Companies, Madhya Pradesh in respect of incorporation of our Company.
Validity: Not Applicable;
2. Certificate of Enrollment bearing No. ECC040553, dated December 23, 2010 issued by the Deputy Commissioner of Profession Tax, Kolkata - Central Range recognizing that the Company has been enrolled under the West Bengal State Tax on Professions, Trades, Callings and Employment Act, 1979
Validity: Not Applicable;
3. Permanent Account Number (PAN) AAACN5986H issued by the Chief Commissioner of Income Tax, Madhya Pradesh
Validity: Not Applicable;
4. Tax deduction Account Number (TAN) BPLF00116E issued in favour of our Company by the Income Tax Department
Validity: Not Applicable;
5. Tax deduction Account Number (TAN) MRTF00270E issued by the Income Tax Department in respect our Kashipur division
Validity: Not Applicable;
6. Import Export Code (IEC) Number 1194001645, dated August 11, 1994, issued by the Joint Director General of Foreign Trade

Validity: Not Applicable;

7. Registration under the Gujarat Value Added Tax Act. VAT TIN 24011005510 and CST TIN 24511005510
Validity: Not Applicable;
8. Registration certificate under the Delhi Value Added Tax Act. VAT TIN 07290378176
Validity: Not Applicable;
9. Registration under the Uttar Pradesh Value Added Tax Act. VAT TIN 09237512697
Validity: Not Applicable;
10. Registration certificate under the Uttarakhand Value Added Tax Act bearing registration no. 05007721225
Validity: Not Applicable;
11. Registration certificate bearing No. 578 dated September 19, 2008 issued by the Directorate General of Quality Assurance, Controllerate of Quality Assurance (Textiles and Clothing, Kanpur), Ministry of Defense, Government of India in favour of our Company for the manufacture of HDPE Sand bags Khaki.
Validity: The registration is valid until September 18, 2011;

Licenses and approvals relating to SEZ unit

12. Service Tax registration No.AAACN5986HST003 granted by the Asst. Development Commissioner Indore, SEZ for various services.
Validity: Not Applicable

Our Company enjoys exemption from payment of service tax pursuant to notification No.4/2004-ST dated March 31, 2004 where under taxable services of any description as defined in clause 90 of section 65(1) of the Finance Act, 1994 provided to the SEZ unit by any service provider for consumption of the services within the Indore SEZ has been exempted from service tax leviable thereon;

13. Employees Provident Fund Code: MP/17314 issued by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952
Validity: Not Applicable;
14. Employees State Insurance Code: 18000150410000699 issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948
Validity: Not Applicable;
15. The Office of Development Commissioner, Indore SEZ has granted an extension of validity of the letter of permission under Rule 19(6) of the SEZ Rules, 2006 for a period of five years commencing from August 24, 2009
Validity: Valid until August 23, 2014;
16. Factory license bearing registration No. 105/12178/DHR/2(m)(i) dated November 16, 2010.
Validity: The license is renewed upto December 31, 2011;
17. Registration certificate under the Central Sales Tax (Registration and Turnover) Rules, 1957 bearing registration no. 23860901835
Validity: Not Applicable;
18. Explosives License bearing reference No. P/HQ/MP/15/2605(P58984) dated January 5, 2010 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India.
Validity: The license is valid upto December 31, 2011;

19. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter May 4, 2011 bearing ref. 09/SEZ/MPCCB/2011-12 for a period of one year, being April 1, 2011 till March 31, 2012;
20. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Air (Prevention & Control of Pollution) Act, 1981 granted vide letter dated May 4, 2011 bearing ref. 11/SEZ/MPPCB/2011-12 for a period of one year, being April 1, 2011 till March 31, 2012;
21. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. 36/PTR/2003 dated September 30, 2004 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970
Validity: Not Applicable;

Licenses and approvals relating to DTA unit

22. Factory license bearing registration No. 50/12286/DHR/2(m)(i) dated March 26, 2011.
Validity: The license is renewed upto December 31, 2011;
23. Service Tax registration No. AAACN5986HST001 granted by the Central Excise Officer, Pithampur for the service of transport of goods by road and business auxiliary services
Validity: Not Applicable;
24. Central Excise registration bearing reference AAACN5986HXM002 dated April 28, 2004 issued by the Asst. Commissioner of Central Excise
Validity: Not Applicable;
25. License bearing No. P/HQ/MP/15/2628(P55801) dated March 21, 2005 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India to Import and Store Petroleum (20 KL of Class B Petroleum and 20 KL of Class C Petroleum).
Validity: The license is valid upto December 31, 2013 vide letter dated December 10, 2010;
26. Employees Provident Fund Code :MP/6281 issued on May 30, 2008 by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952
Validity: Not Applicable;
27. Employees State Insurance Code: 18000112870000999 issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948
Validity: Not Applicable;
28. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. 302/DR/93 dated September 25, 1993 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970
Validity: Not Applicable;
29. Renewed consent issued by the Madhya Pradesh Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter September 7, 2011 bearing ref. 7928/TS/MPPCB/2011 for a period of one year, being April 1, 2011 till March 31, 2012;
30. Renewed consent issued by the Madhya Pradesh Pollution Control Board under the Air (Prevention & Control of Pollution) Act, 1981 granted vide letter dated September 7, 2011 bearing ref. 7930/TS/MPPCB/2011 for a period of one year, being April 1, 2011 till March 31, 2012;

Licenses and approvals relating to unit at Kashipur

31. Factory license bearing registration No. USN 1336.
Validity: The registration is valid upto December 31, 2011;

32. License bearing No. P/HQ/UC/15/603(P222397) dated July 2, 2009 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India to Import and Store Petroleum (20 KL of Class B Petroleum and 140 KL of Class C Petroleum).
Validity: The license is valid upto December 31, 2011;
33. Service Tax registration No.AAACN5986HST004 granted by the Central Excise Officer, Kashipur for the service of transport of goods by road
Validity: Not Applicable;
34. Employees Provident Fund Code :LA/34826 issued by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952
Validity: Not Applicable;
35. Employees State Insurance Code: 61-2060-19/KR issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948
Validity: Not Applicable;
36. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. KR.KL 270/08 dated July 29, 2008 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970
Validity: Not Applicable;

Licenses and approvals applied for and yet to be renewed/ obtained

Approvals relating to unit at Kashipur

1. The consent issued by the Uttarakhand State Pollution Control Board under the Air (Prevention & Control of Pollution Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter dated November 23, 2009 expired on March 31, 2010. Our Company thereafter, submitted an application dated April 5, 2010 seeking renewal of the same for the Financial Year 2010-11. The renewal of the license is pending.
2. The consent issued by the Uttarakhand State Pollution Control Board under the Air (Prevention & Control of Pollution Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter dated November 23, 2009 expired on March 31, 2010. Our Company thereafter, submitted an application dated May 3, 2011 seeking the consent for the Financial Year 2011-12. The renewal of the license is pending.

Intellectual Property Rights

Patents

Our Company has submitted applications for registration of the following patents:

No.	Particulars	Applicant	Application No./ date of filing	Remarks
1.	Flexible Containers	Flexituff International Limited	1629/MUM/2007 dated 24.08.2007	Published in the journal on 19.06.2009
2.	An Improved conductive FIBC	Flexituff International Limited	1222/MUM/2008 dated 09.06.2008	Published in the journal on 18.12.2009
3.	Material and Composition for Making Jumbo Bag for Bulk Chemical Packaging	Flexituff International Limited	1974/MUM/2007 dated 4.10.2007	Published in the journal on 25.06.2010

No.	Particulars	Applicant	Application No./ date of filing	Remarks
4.	Flexible Containers	Flexituff International Limited	1628/MUM/2007 dated 24.08.2007	Published in the journal on 19.06.2009
5.	Builder's Bag	Flexituff International Limited	1627/MUM/2007 dated 24.08.2007	Published in the journal on 19.06.2009
6.	Tunnel Lift Bag	Flexituff International Limited	419/MUM/2011 dated 15.2.2011	Provisional specification filed.
7.	Flexible Containers	Flexituff International Limited	PCT/IN2008/0005 31 dated 25.8.2010	Pending.
8.	Builder's Bag	Flexituff International Limited	PCT/IN2007/0004 74 dated 10.10.2007	Pending.

Trademarks

Our Company presently uses the following trademarks:

No.	Particulars of Mark	Word/ Logo Mark	Applicant	Application No./ date of filing	Class	Status
1.	FLEXITUFF	Word	Flexituff International Limited	1562080/ May 25, 2007	22	Registered
2.		Logo	Flexituff International Limited	1562081/ May 25, 2007	22	Registered
3.		Logo	Flexituff International Limited	1729646/ September 9, 2008	22	Registered

Other Certifications and Recognitions:

1. ISO 9001:2008 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said quality management system standards. The certificate is valid until March 12, 2012.
2. ISO 14001:2004 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said environmental management system standards. The certificate is valid until March 12, 2012.
3. ISO 22000:2005 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said food safety standards. The certificate is valid until March 9, 2012.
4. Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
5. Complies with ISO-7 (class 10000) for Liner Section.
6. Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
7. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Silt Fence Fabric (FIL 124SF) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;
8. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Silt Fence Fabric (FIL100SF) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;

9. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Geotextile Fabric (FIL200G) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;
10. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited the manufacture of "Geotextile Fabric (FIL 315G) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;
11. Quality certification issued by Det Norske Veritas (DNV) certifying that our Company meets the requirements of BRC/IOP Issue 3 – Global Standard- Food Packaging and other Packaging Materials, January 2008 in category 1 in respect of manufacture of poly woven bags and FIBCs. The certification is valid until October 27, 2011.
12. Recognition of Achievement issued by AIB International certifying that as on March 7, 2011, the Company fulfilled the requirements of the AIB International Consolidated Standards for Food Contact Packaging Facilities Programmes.
13. Top Exporter of FIBC (Jumbo Woven Bags) and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the years 2008-09, 2007-08, 2006-07 and 2005-06.
14. Top Exporter of woven sacks/ fabrics and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2002-03 and 2001-02
15. Second Best Exporter of Plastic Tarpaulin and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2004-05.
16. Registration cum Membership certificate bearing registration no. PLEPC/N/202/2009-10 dated May 5, 2009 issued by the Plastics Export Promotion Council. The registration is valid upto March 31, 2014.
17. 'Niryat Shree' Award, Certificate of Excellence from Federation of Indian Export Organisations for outstanding export performance in the category "Residual Products – Non SSI" during the year 2004 -05.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Approvals for Fresh Issue

The Issue has been authorised by a resolution of the Board dated July 14, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an EGM of the shareholders of our Company held on January 7, 2011

Approvals for Offer for Sale

The board of directors of Clearwater Capital Partners (Cyprus) Limited have, by way of a resolution dated February 24, 2011, authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale.

Pursuant to a letter dated March 21, 2011 our Company has applied to the RBI seeking approval for the Offer for Sale by the Selling Shareholder. The Company has received an approval on August 11, 2011 from RBI for the same.

Prohibition by SEBI, RBI or Government Authority

Our Company, Directors, Promoters, Promoter Group entities, Group Companies, the Selling Shareholder and natural persons behind the Promoters which are body corporates have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

The companies, with which Promoters, Directors or persons in control of our Company are associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors of our Company are associated with any entities which are engaged in securities market related business and are registered with SEBI. It is to be noted that Kalani Industries Private Limited, our Promoter, was previously registered as a category II merchant banker with the SEBI. The said registration expired on February 15, 1998 as the company had not filed an application for renewal of the same. Kalani Industries Private Limited has not undertaken merchant banking activities since the expiry of the merchant banking license. Further neither Kalani Industries Private Limited nor its directors have at any time been subject of any enquiry or investigation conducted by SEBI nor has any penalty (including deficiency/warning letter, suspension/cancellation / prohibitory orders) been imposed on Kalani Industries Private Limited or any of its directors

Our Company, our Board of Directors, our Promoters and Group Companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against our Company or them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation (26)(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with standalone and consolidated restated financial statements under Indian GAAP:

1. Our Company has net tangible assets of atleast ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets;
2. Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for atleast three out of the immediately preceding five years;

3. Our Company has a net worth of atleast ₹ 10 million in each of the three preceding full years (of 12 months each);
4. Our Company has not changed its name within the last one year.
5. The Pre-issue net worth of our Company on standalone and consolidated basis as on March 31, 2011 is ₹ 1,625.12 million and ₹ 1630.21 million respectively and 5 times of pre-issue net worth on standalone and consolidated basis is ₹ 8,125.60 million and ₹ 8,151.05 respectively. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of Issue size is not expected to exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year

The net tangible assets, monetary assets, distributable profits as per Section 205 of the Companies Act, 1956 and net worth for the past five years of our Company on standalone basis are as follows:

(₹ in Million)

Particulars	As at March 31				
	2007	2008	2009	2010	2011
Net tangible assets	793.96	1464.85	2538.89	2995.18	3642.20
Monetary Assets	23.56	27.62	121.58	136.58	122.27
Monetary assets as a percentage of Net tangible assets	2.97%	1.89%	4.79%	4.56%	3.36%
Distributable profits	83.12	43.21	69.30	88.13	302.04
Net worth	420.65	549.95	645.56	745.14	1625.12

- (i) Net tangible assets are defined as the sum of net fixed assets (including capital work in progress and capital advances and excluding intangible assets), investments, net current assets (excluding deferred tax assets) less working capital loans and short term liabilities.
- (ii) Monetary assets include cash on hand, bank balances and investments in mutual funds.
- (iii) The distributable profits of Company, as per section 205 of the Companies Act have been calculated from the standalone restated financial statements of the respective years.
- (iv) Net Worth = Equity Share Capital + Reserves & Surplus (Excluding Foreign Currency Exchange Fluctuation Reserve) – Miscellaneous Expenditure.

The net tangible assets, monetary assets, distributable profits as per Section 205 of the Companies Act, 1956 and net worth for the past four years of our Company on consolidated basis are as follows:

(₹ in Million)

Particulars	As at March 31			
	2008	2009	2010	2011
Net tangible assets	1,464.63	2,542.11	3,070.16	3,761.15
Monetary Assets	27.67	121.98	148.77	145.59
Monetary assets as a percentage of Net tangible assets	1.89%	4.80%	4.85%	3.87%
Distributable profits	43.21	68.99	59.06	337.35
Net worth	549.72	644.96	711.64	1,630.21

- (i) Net tangible assets are defined as the sum of net fixed assets (including capital work in progress and capital advances and excluding intangible assets), investments, net current assets (excluding deferred tax assets) less working capital loans and short term liabilities.
- (ii) Monetary assets include cash on hand, bank balances and investments in mutual funds.
- (iii) The distributable profits of Company, as per section 205 of the Companies Act have been calculated from the consolidated restated financial statements of the respective years.
- (iv) Net Worth = Equity Share Capital + Reserves & Surplus (Excluding Foreign Currency Exchange Fluctuation Reserve & Foreign Currency Translation Reserve) – Miscellaneous Expenditure

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, COLLINS STEWART INGA PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER AND THE SELLING SHAREHOLDER (TO THE EXTENT OF INFORMATION RELATING TO ITSELF AND THE EQUITY SHARERS BEING OFFERRED FOR SALE) ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER COLLINS STEWART INGA PRIVATE LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 24, 2011 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI 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 SEBI, 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. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE 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. - NOTED FOR COMPLIANCE.**

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.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/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 Draft Red Herring Prospectus.

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, West Bengal at Kolkata, in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, West Bengal at Kolkata in terms of Sections 56, 60 and 60B of the Companies Act.

Caution - Disclaimer from our Company, the Directors, the Selling Shareholder and the BRLM

Our Company, the Directors, the Selling Shareholder, the BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's web site www.flexituff.com, would be doing so at his or her own risk. The Selling Shareholder, its directors, affiliates,

associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer for Sale.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLM, the Selling Shareholder and our Company and the Underwriting Agreement to be entered into between the Underwriter(s), the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder (in relation to the Equity Shares offered by them under the Offer for Sale), and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholder nor the members of the Syndicate are liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriter(s) and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, the Underwriter(s) 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 our Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Kolkata, West Bengal, India.

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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to FIIs, eligible NRIs and other eligible foreign investors. The Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company 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 U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United

States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The restrictions as stated above will apply to the Issue, investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. BSE has given, by letter dated May 19, 2011, permission to our Company to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. The BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- iii. Take any responsibility for the financial or other soundness of the Company, Promoters of the Company, management of the Company or any scheme or project of the Company;

And it should not be for any reason, deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by any person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated here or for any reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given, by its letter dated June 10, 2011, permission to our Company to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be 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 the Draft Red Herring Prospectus.; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, Promoters of the Company, management of the Company or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE 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 of IPO Grading Agency

CARE's IPO grading is a onetime 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

In accordance with the ICDR Regulations, a copy of the DRHP was filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

Pursuant to the filing of the DRHP with SEBI, our Company had on March 30, 2011, issued a Public Announcement in an English national newspaper, a Hindi national newspaper and in a Bengali newspaper, each with wide circulation. Inviting the public to give their comments to SEBI in respect of disclosures made in the DRHP.

A copy of the RHP, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, West Bengal, Nizam Palace II, MSO Building, 2nd Floor, 234/4, A. J. C. Bose Road, Kolkata - 700020.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised for the Issue.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the RHP. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 7 days from the Bid/ Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken prior to the twelfth Working Day from Bid/ Issue Closing Date.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

Consents

Consents in writing of the Directors, Selling Shareholder, Company Secretary and Compliance Officer, the Statutory Auditor, Chartered Engineer, the Legal Advisor, the Bankers to the Issue and Refund Bank, bankers to the Company, the Book Running Lead Manager, the Syndicate Members and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the RHP with the ROC as required

under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the RHP for registration with the ROC.

M/s L.K. Maheshwari & Co, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report on Restated Financial Statements in the form and context in which it appears in the RHP

M/s L.K. Maheshwari & Co, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in the RHP

Mr. Salil Kumar Barjatya, Chartered Engineer have given their written consent for inclusion of their reports on the installed production capacity in the form and context in which they appear in the RHP.

Credit Analysis & Research Limited, the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated July 4, 2011 for inclusion of their report in the form and content in which it will appear in the RHP and such consent will not be withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Expert Opinion

Except for the below stated reports and certificate included in the RHP, our Company has not obtained any expert opinions:

1. Certificate issued by Mr. Salil Kumar Barjatya, Chartered Engineer on the installed production capacity of our Company; and
2. Reports of the Statutory Auditor of our Company on the restated financial statements and Statement of Tax Benefits.
3. Report of Credit Analysis & Research Limited in respect of the IPO Grading of this Issue (a copy of which will be annexed to the RHP as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange;

Issue Related Expenses

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges etc. The total expenses for this Issue are estimated at ₹ [●] million, which is [●] % of the Issue size, which shall be met out of the proceeds of this Issue and the break-up of the same is as follows:

Sr. No.	Particulars	Amount* (₹ in Million)	As % of total Issue Size*
1.	Issue management (lead management fees, underwriting, selling commission including commission paid to members of the Syndicate Members for procuring ASBA bids and submitting the same with SCSBs and processing fees paid to SCSB for processing under Syndicate ASBA bids**)	[●]	[●]
2.	Registrars fees	[●]	[●]
3.	Printing of stationery	[●]	[●]
4.	Advertising and marketing expenses	[●]	[●]
5.	Other expenses (including legal advisors fee, SCSB commission, regulatory fees including fees paid to SEBI and Stock Exchanges, IPO grading expenses etc.)	[●]	[●]
	Total	[●]	[●]

* will be incorporated after finalisation of the Issue Price

*** The range of fees that the SCSBs would be entitled to for processing the ASBA Bid cum Application Forms procured by members of the Syndicate and submitted to the SCSBs under the Syndicate ASBA process would be as stated in the section “Issue Procedure – Information specific to ASBA Bidders” on page 447 of the RHP.*

Fees Payable to the Book Running Lead Manager

The total fees payable to the BRLM will be as per the Issue Agreement signed between the Company, the Selling Shareholder and the BRLM, a copy of which is available for inspection at the registered office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Registrar to the Issue signed, a copy of which is available for inspection at our Registered Office as well as our Corporate Office.

Our Company will reimburse the Registrar to the Issue for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/ speed post.

Particulars regarding Public or Rights Issues during the last five years

Except as stated in the section “Capital Structure” beginning on page 60 of the RHP, our Company has not made any rights issues during the last five years. Our Company has not made any public issues since inception.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section “Capital Structure” beginning on page 60 of the RHP, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues

Since this is the initial public issue of Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

Public or Rights Issue during the previous ten years by listed Group Entities, Subsidiaries and associates of our Company

None of our Group Companies, associates or Subsidiaries has undertaken any public or rights issue in the last ten years.

Promise vis-à-vis objects – Public/ Rights Issue of our Company and/ or listed Group Entities, Subsidiaries and associates of our Company

Our Company has not undertaken any previous public or rights issue.

Except for Olive Commercial Company Limited and Gagan Commercial Agencies Limited which are listed on the Madhya Pradesh Stock Exchange Limited and the Calcutta Stock Exchange Limited none of the Group Entities, associates and Subsidiaries of our Company is listed on any stock exchange. Neither Olive Commercial Company Limited nor Gagan Commercial Agencies Limited has undertaken any public or rights issue during the preceding ten years.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds as of the date of the RHP.

Outstanding Preference Shares

As on the date of the RHP, our Company does not have any outstanding preference shares.

Stock Market Data of the Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Agreement between the Registrar to the Issue, the Selling Shareholder and our Company will provide for retention of records with the Registrar to the Issue for a period of atleast three years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company has also constituted a Shareholders'/ Investors' Grievance Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has appointed Mr. Dinesh Kumar Sharma, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Dinesh Kumar Sharma

Flexituff International Limited
C 41-50, Sector-3,
SEZ,
Pithampur 454 775,
Dist. Dhar,
Madhya Pradesh
Tel: +91-7292 401681- 83
Fax: +91 7292 401684
Email: investors@flexituff.com

Mechanism for Redressal of Investor Grievances by Group Entities

Except for Olive Commercial Company Limited and Gagan Commercial Agencies Limited which are listed on the Madhya Pradesh Stock Exchange Limited and the Calcutta Stock Exchange Limited none of the Group Entities, associates and Subsidiaries of our Company is listed on any stock exchange.

Olive Commercial Company Limited and Gagan Commercial Agencies Limited have not received any complaints for the financial years 2007-08, 2008-09 and 2009-2010.

Changes in Auditors

There has been no change in the auditors during the last three years.

Capitalisation of Reserves or Profits

Except as disclosed in section “Capital Structure” beginning on page 60 of the RHP our Company has not capitalised the reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not revalued its assets in the last five years.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, Securities Contract (Regulation) Act, 1957, the Memorandum and Articles, the terms of the RHP, RHP and the Prospectus, Bid cum Application Form, the ASBA Bid cum Application Form, the Revision Form, ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

Approvals for Fresh Issue

The Issue has been authorised by a resolution of the Board dated July 14, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an EGM of the shareholders of our Company held on January 7, 2011.

Approvals for Offer for Sale

The board of directors of the Selling Shareholder by way of a resolution dated February 24, 2011 has authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale.

Pursuant to a letter dated March 21, 2011 our Company has applied to the RBI seeking approval for the Offer for Sale by the Selling Shareholder. The Company has received an approval on August 11, 2011 from RBI for the same.

Our Company has obtained in-principle listing approvals dated May 19, 2011 and June 10, 2011 from the BSE and the NSE, respectively.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section “Main Provisions of the Articles of Association of the Company” on page 476 of the RHP.

Mode of Payment of Dividend

Our Company shall pay dividends to the shareholders of our Company in accordance with the provisions of the Companies Act, the Articles of Association and the provisions of the listing agreement.

Payment of dividend to the transferees pursuant to the Offer for Sale

In case of the Offer for Sale portion, the dividend for the entire year on the Equity Shares forming part of the Offer for Sale portion shall be payable to the transferees.

Further our Company proposes to bear the entire Issue expenses to be met out of Proceeds of the Fresh Issue

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

Our Company and the Selling Shareholder shall comply as applicable with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, 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, the terms of the listing agreement executed with the Stock Exchanges and our Company's Memorandum and Articles.

For a detailed description of the main provisions of the Articles of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section "Main Provisions of the Articles of Association of the Company" on page 476 of the RHP.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares to successful Bidder.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised in an English national newspaper, a Hindi national newspaper and in one Bengali newspaper, each with wide circulation atleast two Working Days prior to the Bid/ Issue Opening Date in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Kolkata, West Bengal.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all

the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ 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/ Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in this Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue (subject to compliance with the requirements of Clause 19(2)(b)(i) of the Securities Contract Regulations Rules, 1957, as amended), including devolvement of Underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 1,000 failing which we shall refund the entire subscription amount received.

The requirement for 90% minimum subscription is not applicable to the Offer for Sale. The proceeds from the Issue will be utilised in the first instance towards meeting minimum subscription requirements for the Fresh Issue and the balance proceeds will be proportionately distributed towards the Offer for Sale portion and the Fresh Issue portion in this Issue.

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

Restriction on transfer of shares

Except for lock-in of pre-Issue Equity Shares, minimum Promoter's contribution and Anchor Investor's lock-in in the Issue as mentioned in the section "Capital structure" beginning on page 60 of the RHP, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles and as mandated under the SEBI Regulations. For further details please refer to the sections "Main Provisions of the Articles of Association of the Company" and "Capital Structure" beginning on pages 476 and 60 of the RHP, respectively. For details on restrictions on foreign ownership, please refer to the sections titled "Regulations and Policies" on page 146 and "Other Regulatory and Statutory Disclosures" on page 416 of the RHP.

Arrangement for disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one and hence no arrangement for disposal of odd lots is required.

Joint Holders

Where two or more persons are registered as the holders of Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Option to Subscribe

Equity Shares being offered in this Issue can be applied for in dematerialised form only.

ISSUE STRUCTURE

Issue of 6,750,000 Equity Shares of face value ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million comprising of a Fresh Issue of 4,500,000 Equity Shares and an Offer for Sale of up to 2,250,000 Equity Shares by Clearwater Capital Partners (Cyprus) Limited. The Issue will constitute 31.09% of the post issue paid up capital of our Company. The Issue is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares ⁽¹⁾	Not more than 3,375,000 Equity Shares or the Issue size less allocation to Non - Institutional Bidders and Retail Individual Bidders	Not less than 1,012,500 Equity Shares shall be available for allocation	Not less than 2,362,500 Equity Shares shall be available for allocation
Percentage of Issue size available for Allotment/allocation	Not more than 50% of the Issue shall be allocated to QIB Bidders. Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds.	Not less than 15% of the Issue shall be available for allocation	Not less than 35% of the Issue shall be available for allocation
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate as follows: (a) 118,125 Equity Shares constituting 5% of the Net QIB portion shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 2,244,375 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares so that the Bid Amount does not exceed the Issue size, subject to	Such number of Equity Shares so that the Bid Amount does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	applicable limits		
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Shares thereafter	[●] Equity Shares and in multiples of one Equity Shares thereafter	[●] Equity Shares and in multiples of one Equity Shares thereafter
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply ⁽²⁾	(i) Mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; (ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual; (iii) Public financial institutions as defined in Section 4A of the Companies Act; (iv) Scheduled commercial banks; (v) Multilateral and bilateral development financial institutions; (vi) State industrial development corporations; (vii) Insurance companies registered with the Insurance Regulatory and Development Authority; (viii) Provident funds with minimum corpus of ₹ 25 crore; (ix) Pension funds with minimum corpus of ₹ 25 crore; (x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) Insurance funds set up and managed by the army, navy, or air force of the Union of India; and (xii) Insurance funds set up and managed by the	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the <i>Karta</i>), companies, corporate bodies, scientific institutions, societies and trusts and FII sub-account registered with SEBI, which are a foreign corporates or foreign individuals	Individuals (including HUFs in the name of the <i>Karta</i> and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹ 200,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	Department of Posts, India		
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the BRLM.	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate.	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate

- (1) *The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the category, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.

Anchor Investors shall pay the Bid Amount at the time of submission of the Bid by the Anchor Investor. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by Anchor Investor Pay-in Date.

- (2) *In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Withdrawal of the Issue and Conditions subsequent to Allotment

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers. The public notice shall be given in the same newspapers in which the pre-Issue advertisements were published, within two days, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

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 ICDR Regulations, the Company undertakes that:

- (a) Allotment shall be made only in dematerialised form prior to the twelfth Working Day from the Bid/Issue Closing Date;
- (b) Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done prior to the twelfth Working Day from the Bid/Issue Closing Date;
- (c) Instructions to the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs, prior to the twelfth Working Day from the Bid Closing Date; and
- (d) The Company shall pay interest at 15% per annum, if Allotment letter/, refund orders are not dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic mode/manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within 8(eight) Days from the day the Company becomes liable to repay.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by through any of the modes as described in the RHP. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Programme

BID/ISSUE OPENS ON*	THURSDAY, SEPTEMBER 29, 2011
BID/ISSUE CLOSING ON	TUESDAY, OCTOBER 4, 2011 -FOR QIB BIDDERS WEDNESDAY, OCTOBER 5, 2011 -FOR OTHER BIDDERS

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to the Bid/ Issue Opening Date.*

Bids and any revision in Bids (except in relation to Bids received from Anchor Investors) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE and NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 pm on the Bid/Issue Closing Date. Bidders other than Anchor Investors 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 may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholder, BRLM and Syndicate Members will not be responsible.

It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded in the electronic system to be provided by the Stock Exchanges either by (i) a member of the Syndicate, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres, or (ii) the SCSBs.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical/ electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from a member of the Syndicate, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Centres or from the SCSBs if the Bid submitted by an ASBA Bidder at the Designated Branch, as the case may be.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis a vis* the data contained in any physical Bid Cum Application Form for a particular Bidder.

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

Our Company and the Selling Shareholder in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period in accordance with the ICDR Regulations. Under ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e. the Cap Price shall be 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. **In case of revision of the Price Band, the Issue Period will be extended for atleast three additional Working Days after revision of Price Band subject to the Bid / Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the web site of the BRLM and at the terminals of the Syndicate. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.**

ISSUE PROCEDURE

This section applies to all Bidders. Please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all non-Retail Individual Bidders i.e. QIBs (excluding those Bidding under the Anchor Investor Portion) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form.

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated to QIBs on a proportionate basis. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

All Bidders other than Anchor Investors are required to submit their Bids through the members of the Syndicate (including sub-syndicate members). ASBA Bidders are required to submit their Bids only to the SCSBs or in case of Syndicate ASBA to the members of the Syndicate (including sub-syndicate members). Bids by Anchor Investors can be submitted only through the BRLM and/ or its affiliates.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. Bid cum Application Forms/ ASBA Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers, the beneficiary account number and the PAN (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts), shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid cum Application Form/ ASBA Bid cum Application Form and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate (including sub-syndicate members) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form and ASBA Bid cum Application Form

Copies of the Bid cum Application Form will be available for all categories of Bidders, other than Anchor Investors, with the members of the Syndicate and our Registered Office and our Corporate Office. Bid cum Application Forms

for Anchor Investors shall be available at the office of the BRLM and/ or its affiliates. In addition, ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and of the Stock Exchanges atleast one day prior to the Bid/Issue Opening Date.

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders bidding electronically) shall be serially numbered and stamped. The members of the Syndicate (including sub-syndicate members) will acknowledge the receipt of the Bid cum Application Form or Revision Form by stamping the acknowledgment slip and returning it to the Bidder. This acknowledgment slip shall serve as a record for the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSB or such other electronically enabled mechanism for Bidding) to the SCSB with whom the ASBA Account is maintained or through the members of the Syndicate (including sub-syndicate members). An ASBA Bidder shall use the ASBA Bid cum Application Form obtained from the Designated Branches for the purpose of making a Bid.

ASBA Bid cum Application Form can also be downloaded and printed from the websites of the Stock Exchanges. The ASBA Bid cum Application Form so downloaded shall have a unique application number and can be used for making Bids by ASBA Bidders.

ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application Form, which shall be stamped, at the relevant Designated Branch. ASBA Bid cum Application Form in physical mode, which shall be stamped, can also be submitted to the members of the Syndicate (including sub-syndicate members) at Syndicate ASBA Centres. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Bid cum Application Form.

The Bid cum Application Form and ASBA Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and ASBA Bid cum Application Form and such options shall not be considered as multiple Bids.

On completion and submission of the Bid cum Application Form/ ASBA Bid cum Application Form to the member of the Syndicate (including sub-syndicate member) or to a SCSB, as the case may be, the Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the RHP and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/ or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder .

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart.

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	(i) If Bidding through ASBA, ASBA Form (physical or electronic); or (ii) If Bidding through non-ASBA, Bid cum Application Form.	(i) If using physical ASBA Form, to the members of the Syndicate (including sub-syndicate members) only at Syndicate ASBA Centres; or

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
			<p>(ii) If using physical ASBA Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; or</p> <p>(iii) If using electronic ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; or</p> <p>(iv) If using Bid cum Application Form, to the members of the Syndicate (including sub-syndicate members) at the Bidding Centres.</p>
Non-Institutional Bidders	ASBA (<i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i>)	ASBA Form (physical or electronic)	<p>(i) If using physical ASBA Form, to the members of the Syndicate (including sub-syndicate members) only at Syndicate ASBA Centre; or</p> <p>(ii) If using physical ASBA Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; or</p> <p>(iii) If using electronic ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.</p>
QIBs (excluding Anchor Investors)	ASBA (<i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i>)	ASBA Form (physical or electronic)	<p>(i) If using physical ASBA Form, to the members of the Syndicate (including sub-syndicate members) only at Syndicate ASBA Centre; or</p> <p>(ii) If using physical ASBA Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; or</p> <p>(iii) If using electronic</p>

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
			ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.
Anchor Investors	Non- ASBA	Bid cum Application Form (for Anchor Investors)	To the BRLM at their office and / or its affiliates.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form **
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, applying on a repatriation basis	Blue
Anchor Investors*	White
ASBA Bidders bidding through a physical form (for resident retail bidders, Non-Institutional Bidders, QIB and Eligible NRI's applying on non-repatriation basis/ repatriation basis)	White

* Bid cum Application forms for Anchor Investors shall be made available at the office of the BRLM.

** Excluding electronic ASBA Bid cum Application Forms.

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of the minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:
- Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- Venture Capital Funds (VCF's) registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds with minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Pension Funds with minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors (FVCI's) registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India and
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in this Issue.
- Limited Liability Partnerships

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

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.

Participation by Associates of the BRLM and the Syndicate Members

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, either in the Net QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own or their clients account. However, the BRLM and Syndicate Members and persons related to the BRLM and the Syndicate Members shall not be allowed to subscribe to the Anchor Investor Portion.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

Atleast one third of the Anchor Investor Portion will be available for allocation on a discretionary basis to domestic Mutual Funds and 5% of the Net QIB Portion is available to be allocated to Mutual Funds on a proportionate basis, subject to receipt of valid Bids.

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 118,125 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund 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 concerned for which the Bid has been made.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may bid through any of the following ways:

- In case of Non ASBA bids:
 - on **repatriation basis** shall use the Bid cum Application Form meant for Non Resident Indians (Blue in colour) or
 - on **non repatriation basis** shall use the Bid cum Application Form meant for Resident bidders (White in colour)
- In case of ASBA bids: on **repatriation / non repatriation basis** shall use the ASBA Bid cum Application Form (white in colour)

Eligible NRIs may please note that only such applications as are accompanied by payment 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 shall be considered for Allotment under the Eligible NRI category on repatriable basis.

In case the application is on **non-repatriation basis**, the application should be accompanied by payment through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder Bidding on a non-repatriation basis.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our company for adoption.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the ICDR Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “SEBI FII Regulations”), an FII, or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-

account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it or issued on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of claim or an interest in our Company.

Bids by SEBI registered VCFs and FVCIs

As per the current regulations, the following restrictions are applicable for SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on VCFs and FVCIs registered with SEBI.

Accordingly, the holding in a company by any individual VCF registered with SEBI should not exceed 25% of its corpus. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Bids under Power of Attorney

In case of Bids (including ASBA bids) made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million; a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form/ ASBA Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Bid cum Application Form.

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority (IRDA) a certified copy of the certificate of registration issued by the IRDA must be lodged with the ASBA Bid cum Application Form.

With respect to Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Bid cum Application Form.

Our Company and the Selling Shareholder reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form/ ASBA Bid cum Application Form, subject to such terms and conditions that our Company, the Selling Shareholder and the BRLM may deem fit.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form/ ASBA 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 in the Bid cum Application Form/ ASBA Bid cum Application Form instead of those obtained from the depositories.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the Insurance Regulatory Development Authority (“**IRDA**”), a certified copy of certificate of registration issued by IRDA must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) the industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

Bids by Provident Funds/ Pension Funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion, in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the ICDR Regulations are eligible to invest in the Anchor Investor Portion. Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid. The QIB Portion will be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares will be added to the Net QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

- (a) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.
- (b) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to other Anchor Investors.

Anchor Investors shall be allowed to Bid under the Anchor Investor only during the Anchor Investor Bidding Period (i.e., one day prior to the Bid/ Issue Opening Date).

- (c) The Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and will be completed on the same day.

- (d) Our Company, in consultation with the BRLM, will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
 - Two, where the allocation under the Anchor Investor Portion is up to ₹ 2,500 million; and
 - Five, where the allocation under the Anchor Investor Portion is over ₹ 2,500 million.
- (e) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date.
- (f) Anchor Investors cannot withdraw their bids after the Anchor Investor Bid/Issue Date.
- (g) Anchor Investors shall pay entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors will be at the higher price i.e. the Anchor Investor Issue Price.
- (h) Neither the BRLM, nor any person related to the BRLM, our Promoters, members of our Promoter Group or Group Entities, shall participate in the Anchor Investor Portion.
- (i) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.
- (j) Bid cum Application Forms for the Anchor Investors will be made available at the office of the BRLM and/ or its affiliates.
- (k) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
- (l) The instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In the case of Resident Anchor Investors: “Escrow Account – Flexituff Public Issue – Anchor Investor – R”
 - (b) In the case of Non-Resident Anchor Investors: “Escrow Account – Flexituff Public Issue – Anchor Investor – NR”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion will be disclosed in the advertisement for the Price Band which will be published by our Company in all editions of English national daily newspaper, a Hindi national daily newspaper and a Bengali newspaper, each with wide circulation atleast two Working Days prior to the Bid/ Issue Opening Date in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the RHP. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the investment limits under applicable laws or regulations. Our Company, the Selling Shareholder and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹ 200,000. In case of

revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion, only if the Bidding was done through ASBA. The Cut-off Price option is an option given only to the Retail Individual Bidders where Bid amount does not exceeds ₹ 200,000 indicating their agreement to Bid and to acquire the Equity Shares at the 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 such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB Bidder should not exceed the applicable investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay entire Bid Amount upon submission of the Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut-off Price. **QIBs (other than Anchor Investors) and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.**

For Bidders in the Anchor Investor Portion: Anchor Investors must submit their Bids for such number of Equity Shares such that the Bid Amount is atleast ₹ 100 million and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Date and are required to pay the entire Bid amount at the time of submission of the Bid.** If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.

Information for all Bidders

Our Company and the BRLM shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the RHP to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and in one Bengali newspaper with wide circulation. Further, the Price Band and minimum bid lot size shall be disclosed atleast two Working Days prior to the Bid/ Issue Opening Date in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language.. This advertisement shall be in the prescribed format.

The RHP will be filed by our Company and the Selling Shareholder with the RoC atleast three days before the Bid/ Issue Opening Date.

Information for Bidders other than ASBA Bidders

Copies of the Bid cum Application Form and the RHP will be available with the members of the Syndicate. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the RHP and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

The members of the Syndicate (including sub-syndicate members) shall accept Bids from the Bidders during the Bid/ Issue Period in accordance with the terms of the RHP.

Eligible Bidders who are interested in subscribing for the Equity Shares should approach the members of the Syndicate (including sub-syndicate members) to register their Bids.

The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate are liable to be rejected.

Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

Information specific to ASBA Bidders

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided at <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

ASBA Bidders who would like to obtain the RHP and/or the ASBA Form can obtain the same from the Designated Branches of SCSB's or the members of the Syndicate. ASBA Bidders can also obtain a copy of the RHP and/or the ASBA Form in electronic form on the websites of the SCSBs. ASBA Bid cum Application Forms can also be downloaded from the websites of the Stock Exchanges. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

The Bids by ASBA Bidders should be submitted to the SCSBs or to the members of the Syndicate (including their sub-syndicate members), if applying at Syndicate ASBA Centres, on the prescribed ASBA Bid cum Application Form. In case the ASBA Bid cum Application Form is submitted to SCSB or to the members of the Syndicate (including their sub-syndicate members), such SCSB or member of the Syndicate or their sub-syndicate members, as the case may be, shall upload the bid and other relevant details of the ASBA Bid cum Application Forms in the bidding platform provided by the Stock Exchanges. Further, members of the Syndicate (including sub-syndicate members), shall forward the ASBA Bid cum Application Form to the designated branch of the SCSBs named for Syndicate ASBA. SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds, etc. and will forward the ASBA Bid cum Application Form to the Registrar to the Issue. SCSBs will get processing fees per Syndicate ASBA application which has been uploaded by the members of the Syndicate (including their sub-syndicate members). The processing fees payable for such applications shall be as per the customary market practices or as per directives of SEBI or any other regulatory authority in this regard. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

The SCSBs shall accept Bids of ASBA Bidders, either from ASBA Bidders and/ or from the members of the Syndicate (including their sub-syndicate member), during the Bid/ Issue Period.

The Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the RHP and ASBA Bid cum Application Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process.

ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and should ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch or to the members of the Syndicate (including sub-syndicate members), as applicable. In case the amount available in the bank account, specified in the ASBA Form, is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

If the account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder and bidder as provided in the ASBA Bid cum Application Form.

ASBA Bidders shall correctly mention their PAN, DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form.

Withdrawal of ASBA bids

QIBs cannot withdraw their ASBA bids after the applicable Issue Closing Date.

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB or the concerned member of the Syndicate (including sub-syndicate member), as applicable, which shall do the necessary, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchange(s). Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate (including sub-syndicate member) which had forwarded to it the ASBA Bid cum Application Form

In case an ASBA Bidder (other than a QIB) who wants to withdraw the ASBA Bid cum Application Form after the Bid/ Issue Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue 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 Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Method and Process of Bidding

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised atleast two (2) Working Days prior to the Bid/ Issue Opening Date in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language. The members of the Syndicate (including sub-syndicate members) and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

The Bid/ Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days (including the days for which the Issue is open in case of revision in Price Band). The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. If the Price Band is revised, the revised Price Band and the Bid/ Issue Period will be published in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language , together with an indication of such change on the websites of the BRLM and at the terminals of the members of the Syndicate (including sub-syndicate members).

Each Bid cum Application Form/ ASBA Bid cum Application Form will give the Bidder/ ASBA Bidder as the case may be, the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form/ ASBA 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.

A Bidder cannot bid on another Bid cum Application Form and/ or ASBA Bid cum Application Form, after Bids on one Bid cum Application Form and/ or ASBA Bid cum Application Form have been submitted to any member of the Syndicate (including sub-syndicate members) or the Designated Branch, as the case may be. Submission of a second Bid cum Application Form and/ or ASBA Bid cum Application Form to either the same or to another member of the Syndicate (including sub-syndicate members) or the Designated Branch will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”.

Except in relation to Bids received from the Anchor Investors, the members of the Syndicate (including sub-syndicate members) or SCSBs 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 a Bid cum Application Form/ ASBA Bid cum Application Form.

The BRLM and / or its affiliates shall accept Bids from the Anchor Investors during the Anchor Investor Bid/Issue Date i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.

During the Bid/Issue Period, Bidders, who are interested in subscribing for the Equity Shares should approach the members of the Syndicate (including sub-syndicate members), to register their Bid. During the Bid/Issue Period, ASBA Bidders, who are interested in subscribing for the Equity Shares should approach the members of the Syndicate (including sub-syndicate members) in Syndicate ASBA Centres or SCSBs, as the case may be, to register their Bid. The members of the Syndicate (including sub-syndicate members) or SCSBs shall accept Bids from Bidders and/ or ASBA Bidder and have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the RHP.

Along with the Bid cum Application Form, all Bidders, except ASBA Bidders, will make payment in the manner described under the section “Issue Procedure - Payment Instructions” on pages 460 to 462 of the RHP.

With regard to Syndicate ASBA, upon receipt of the ASBA Bid cum Application Form by a member of the Syndicate (including sub-syndicate member), the concerned member of the Syndicate (including sub-syndicate member) shall issue an acknowledgement by giving the counter foil of the ASBA Bid cum Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the members of the Syndicate (including sub-syndicate member) shall upload the details of the Bid in the electronic Bidding system of the Stock Exchanges and forward the ASBA Bid cum Application Form to the concerned designated branch of the SCSB named for Syndicate ASBA. The respective SCSB shall carry out further action for such ASBA Bid cum Application Forms such as signature verification and blocking of funds. If sufficient funds are not available in the ASBA Account, the SCSB shall reject such Bids. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

Upon receipt of the ASBA Bid cum Application Form directly from the ASBA Bidder, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

The Bidders can bid at any price within the Price Band, in multiples of ₹1 (One). The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language atleast two (2) Working Days prior to the Bid/ Issue Opening Date.

Our Company and the Selling Shareholder, in consultation with the BRLM reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed atleast two (2) Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

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 public notice in all editions of The Economic Times and in Mumbai and Kolkata editions of Business Standard in the English language, Mumbai and Delhi editions of the Navbharat Times in the Hindi language and Kolkata edition of Kalantar Patrika in the Bengali language and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the members of Syndicate (including their sub-syndicate members).

Our Company and the Selling Shareholder, in consultation with the BRLM can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Our Company and the Selling Shareholder, in consultation with the BRLM, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

Retail Individual Bidders who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account or excess funds will be unblocked by the respective SCSB. In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block Bid Amount based on the Cap Price.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment or instruct respective SCSB to block more fund, 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 ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate (including sub-syndicate members) or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP, only if Bidding was done through ASBA. If, however, the Bidder does not either revise the Bid or make additional payment or instruct respective SCSB to block more fund and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs, as applicable.

Our Company and the Selling Shareholder, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.

Electronic Registration of Bids

The members of the Syndicate (including sub-syndicate members) and the SCSBs will register the Bids (except Bids from Anchor Investors) using the on-line facilities of the Stock Exchanges. There will be atleast one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Member (including their sub-syndicate members) or by the SCSBs, (ii) the Bids uploaded by the Syndicate Members (including their sub-syndicate members) or by the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members (including their sub-syndicate members) and the SCSBs, or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate (including sub-syndicate members) and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them.

The Stock Exchanges 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 (including sub-syndicate members), their authorised agents and the SCSBs during the Bid/Issue Period. The members of the Syndicate (including sub-syndicate members) and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate (including sub-syndicate members)/ the Designated Branch of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced 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 could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres and the websites of the Stock Exchanges during the Bid/Issue Period along with the category wise details.

At the time of registering a Bid (other than Bid by ASBA Bidder), the members of the Syndicate (including sub-syndicate members) 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 such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque amount;
- Cheque number;
- Bid cum Application Form number;
- Depository Participant Identification (DP ID) Number and Client Identification (Client ID) Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

With respect to ASBA Bidders, at the time of registering a Bid, the Designated Branches of the SCSBs or the members of the Syndicate (including their sub-syndicate member) shall enter the following information pertaining to the Bidder into the electronic bidding 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;
- ASBA Bid cum Application Form Number;
- PAN (of First Bidder if more than one Bidder), except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Investor Category and Sub-Category:

Retail Individual Bidders	Non-institutional Bidders	QIBs
- Individuals* - HUFs (in the name of the <i>Karta</i>)* Eligible NRIs*.	- Individuals** - HUFs (in the name of the <i>Karta</i>)** Eligible NRIs** -Bodies Corporate - FII sub-accounts registered with SEBI, which are foreign corporates or foreign individuals - Others	- Mutual Funds - Financial Institutions and Banks - Insurance companies - FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual - Venture Capital Funds - Foreign Venture Capital Investor - National Investment Fund - Others
*with an application size upto ₹ 200,000.	**with an application size above ₹ 200,000	

- DP ID and Client ID Number
- No of equity Shares
- Bid Amount
- Bank account number

Every Designated Branch of the SCSBs shall accept Bids (other than Bids from Anchor Investors bidding in the Anchor Investor Portion) from all such investors who hold accounts with them and wish to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and the Red Herring Prospectus.

Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate (including sub-syndicate members) will enter each Bid option into the electronic bidding system as a separate Bid and 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 (including sub-syndicate members) or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate (including sub-syndicate member) or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In case of QIBs, other than Anchor Investors, Bidding through Syndicate ASBA, members of the Syndicate (including sub-syndicate members), may reject Bids at the time of acceptance of the ASBA Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company and the Selling Shareholder have a right to reject Bids based on technical grounds as listed under the paragraph titled "Grounds for Technical Rejections" in this section of the RHP. The members of the Syndicate (including sub-syndicate members) may also reject Bids if all the information required is not provided and the ASBA Bid cum Application Form/ Bid cum Application Form is

incomplete in any respect. The SCSBs shall have no right to reject Bids except on technical grounds. The identity of QIBs (other than Anchor Investors who have been allocated Equity Shares) Bidding in the Issue shall not be made public.

The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, the Selling Shareholder, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the RHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE and NSE.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate (including sub-syndicate members) will be given up to one day after the Bid/ Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate (including sub-syndicate members), the decision of our Company, the Selling Shareholder and the Registrar to the Issue in consultation with the BRLM, based on the physical records of Bid cum Application Forms/ ASBA Bid cum Application Form shall be final and binding on all concerned.

Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges

Build up of the book and revision of bids

Bids registered by various Bidders through the members of the Syndicate (including sub-syndicate members) shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/ Issue Period.

During the Bid/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 using the printed Revision Form, which is a part of the Bid cum Application Form/ ASBA Bid cum Application Form.

Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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/ ASBA Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form/ ASBA 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 revised, in the Revision Form. The members of the Syndicate (including sub-syndicate members) or the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same members of the Syndicate (including sub-syndicate members) or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the RHP. With respect to the ASBA bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA bids, the members of the Syndicate (including sub-syndicate members) shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of

the Syndicate (including sub-syndicate members) will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

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 (including sub-syndicate members) or SCSB, as applicable. 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.

Price Discovery and Allocation

After the Bid/ Issue Closing Date, based on the demand generated at various price levels, our Company, the Selling Shareholder in consultation with the BRLM shall finalize the Issue Price and the Anchor Investor Issue Price.

Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category may be met with spill over from any other category at the discretion of our Company in consultation with the BRLM. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. If the aggregate demand by Mutual Funds is less than 118,125 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

Allocation to Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

Our Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date, but before the Allotment without assigning any reasons whatsoever.

Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI (ICDR) Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.

In terms of the ICDR Regulations, QIBs are not allowed to withdraw their Bid after the applicable Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date.

Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

Our Company, the Selling Shareholder, the BRLM, the Registrar to the Issue and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

After signing the Underwriting Agreement, we would 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 with the RoC

Our Company will file a copy of the RHP and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the RHP with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Bengali newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC; in one English language national daily newspaper, one Hindi language national daily newspaper and one Bengali newspaper with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the RHP and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of the Bidders who have been Allotted Equity Shares in the Issue.

The Registrar to the Issue will then dispatch a CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

In case of Anchor Investors, the issuance of a CAN is subject to "Notice to Anchor Investors: Allotment Reconciliation", as set forth below.

Notice to Anchor Investors: Allotment Reconciliation

A physical book will be prepared by the Registrar on the basis of Bids received from Anchor Investors. Based on the physical book and at the discretion of our Company, in consultation with the BRLM, select Anchor Investors will be sent an Anchor Investor Allocation Notice indicating the number of Equity Shares allocated to such Anchor Investors, and, if the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice indicating the Pay-in Date for the balance amount.

Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price by the Pay-in-Date. The revised Anchor Investor Allocation Notice, if any, will constitute a valid, binding and irrevocable contract (subject to the issue of a CAN) to pay the difference between the Issue Price and the Anchor Investor Issue Price. Once such balance amount is paid by the Anchor Investors, CANs will be issued to such Anchor Investors. In the event that the Issue Price is lower

than or equal to the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will receive CANs without receiving any revised Anchor Investor Allocation Notice.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed prior to the twelfth Working Day from the Bid/Issue Closing Date.

In accordance with the SEBI Regulations, 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 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/allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Ensure that you have Bid within the Price Band;
- Read all the instructions carefully and complete the Bid cum Application Form (White in colour), the Bid cum Application Form for Eligible NRIs, applying on repatriation basis (Blue in colour), the Anchor Investor Bid cum Application Form (White in colour), and ASBA Bid cum Application Form (White in colour) as the case may be;
- Before submitting the ASBA Form with the member of the Syndicate (including sub-syndicate members), for Bidding through Syndicate ASBA, ensure that the SCSB, whose name has been filled in the ASBA Form, has named a branch in that centre;
- Ensure that the details about Depository Participant, Beneficiary Account and PAN are correct as Allotment of Equity Shares will be in the dematerialised form only;
- Ensure that the Bids are submitted at the bidding centres only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or of a SCSBs, with respect to ASBA Bidders ensure that the Bid is submitted at a Designated Branch of the SCSB where the ASBA bid of the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate (including sub-syndicate members) or to the Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
- Bidders other than ASBA Bidders shall ensure that the full Bid Amount is paid for the Bids submitted to the member of the Syndicate (including sub-syndicate member). ASBA Bidder shall ensure that instruction for blocking the full Bid Amount has been given to the SCSB. For ASBA Bidders Bidding through Syndicate ASBA, ensure that your ASBA Bid cum Application Form is submitted to the members of the Syndicate (including sub-syndicate member) at the Syndicate ASBA Centres and not to the Escrow Collection Banks, our Company, the Selling Shareholders or the Registrar to the Issue;

- Except for Bids submitted on behalf of the Central Government or the State Government, residents of the state of the Sikkim and officials appointed by a court, all Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- With respect to ASBA bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- ASBA Bidders should instruct their respective banks to not release the funds blocked in the bank account under the ASBA process;
- Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB or members of the Syndicate (including their sub-syndicate members);
- Submit the ASBA Revision Form with the same Designated Branch or concerned member of the Syndicate (including sub-syndicate members), as the case may be, through whom the ASBA Bid cum Application Form was placed and obtain a revised acknowledgment;
- Ensure that the name(s) given in the Bid cum Application Form/ASBA Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form/ ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form/ ASBA Bid cum Application Form.

Don'ts:

- Do not bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid to less than the Floor Price or higher than the Cap Price;
- Do not Bid on another Bid cum Application Form and/ or ASBA Bid cum Application Form after you have submitted a Bid to a member of the Syndicate (including their sub-syndicate members) or the SCSB, as applicable;
- Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- Do not send Bid cum Application Forms/ASBA Bid cum Application Form by post; instead submit the same to a member of the Syndicate (including their sub-syndicate members) or the SCSB, as applicable;
- Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);
- Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
- Do not fill up the Bid cum Application Form/ ASBA Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

- Do not submit the Bids without (i) paying the full Bid Amount or (ii) instruct SCSBs to block amount based on full Bid Amount.
- Do not submit the ASBA Bid cum Application Form with a member of the Syndicate (including sub-syndicate members) at a location other than the Syndicate ASBA Centres under the Syndicate ASBA process.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM/ ASBA BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate (including sub-syndicate members). ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.

Bids must be:

Made only in the prescribed Bid cum Application Form/ ASBA Bid cum Application Form, as applicable.

Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form/ ASBA Bid cum Application Form. Incomplete Bid cum Application Forms/ ASBA Bid cum Application Form are liable to be rejected. Bidders should note that the members of the Syndicate (including sub-syndicate members) and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms/ ASBA Bid cum Application Form.

Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate (including sub-syndicate members) and the SCSBs, as the case may be and the electronic data will be used to make allocation/ Allotment. Please ensure that the details are correct and legible.

For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000.

For Non-Institutional Bidders and QIB Bidders bidding under the Net QIB Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the 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.

For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million and in multiples of [●] Equity Shares thereafter.

In single name or in joint names (not more than three and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Sole/First Bidders, Depository Participant's name, DP ID number and Beneficiary Account Number provided by them in the Bid cum Application Form/ ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants/ direct credit/ NECS/ NEFT/ RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the

Bidders sole risk and neither the BRLM nor the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form/ ASBA Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE BID CUM APPLICATION FORM/ASBA BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM/ASBA 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/ ASBA 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/ ASBA BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form/ ASBA Bid cum Application Form would not be used for any other purpose by the Registrar 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/ ASBA Bid cum Application Form, the 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 (where refunds are not being made electronically)/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form / ASBA Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Selling Shareholder, the Escrow Collection Banks or the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

On the Bid cum Application Form/ ASBA Bid cum Application Form or the Revision Form thereof, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

In a single name or joint names (not more than three and in the same order as their Depository Participant Details).

Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation, if Bidding through ASBA process.

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/ ASBA Bid cum Application Form. Our Company and the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the RHP and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. 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 Bank(s) shall transfer the monies from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with HDFC Bank Limited. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the BRLM, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically for the amount payable on the Bid as per the following terms:

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/failure of the Issue or until rejection of the ASBA bid, as the case may be.

In the event of withdrawal or rejection of ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically for the amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate (including sub-syndicate members). If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of Resident Retail Bidders: “– Escrow Account – Flexituff Public Issue – R”

In case of Non-Resident Retail Bidders: “– Escrow Account – Flexituff Public Issue – NR”

4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price by the Pay-in Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

In the case of Resident Anchor Investors: “Escrow Account – Flexituff Public Issue – Anchor Investor – R”

In the case of Non-Resident Anchor Investors: “Escrow Account – Flexituff Public Issue – Anchor Investor – NR”

5. 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 Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
6. In case of Bids by NRIs applying on non-repatriation basis, the payment may be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder Bidding on a non-repatriation basis.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with HDFC Bank Limited.
10. Prior to the twelfth Working Day from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.
11. Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

Payment by cash/ stockinvest/ money order

Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

Submission of Bid cum Application Form/ ASBA Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by cheques or bank drafts shall be submitted to the members of the Syndicate (including sub-syndicate members) at the time of submission of the Bid. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application Form or the ASBA Revision Form at the Designated Branch of the SCSB or to the members of the Syndicate (including their sub-syndicate member) at Syndicate ASBA centres. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB and accordingly registering such Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the bidding centre of the members of the Syndicate (including sub-syndicate members) 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. In case of ASBA bids, the members of the Syndicate (including sub-syndicate members) or the SCSB as the case may be will acknowledge the receipt of the ASBA Bid cum Application Forms or Revision Forms by stamping and returning to the ASBA Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the ASBA Bid cum Application Form for the records of the ASBA Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form/ ASBA Bid cum Application Form. 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 case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

Our Company and the Selling Shareholder reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form/ ASBA Bid cum Application Form and such options shall not be considered as multiple Bids. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master.

In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

The Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case Bids bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

ASBA bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

Permanent Account Number (“PAN”)

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Bid cum Application Form/ ASBA Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts.

Rejection of Bids

Our Company has a right to reject Bids based on technical grounds. In case of QIBs, other than Anchor Investors, Bidding through Syndicate ASBA, members of the Syndicate (including sub-syndicate members), may reject Bids at the time of acceptance of the ASBA Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company and the Selling Shareholder have a right to reject Bids based on technical grounds. Consequent refunds shall be

made by RTGS/NEFT/NECS/direct credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk or the SCSB shall release the funds so blocked. With respect to 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 and the Selling Shareholder would have a right to reject the ASBA bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the value of Equity Shares bid for. With respect to Bids by ASBA Bidder, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors (except through their natural guardians), insane persons;
- PAN not mentioned in the Bid cum Application Form / ASBA Bid cum Application Form except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Bid cum Application forms per bank account;
- Submission of Bids by Anchor Investors through the ASBA process;
- Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders.
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in the RHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust, etc. relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing. With respect to ASBA bids, the ASBA Bid cum Application Form not being signed by the account holders, if the account holder is different from the Bidder;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Member;

- Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
- ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;
- Bids by QIBs (other than Anchor Investor) and Non-Institutional Bidders not submitted through ASBA process;
- Bid cum Application Forms /ASBA Bid cum Application Form does not have Bidder's depository account details;
- Bid cum Application Forms / ASBA Bid cum Application Form are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms/ ASBA Bid cum Application Form, and as per the instructions in the RHP and the Bid cum Application Forms/ ASBA Bid cum Application Form;
- In case no corresponding record is available with the Depositories that matches three parameters: PAN of the sole name of the Bidder, DP ID and beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- With respect to ASBA bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by persons in the United States;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by OCBs;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However, a limited liability partnership firm can apply in its own name.
- In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form/ ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges do not match with the DP ID, client ID and PAN available in the records with the depositories.
- ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- Bids by NRIs not disclosing their residential status;

Basis of Allotment

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 Issue size less Allotment to QIB Bidders and to Non-Institutional Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 2,362,500 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 aggregate demand in this category is greater than 2,362,500 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment, refer below.

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 Allotment to QIBs Bidders and Retail Individual Bidders Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 1,012,500 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 1,012,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment refer below.

For QIBs in the Net QIB Portion

Bids received from the QIB Bidders in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

The Net QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
 - (i) Allocation to Anchor Investors shall be made in accordance with the ICDR Regulations.
 - (ii) After allocation to Anchor Investors, in the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs bidding in the Net QIB Portion shall be determined as follows:

In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.

Mutual Funds, who have received allocation as per (a)(i) 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 Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:

- (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
- (ii) one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price; and
- (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and a minimum number of five Anchor Investors for allocation more than ₹ 2,500 million.
- (iv) The number of Equity Shares Allotted to Anchor Investors at the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM on or before the Bid/ Issue Opening Date by intimating the Stock Exchanges

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company and the Selling Shareholder shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.

- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number 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 in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF") in the Net QIB Portion

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2,000 million Equity Shares
2.	Allocation to QIB (50%)	1,000 million Equity Shares
3.	Anchor Investor Portion	300 million Equity Shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	700 million Equity Shares
	Of which:	
	a. Allocation to MF (5%)	35 million Equity Shares
	b. Balance for all QIBs including MFs	665 million Equity Shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	5,000 million Equity Shares

B. Details of QIB Bids in the Net QIB Portion

Sr. No.	Type of QIB bidders [#]	No. of Equity Shares bid for (in million)
1	A1	500
2	A2	200
3	A3	1,300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	Total	5,000

[#] A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Equity Shares bid for (in million)	Allocation of 35 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)

Type of QIB bidders	Equity Shares bid for (in million)	Allocation of 35 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
A1	500	0	67.0	0
A2	200	0	26.8	0
A3	1,300	0	174.1	0
A4	500	0	67.0	0
A5	500	0	67.0	0
MF1	400	7	52.6	59.6
MF2	400	7	52.6	59.6
MF3	800	14	105.3	119.3
MF4	200	3.5	26.3	29.8
MF5	200	3.5	26.3	29.8
	5,000	35	665.0	298.2

Please note:

1. The illustration presumes compliance with the requirements specified in the RHP in "Terms of the Issue" beginning on page 428 of the RHP.
2. Out of 700 million Equity Shares allocated to QIBs, 35 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 million Equity Shares in QIB category.
3. The balance 665 million Equity Shares (i.e. 700-35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 million Equity Shares (including five MF applicants who applied for 2,000 million Equity Shares).
4. The figures in the fourth column entitled "Allocation of balance 665 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 665 / 4965.
 - 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 665 / 4965.
5. The numerator and denominator for arriving at allocation of 700 million Equity Shares to the 10 QIBs are reduced by 35 million Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated March 19, 2008, between NSDL, our Company and the Registrar to the Issue;
2. Agreement dated January 15, 2008 between CDSL, our Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have atleast one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number, DP ID number and PAN) appearing in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form thereof.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form/ ASBA Bid cum Application Form or Revision Form thereof should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form/ ASBA Bid cum Application Form or Revision Form thereof, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form/ ASBA Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors.

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/ ASBA Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the members of the Syndicate (including sub-syndicate members) or the Designated Branch of the SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA bids, bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip.

Further, with respect to ASBA Bidders, the Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the Selling Shareholder, the BRLM, the Syndicate Members and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders, etc. In case of ASBA bids submitted to the members of the Syndicate (including sub-syndicate members) in case of Syndicate ASBA or Designated Branches of the SCSBs, the Bidders can contact the members of the Syndicate (including sub-syndicate members) or the Designated Branches of the SCSBs as the case may be.

PAYMENT OF REFUND

Bidders, other than ASBA Bidders, must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, 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 Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable and any such delay shall be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

- i. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
- ii. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
- iii. RTGS – Applicants having a bank account at any of the centres, where such facility is available and whose refund amount exceeds ₹ 0.2 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- iv. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. 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.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. 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.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA bids prior to the twelfth Working Day from the Bid/ Issue Closing Date.

Disposal of Applications and Application Moneys and interest in case of delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges prior to the twelfth Working Day from the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system prior to the twelfth Working Day from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode prior to the twelfth Working Day from the Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken prior to the twelfth Working Day from the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

1. Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, prior to the twelfth Working Day from the Bid/Issue Closing Date;
2. With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system prior to the twelfth Working Day from the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made prior to the twelfth Working Day from the Bid/ Issue Closing Date.
3. Our Company shall pay interest at 15% per annum for any delay beyond the twelfth Working Day from the Bid/ Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors prior to the twelfth Working Day from the Bid/ Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

In case of Bidders (other than ASBA Bidders) we shall give credit to the beneficiary account with Depository Participants prior to the twelfth Working Day from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, shall be by registered post or speed post at the sole or First Bidder's sole risk prior to the twelfth Working Day from the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic

transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund prior to the twelfth Working Day from the Bid/ Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA bids within eight Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made prior to the twelfth Working Day from the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner prior to the twelfth Working Day from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given prior to the twelfth Working Day from the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

Undertakings by our Company

Our Company undertakes the following:

- (i) That the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- (ii) That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are proposed to be listed will be taken prior to the twelfth Working Day from the Bid/Issue Closing Date;
- (iii) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;

- (iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant prior to the twelfth Working Day from the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (v) Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given prior to the twelfth Working Day from the Bid/Issue Closing Date;
- (vi) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;
- (vii) That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- (viii) That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and
- (ix) 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.

The Selling Shareholder undertakes the following:

- (i) The Selling Shareholder consents to the inclusion of 2,250,000 Equity Shares held by it in the Company as part of the Offer for Sale in the Issue, for cash at such premium per share as may be fixed and determined through the book building method, by the Company in consultation with BRLM, to such category of persons, in accordance with the ICDR Regulations or other provisions of law as may be prevailing at that time and in such manner as may be determined by the Board (including by means of the book building process as prescribed by SEBI).
- (ii) The Selling Shareholder confirms that they are the legal and beneficial holder(s) and have full title to the Equity Shares which are proposed to be included as a part of the Offer for Sale in the Issue and that the said Equity Shares are fully paid, free from liens, charges and encumbrances of any kind whatsoever. The Selling Shareholder further confirms that the Equity Shares being offered by it in the Issue are fully paid and are in dematerialized form, free from any charge, lien, encumbrance or any transfer restriction, of any kind whatsoever.
- (iii) The Selling Shareholder confirms that the Equity Shares being included in the Issue have been held for a period of at least one year from the date hereof in accordance with Regulation 26(6) of the ICDR Regulations.
- (iv) The Selling Shareholder hereby undertakes not to sell, transfer, dispose of in any manner other than as part of the Issue or create any lien, charge or encumbrance on the Equity Shares being offered for sale and hereby also undertakes to take such steps as may be legally required to ensure that the said Equity Shares are available for the Offer for Sale, including without limitation converting the Equity Shares into dematerialised form, notifying the depository participant of the contents of this letter and not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the above shares.
- (v) The Selling Shareholder undertakes that they shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals, from all the Stock Exchanges where listing is proposed, have been obtained.

Withdrawal of the Issue

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would issue a public notice in the newspapers, in which the pre-Issue advertisements were published,

within two Workings Days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Utilisation of proceeds of the Fresh Issue

Our Board of Directors certify that:

- (i) All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- (ii) Details of all monies utilised out of Fresh Issue shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (iii) Details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

SECTION VIII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/ or their consolidation/splitting are as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

CAPITAL

3. Authorized Capital

- a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- b) The minimum paid up Share capital of the Company shall be ₹ 5,00,000/- or such other higher sum as may be prescribed in the Act from time to time.

4. Increase of capital by the company and how carried Into effect

The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 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 the Act.

5. New Capital same as existing capital

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

6. Power to issue Shares/Securities Preference shares

Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

Further, subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

7. Provisions to apply on issue of Redeemable Preference Shares

On the issue of Redeemable Preference Shares under the provision of Article 7 hereof the following provisions shall take effect:-

- a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- b) No such shares shall be redeemed unless they are fully paid.
- c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.
- d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.
- e) Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

8. Issue of sweat equity shares

- 1) The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:
 - a) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;
 - b) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and
 - c) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.
- 2) Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called.

9. Assignment of Debenture

Debentures, Debentures-stock, bonds or other security may be assignable by the holder of such instrument free from any equities between the Company and the person to whom the same may be issued

10. Buy-back

- a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.

- b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

11. Reduction of share capital

The Company may from time to time by Special Resolution reduce its share capital in the manner Authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

12. Shares with different voting right

The Company may from time to time by Special Resolution issue such shares which may have different voting rights depending upon the class of shares issued by the Company.

13. Conversion of loan to shares

Subject to the approval of the Shareholders, the Company may convert loans to issue shares of the Company.

14. Acceptance of shares

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts shares and whose name is on the Register shall for the purpose of these Articles, be a member.

15. Restriction on allotment

The Board shall observe the restrictions as regards allotment of shares to the public contained in section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with section 75 of the Act.

16. Issue of share warrants

The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115, and accordingly, the Board may in its discretion, with respect to any share which is fully paid up on an application in writing signed by the person 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.

CONSOLIDATION, DIVISION AND SUB-DIVISION

17. Consolidation, division and Subdivision of Shares

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF CLASS RIGHTS

18. Modification of Rights

If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

19. New issue of Shares not to affect rights attached to existing shares of that class

The rights conferred upon the holders of the Shares (including Preference Share, 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, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

20. Shares at the Disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion 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 of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

21. Further Issue of Shares

- 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 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 aforesaid 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 within which 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 him or any of them in favor of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;
 - d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the company.

- 2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:
 - a) if a special resolution to that effect is passed by the company in General Meeting, or
 - b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
- 3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a) to extend the time within which the offer should be accepted; or
 - b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made 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 by the company:
 - (i) to convert such debentures or loans into shares in the company; or
 - (ii) to subscribe for shares in the company.

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 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 General Meeting before the issue of the debenture or raising of the loans.
- 5) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 19 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 Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time 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.

22. Shares should be numbered progressively and no share to be subdivided

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

23. Acceptance of Shares

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

24. Directors may allot Shares as full paid-up

Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

25. Deposit and call etc. to be a debt payable Immediately

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

26. Liability of Members

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

27. Registration of Shares

Shares may be registered in the name of any limited company or other corporate body but not in the name of firm, an insolvent person or a person of unsound mind.

CERTIFICATES

28. Limitation of Time for Issue of Certificates

a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors 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 for 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 several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the

aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

29. Issue of new certificates in place of one defaced, lost or destroyed

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, 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 ₹ 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 the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company. This Article shall be in accordance with the procedures set out under the Act and rules prescribed thereunder.

30. The first named Joint holder deemed sole holder

If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

31. Maximum number or Joint holders

The Company shall not be bound to register more than three persons as the joint holders of any share.

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize 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 the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, 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 share or his legal representative.

Particulars of all duplicate share certificates issued by the Company shall be recorded in the Renewed and Duplicate Certificate registered in accordance with the provisions of the Act.

UNDERWRITING AND BROKERAGE

32. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

33. The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

INTEREST OUT OF CAPITAL

34. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

35. Directors may make calls

- 1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.
- 2) A call may be provoked or postponed at the discretion of the Board.
- 3) A call may be made payable by installments.

36. Notice of Calls

Fifteen days' 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.

37. Calls to date from resolution

A call be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

38. Calls on uniform basis

Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

39. Directors may extend time

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the resident at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

40. Calls to carry Interest

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

41. Sums deemed to be calls

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 calls shall apply to such amount or installment accordingly.

42. Proof on trial of Suit for money due on shares

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

43. Judgement, decree, partial payment not to proceed for forfeiture

Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

44. Payments in anticipation of call may carry interest

- a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums, actually called for, and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of 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.
- b) 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

45. Company's lien on Shares/ Debentures

The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

46. As to enforcing lien by sale

For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall 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 lieu thereof to the purchaser or purchasers concerned.

47. Application of proceeds of sale

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARES

48. If call or instalment Not paid, notice may be given

If any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

49. Terms of notice

The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

50. On default of payment, shares to be forfeited

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

51. Notice of forfeiture to a Member

When any shares have been 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.

52. Forfeited shares to be property of the Company and may be sold etc

Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

53. Members still liable to pay money owing at time of forfeiture and interest

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

54. Effect of forfeiture

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in 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.

55. Evidence of Forfeiture

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

56. Title of purchaser and allottee of forfeited shares

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

57. Cancellation of share Certificate in respect of forfeited shares

Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

58. Forfeiture may be remitted

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

59. Surrender of shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

60. Execution of the instrument of shares

- a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

61. Common form of Transfer

The instrument of transfer shall be in writing, duly stamped and all the provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

62. Transfer not to be registered except on production of instrument of transfer

The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. Upon being satisfied with the transfer instruments submitted to the Company, the Company shall record such transfer in the Register of Transfer maintained by the Company and make appropriate noting in the Register of Members.

63. Directors may refuse to register transfer

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reason, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstance that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.

64. Endorsement of Transfer

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

65. Notice of refusal to be give to transferor and transferee

If the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

66. No fee on transfer or transmission

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

67. Closure of Register of Members

Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine.

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.

68. Custody of transfer Deeds

The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

69. Application for transfer of partly paid shares

Where an application of transfer 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.

70. Notice to transferee

For this purpose the 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.

71. Recognition of legal representative

- a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.
- b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some

competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnify or otherwise, as the Board in its absolute discretion, may consider adequate.

- c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

72. Registration of persons entitled to share otherwise than by transfer (transmission clause)

Subject to the provisions of the Act and these Articles, any person becoming entitled to any 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 presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

73. Refusal to register nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

74. Board may require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

75. Company not liable for disregard of a notice prohibiting registration of transfer

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 or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

76. Form of transfer outside India

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 60 hereof as circumstances permit.

77. No transfer to insolvent etc

No transfer shall be made to any infant, insolvent or person of unsound mind except fully paid shares through a legal guardian.

NOMINATION

78. Nomination

- i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.
- ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956.
- iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.
- iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

79. Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:-

- i) to be registered himself as holder of the share or debenture, as the case may be; or
- ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made:
- iii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALIZATION OF SECURITIES

80. Dematerialization of Securities

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

In the following Article, Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member shall mean and include Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member as defined in the definition portion.

B. Dematerialization/ Rematerialisation of Securities:

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his 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 allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners:

- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the Securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Service of information:

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Transfer of Security:

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 the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

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.

H. Section 83 and 108 of the Act not apply:

- i) Section 83 of the Act shall not apply to the shares with a Depository;
- ii) 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.

I. Register and Index of beneficial owners:

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialization form:

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognize the rights of registered Holders as also the beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

JOINT HOLDER

81. Joint holders

Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles:

a) Joint and several Liabilities for all Payments in Respect of shares

the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other

payments which ought to be made in respect of such share.

b) Title of survivors

on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person.

c) Receipts of one sufficient

only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and

d) Delivery of certificate and giving of notices to first named Holders

only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.

CONVERSION OF SHARES INTO STOCK

82. Conversion of Shares into stock or reconversion

The Company may, by ordinary resolution in General Meeting.

- a) convert any fully paid-up shares into stock; and
- b) re-convert any stock into fully paid-up shares of any denomination.

83. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

84. Rights of stock holders

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.

85. Regulations

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

BORROWING POWERS

86. Power to borrow

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or

otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

87. Term of Issue of Debenture

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

88. Securing payment or repayment of moneys borrowed

The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

89. Bonds, Debentures etc. to be under the control of the Directors

Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

90. Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.

91. Indemnity may be given

Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

MEETING OF MEMBERS

92. Annual General Meeting

- (a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months

shall elapse between the date of one Annual General Meeting of the Company and that the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.

- (b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.
- (c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

93. Distinction between AGM & EGM

All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

94. Directors may call EGM

The Directors may call an Extra-ordinary General Meeting whenever they think fit.

95. Length of notice of General Meeting

- (a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.
- (b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

96. Meeting not to transact business not mentioned in notice

No General Meeting, Annual or Extraordinary shall be competent to enter upon discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

97. Quorum for General Meeting

For all purposes the quorum at a general meeting shall be give members personally present. 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.

98. Business confined to election of Chairman whilst chair is vacant

- a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no

Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

- b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

99. Chairman with consent may adjourn meeting

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

100. Chairman's casting vote

In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

101. In what case poll taken without adjournment

Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

102. Questions at general meetings, how decided

At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:

- a) by the Chairman or
- b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
- c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

103. A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favor or against such resolution.

104. Demand for poll not to prevent transaction of other business

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

105. Members in arrears not to vote

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum 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 or lien.

106. Number of votes each member entitled

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

107. Casting of votes by a member entitled to more than one vote

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

108. Vote of member of unsound mind

If any Member is lunatic or, idiot, the vote in respect of his shares shall be cast by his legal guardian(s), provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

109. Postal Ballot

Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

110. Votes of joint members

If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

111. Votes may be given by proxy or by representative

Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in these Articles.

112. Representation of a body corporate

A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

113.Members paying money in advance

- a) 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 the moneys paid until the same would, but for this payment, becoming presently payable.

- b) **Members not prohibited if share not held for any specified period**

A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

114.Votes in respect of shares of deceased of Insolvent members

Any person entitled under Article 72 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

115.No votes by proxy on show of hands

No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorized under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

116.Appointment of a proxy

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 on a poll, instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever 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 one or more proxies.

117.Form of proxy

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorized by it.

118.Validity of votes given by proxy notwithstanding death of a member

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

119.Inspection of proxies

Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours being the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

120. Time for objections to votes

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

121. Chairman of the Meeting to be the judge of validity of any vote

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

122. Resolutions requiring special notice

- 1) Whereby any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- 2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.
- 3) The following resolution shall require special notice:
 - a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.
 - b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.
 - c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

DIRECTORS

123. Number of Directors

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 (including Debenture and Alternate Directors) shall not be less than three and not more than twelve.

The First Directors of the Company are:

1. Mr. S.K. Talati
2. Ms. Padma Kalani
3. Ms. Radhabai Kalani

124. Qualification shares

A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

125. Nominee Directors

- a) Subject to the provisions of the Companies Act, 1956 and notwithstanding anything to the contrary contained in these Articles, any Financing Company or Body Corporate or Bank or Insurance Corporation (hereinafter referred to as "the Financial Institution") shall have a right to appoint, remove, reappoint, substitute from time

to time, its nominee as a Director (hereinafter referred to as the “Nominee Director”) on the Board of the Company, so long as any moneys remain owing to them or any of them, by the Company, out of any Financial assistance granted by them or any of them to the Company by way of loan and/or by holding debentures and/or share in the Company and/or a result of underwriting or direct subscription and/or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.

- b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid Article 125(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observe to attend the meetings of the Board or any other Committee constituted by the Board.
- d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

125A. Investor right to appoint Director

The Investor shall, so long as it holds at least 5% of the issued and paid up share capital of the Company computed on a fully diluted basis, have a right to appoint from time to time, subject to applicable laws, any one person, as Director on the Board (which Director is/are hereinafter referred to as the “**Investor Nominee Director**”) and to remove from such office any person so appointed and to appoint any person in his/her place.

126. Debenture Directors, or mortgage, Directors

Any trust deed for securing the debentures or debenture-stock (or a deed or mortgage of any assets of the Company) may if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock (or in the case of a deed of mortgage by the person or persons having such power) of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stocks (or such person or persons) from time to time, remove any Director so appointed. The Director appointed under the article is herein referred to as the “Debenture Director” (or a “Mortgage Director”) and the term “Debenture Director” (or “Mortgage Director”) means the Director for the time being in office under this article. This Debenture Director (or the Mortgage Director) shall not be liable to retire by rotation, or be removed by the Company. The trust deed (or the mortgage deed) may contain such ancillary provisions as may be arranged between the Company and the trustees (or mortgage) and all such provisions shall (subject to the provisions of the Act) have effect notwithstanding any of the other provisions herein contained.

127. Professional Directors

Any Advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company:

- a) shall be entitled to charge the Company, professional remuneration for all work done by him for or on behalf of the Company at the rate agreed upon and on such terms and conditions as may be agreed upon:
- b) shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advise upon or may have to deal with matters relating to any resolution after the same has been passed.

- c) shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company; and
- d) shall be indemnified by the Company in respect of and fines or penalties that may be imposed upon him as a Director of the Company as a result of any act or omission of the Company and/or any of its Officers in failing to comply with any requirements of the law whether with regard to any payments to be made or otherwise howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said Professional Director in his capacity as a Director.

128.Appointment of alternate Director

The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

129.Additional Director

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

130.Directors power to fill casual vacancies

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

131.Sitting Fees

- a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act for attending meetings of the Board or committees thereof.

- b) Remuneration of Directors

The remuneration of a Director for his service shall be such sum as may be determined by the Board of Directors but not exceeding such sum as may be prescribed by the Act or Central Government and/or the listing agreement with Stock Exchange. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally.

- c) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of commission if the Company by a special resolution authorizes such payment

132.Traveling expenses incurred by Directors on Company's business

The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

133.Special remuneration to Directors

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of the city of his normal residence or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

134.Directors may act notwithstanding any vacancy

The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number fails below the minimum number fixed by Article 123 hereof the continuing Directors may act for the purpose of increasing the number of Directors to that minimum number, or for summoning a General Meeting of the Company or in emergencies but not other purpose.

135.Directors may contract with the Company

Subject to the provisions of the Act and observance and fulfillment thereof and subject to restrictions imposed by Articles, no Director shall be disqualified by his office of a Director in the Company from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act.

136.Directors may be Directors of Companies promoted by the Company

A Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.

137.Loans to Directors

The Company shall observe the restriction imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.

138.The Company may increase or reduce the number of Directors

Subject to the provisions of the Act and these Articles, the Company may by an ordinary resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

PROCEEDING OF THE BOARD OF DIRECTORS

139.Meetings of Directors

- a) The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- b) The Chairman of the Board of Directors or the Managing Director or any two Directors may at any time convene a meeting of the Board of Directors.

140.Chairman

The Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.

141.Questions at Board meeting how decided

Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.

142.Directors may appoint committee

Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

143.Committee Meetings how to be governed

The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

144.Resolution by Circular

- a) A resolution passed by circular without a meeting of the Board or a committee of the Board appointed under Article 142 shall, subject to the provisions of sub-clause (b) hereof and the Act be as valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.
- b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by a circular, if the Resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for a Meeting of the Board or the committee as the case may be) and to all other Directors or other members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the Resolution.
- c) Subject to the provisions of the Act, a statement signed by the Managing Director, Secretary or other person authorized in that behalf by the directors certifying the absence from India of any Directors shall for the purposes of this Article be prima facie conclusive.

145.Acts of Board or Committee shall be valid notwithstanding defect in appointment

Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were

disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

146.Quorum for Meeting of the Board

Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher.

RETIREMENT AND ROTATION OF DIRECTORS

147.Retirement by Rotation

- a) Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting.
- b) The remaining Directors shall be appointed in accordance with the provisions of the Articles.

148.Directors to retire annually how determined

At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.

149.Ascertained of Directors retiring by rotation

Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which the re-appointment is decided or his successor is appointed.

150.Eligibility for reappointment

Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.

151.Company to fill up vacancy

Subject to the applicable provisions of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by selecting the retiring Director or some other person thereto.

152.Provisions in default in appointment

- (1) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:
 - a) At the meeting or at the previous meeting a resolution for the re- appointment of such Director has been put to the meeting and lost;

- b) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- c) He is not qualified or is disqualified for appointment;
- d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act;
- e) Sub-clause (2) of Section 263 of the Act is applicable to the case.

153. Notice of candidature for office of Director

- 1) Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the Office of Director at any General Meeting if he or any member intending to propose him, has at least 14 clear days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for that office or the intention of such member to propose him as a candidate for that office as the case may be. The Company shall duly comply with the provisions of Section 257 of the Act for informing its members of the candidature of the Director concerned.
- 2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the company, his consent in writing to act as a Director, if appointed.
- 3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional.

Or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the company, unless he has within 30 days of his appointment signed and filed with the Registrar his concerned in writing to act as such Director.

154. Individual resolutions for Directors appointments

At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved: Provided that where a resolution so moved is passed and no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

REMOVAL OF DIRECTORS

155. Removal of Directors

- 1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office.
- 2) Special notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- 3) On receipt of notice of a resolution to remove a director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meeting.

- 4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and requests its notification to members of the Company, the company shall unless the representation is received by it too late, for it to do so:
 - a) in the notice of the resolution given to members of the company state the fact of the representation having been made, and
 - b) send a copy of the representation to every member of the company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

Provided that copy of the representation need not be sent or read out at the meeting on the application of the Company or of any other person who claims to be aggrieved if the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

- 5) A vacancy created by the removal of a director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 130 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed.

Provided special notice of the intended appointment has been given under sub-clause (2) hereof. A director so appointed shall hold office until the date up to which his predecessor would have held office if he had and not been removed as aforesaid.

- 6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions in so far as they are applicable, of Article 130 or Section 262 of the Act, and all the provisions of that section shall apply accordingly.
- 7) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors.

156.Consent of Company necessary for the exercise of certain powers

The Board of Directors shall not except with the consent of the Company in General Meeting:

- a) sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the Company the whole or substantially the whole of any such undertaking.
- b) remit or give time for the repayment of any debt due by a Director;
- c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred in sub-clause (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on with difficulty or only after a considerable time;
- d) borrow moneys in excess of the limits prescribed in the Act.
- e) contribute, to charitable and other funds not directly relating to the business of the Company or the Welfare of its employees, any amounts the aggregate of which will in any financial year exceed Fifty Thousand Rupees or five percent of its average net profits as determined in accordance with the Act during the three financial years, immediately preceding, whichever is greater.

157.

- 1) The Board shall exercise the following powers on behalf of the Company and it shall do so only by means of

resolution passed at the meetings of the Board of Directors:

- a) the power to make calls on members in respect of money unpaid on their share;
- b) the power to issue debentures;
- c) the power to borrow moneys otherwise than on debentures;
- d) the power to invest the funds of the Company;
- e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any Committee of Directors or the Managing Director, or the Secretary, or any principal officer of the Company or of any of its branch offices the powers specified to in (c), (d) and (e) of this sub-clause to the extent specified below on such conditions as the Board may prescribe.

- 2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate. Provided, however, that where the Company has an arrangement with its bankers for the borrowing of money by way of overdraft, cash credit or otherwise, the actual day-to-day operation of the overdraft, cash credit or the accounts by means of which the arrangement made availed of shall not require sanction of Board.
- 3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amounts up to which the funds may be invested and the nature of the investments which may be made by the delegates.
- 4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
- 5) Nothing contained in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board and any of the powers referred to in (a), (b), (c) and (d) of clause (1) above.

POWERS OF THE BOARD

158.Powers of the Board

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain powers of the Board

Without prejudice to the general powers conferred by the Article 158 and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, it is hereby, declared that the Directors shall have the following powers, that is to say:

1) To acquire any property, rights, etc.

Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.

2) To take on Lease

Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.

3) To erect & construct

To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

4) To pay for property

At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

5) To insure properties of the Company

To insure and keep insured against loss or damage by fire or otherwise for such period and to such extend as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

6) To open Bank accounts

To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

7) To secure contracts by way of mortgage

To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.

8) To accept surrender of shares

To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.

9) To appoint trustees for the Company

To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

10) To conduct legal proceedings

To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officer,

or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either accordingly to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

11) Bankruptcy & Insolvency

To act on behalf of the Company in all matters relating to bankruptcy insolvency.

12) To issue receipts & give discharge

To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

13) To invest and deal with money of the Company

Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

14) To give Security by way of indemnity

To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;

15) To determine signing powers

To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.

16) Commission or share in profits

To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.

17) Bonus etc. to employees

To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.

18) Transfer to Reserve Funds

Before recommending any dividend subject to provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested,

upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended or divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

19) To appoint and remove officers and other employees

To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.

20) To comply with the provisions of local law

To comply with the requirement of any local law which in their opinion it would be in the interest of the Company be necessary or expedient to comply with.

21) To appoint local Boards

From time to time and at any time to establish any local board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remunerations;

22) To delegate powers to Local Boards

Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and to authorize the members for the time being of any local Board, or any of them to fill up any vacancies, and such appointment or delegation may be made on such terms and conditions to the Board may think fit, and the Board may at any time remove any person so appointed and may revoke or vary such delegation.

23) To appoint Attorneys

At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favor of the members or any of the members of any local Board established as aforesaid or in favor of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favor of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

24) To enter into contracts

Subject to Sections 294 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

25) To make rules

From time to time to make, vary and repeal rules for the regulations of the business of the Company in Officers and employees.

26) To effect contracts etc.

To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.

27) To apply and obtain concessions licenses etc.

To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

28) To pay commissions or interest

To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Sections 76 and 208 of the Act and of the provisions contained in these presents.

29) To redeem preference shares

To redeem preference shares.

30) To assist charitable or benevolent institutions

To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

159. Powers to appoint Managing/Whole time Directors

Subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, 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.

160. What provisions Managing or Whole time Director shall be subject to

Subject to the provisions of the Act and to these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation in accordance with the provisions of the Act but shall be subject to the provisions of any contract between him and company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time if he ceased to hold the office of Director from any cause. Provided that if

at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors' or Whole-time Director or Whole-time Directors as the Directors shall from time to time determine as to who shall be made liable to retirement by rotation in accordance with the provisions of the Act to the intent that the number of directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

161.Remuneration of Managing or Whole time Director

The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

162.Powers and duties of Managing Director or Whole-time Director

Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles 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 may from time to time revoke, withdraw, alter or vary all or any such powers.

THE SECRETARY/MANAGER

163.Board to appoint Secretary / Manager

The Directors may from time to time appoint a duly qualified person to be the Secretary/Manager of the Company and on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him from office and appoint another in his place.

THE SEAL

164.The seal, its custody and use

- a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

165.Deeds how executed

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constitute attorney, be signed by any two Director and Secretary or some other person appointed

by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 27(a).

166.GENERAL AUTHORITY

Wherever in the Act it has been provided that any company shall have any right, privilege or authority or that any company cannot carry out any transaction unless it is so authorised by the Articles, then and in that case this Article hereby authorises and empower this Company to have such rights, privilege or authority and to carry out such transactions as have been permitted by the Act without there being any other specific Article in that behalf herein provided.

DIVIDEND WARRANTS

167.Division of profits

- 1) 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 the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- 2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- 3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

168.The company in General Meeting may declare Dividends

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, but the Company may declare a smaller dividend in general meeting.

169.Dividend out of profits only

- 1) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.
- 2) The depreciation shall be provided either :-
 - a) to the extent specified in Section 350 of the Act; or
 - b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of

the original cost thereof to the Company by the specified period in respect of such asset; or

- c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
- d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

- 3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization 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.
- 4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- 5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

170. Interim Dividend

The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company profiles.

171. Debts may be deducted

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.

172. Capital paid up in advance of interest not to earn dividend

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.

173. Dividend in proportion to amount paid-up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

174. Retention of dividends until completion of transfer under Article 72

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 72 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

175.No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof

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 payable to any member all such sums of money so due from him to the Company.

176.Effect of transfer of shares

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

177.Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

178.Dividends how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post direct to the 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 which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

179.Notes of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

180.Dividend to be paid within thirty days

- 1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within "thirty" or such days as may be prescribed from the date of the declaration of the dividend unless:-
 - a) where the dividend could not be paid by reason of the operation of any law;
 - b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
 - c) where there is a dispute regarding the right to receive the dividend;
 - d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
 - e) where for any other reasons, 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.
- 2)
 - a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.
 - b) 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/Unclaimed Dividend Account FLEXITUFF INTERNATIONAL LIMITED**”.

- (c) The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall not forfeit any unclaimed or unpaid dividend.

181.Unclaimed amounts as per Section 205C

All amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

182.No interest on Dividends

No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

183.Dividend and call together

Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of 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 members be set off against the calls.

184.CAPITALISATION

- 1) The Company in General Meeting may, upon the recommendation of the Board, resolve:
 - a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any 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 hereto, if distributed by way of dividend and in the same proportions.
- 2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:
 - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- 3) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.
- 4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

185.Fractional Certificate

- 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 capitalized thereby and all allotments and issues of fully paid shares, if any, and;
 - b) generally to 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 certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and 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 capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part 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 questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

MINUTES

186.Minutes to be considered evidence

- 1) The Company shall cause minutes of all proceeding of General Meetings and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- 2) Each page of every such book 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 the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting; and
 - b) in case of minutes of proceedings 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.
- 3) in no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- 4) the minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- 5) all appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- 6) in the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall contain:-
 - a) the name of the Directors present at the meeting; and

- b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- 7) nothing contained in Clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any manner which in the opinion of the Chairman of the meeting;
- a) is or could reasonably be regarded as defamatory of any person;
 - b) is irrelevant or immaterial to the proceedings; or
 - c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion of non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

187.Minutes to be evidence of the proceedings

The minutes of meeting kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

188.Presumptions to be drawn where minutes duly drawn and signed

Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings, there at to have been duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.

189.Inspection of Minutes Books of General Meetings

- 1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 196 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.
- 2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of thirty-seven paise for every hundred words or fractional part thereof required to be copied.

190.Publication of Report of proceedings of General Meeting

No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 193 of the Act, to be contained in the Minutes of the proceedings of such meeting.

ACCOUNTS

191.Books to be kept by the Company

- 1) The company shall keep at its head office proper Books of Account with respect to:
 - a) all sums of money received or expended by the Company and the matters in respect of which the receipt and expenditure take place
 - b) all sales and purchases of goods by the Company.
 - c) the assets and liabilities of the Company.

- d) such particulars relating to utilization of material or labor or other items of cost as may be prescribed by Section 209(1)(d) of the Act.

All or any of the books of account aforesaid may be kept at such other place in India as the Board of Director may decide and when the Board of Directors so decides the Company shall, within 7 days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

- 2) Where the Company has a branch office, whether in or outside India, the company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns are made up to dates at intervals of not more than three months are sent by the branch office to the Company at its Head Office or other place referred to in clause (1).
- 3) The books of account and other books and papers shall be open to inspection by any Director during business hours.
- 4) The books of account relating to a period of not less than eight years immediately preceding the current year together with the vouchers relating to any entry in such books of account shall be preserved in good order.
- 5) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection by Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Board.
- 6) The Directors shall from time to time, in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheet, Profit and Loss Accounts and Reports as are required by the Act and within the periods therein mentioned.

AUDIT

192.As to inspection of accounts and books by members

The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall, within 7 days of the appointment, give intimation thereto to every Auditor so appointed. Provided that before any appointment or re-appointment of Auditor or Auditors is made by the Company at any Annual General Meeting a written certificate shall be obtained by the Company from the Auditor or Auditors proposed to be so appointed to the effect that the appointment or re-appointment if made will be in accordance with the limits specified in sub-section (IB) of Section 224 of the Act.

193.Powers and duties of Auditors

Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company whether kept at the head office of the Company or elsewhere and shall be entitled to require from the officers of the Company such information and explanations as he may think necessary for the performance of his duties as Auditor.

194.Auditors Report

The Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be part of or annexed to the Balance Sheet and Profit and Loss Account which are to be laid before the Company in General Meeting in terms of the Act.

195. Inspection of Auditors' Report

The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

196. Foreign Register

The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

DOCUMENTS AND SERVICES OF NOTICES

197. Signing of documents and notices to be served or given

Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed.

198. To whom the notices or documents must be served

Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company.

199. Service of documents on company

- a) A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office or by leaving it at its Registered Office.
- b) Subject to provisions of the Act, any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share whether held solely or jointly with other person by such Member until some other person be registered in his place as the holder or jointholders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all person, if any, jointly interested with him or her in any such shares.

200. Authentication of documents and proceedings

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company and need not be under the Common Seal of the Company.

REGISTERS AND DOCUMENTS

201. Registers Books and Documents to be kept by the Company

The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:-

- 1) Register of Investment made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection by any member or debenture holder of the Company without charge.
- 2) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 134 of the Act and shall keep open for

inspection of any creditor or member of the Company without fee and for inspection by any person on payment of a fee of such sum as may be prescribed by Central Government.

- 3) Register and Index of Members as required by Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of such sum as may be prescribed by Central Government.
- 4) Register and Index of Debenture Holders under Section 152 of the Act and keep it open for inspection by any member or debenture holder without fee and by any other person on payment of such sum as may be prescribed by Central Government.
- 5) Foreign Register if thought fit as required by Section 157 of the Act and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as may be required, in the manner mutatis mutandis, as is applicable to the Principal Register.
- 6) Register of Contracts, and Companies and firms in which Directors are interested, as required, by Section 301 of the Act and shall keep it open for inspection of any member free of charge.
- 7) Register of Directors, and Secretary etc, as required by Section 303 of the Act and shall keep it open for inspection by any member of the Company without charge and of any other person on payment of a fee of Rupees one for each inspection.
- 8) Register as to Holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection by any member or debenture holder of the Company on any working day during the period beginning fourteen days before the date of the Company's Annual General Meeting and ending three days after the date of its conclusion.
- 9) Register of Investments made by the Company in shares and debentures of the bodies corporate as required by Section 372 of the Act.
- 10) Books recording minutes of all proceedings of General Meeting, and of all proceedings at meetings of its Board of Directors or of Committee of the Board in accordance with the provisions of Section 193 of the Act.
- 11) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
- 12) Register of loans as required by Section 370 of the Act.
- 13) Register of Transfer shall be maintained by the Company as per the provisions of the Act. The company shall keep fairly and distinctly enter particulars of every transfer or transmission of any share.

202. Inspection of Registers

The Registers mentioned in Clauses 9 and 12 of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company, as provided for in clause 3 of the said Article. Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on payment of such sum as may be prescribed by Central Government. The Company shall give inspection of the above Registers to the persons entitled to the same on such days and during such business hours as may consistently with the provisions of the Act in that behalf be determined by the Company in General Meeting.

WINDING UP

203.Distribution of Assets

If the Company is to be wound up and the assets available for distribution among the Members as such are 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 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 winding up, the assets available for distribution among the Members are 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 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.

204.Distribution in specie or kind

- a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators 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 liquidators, shall think fit.
- b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given 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 prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.
- c) In case any share to be divided as aforesaid involve a liability to call or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution by notice in writing direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.

205.Rights of Shareholders in case of sale

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 liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

INDEMNITY

206.Directors' and others right to indemnity

Subject to 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 to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act 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 officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is

acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

207. Director Officer not responsible for acts of others

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 title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or 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 or for any other loss, damage or misfortune whatever which 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.

208. Not responsible for acts of others

Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

209. Secrecy

a) Secrecy

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

b) Access to property information etc.

No member or other person (other than a Directors) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the RHP) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the RHP will be delivered to the ROC, Kolkata, West Bengal, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11:00 am to 5:00 pm on all Working Days from the date of filing of the RHP with RoC until the Bid/Issue Closing date.

MATERIAL CONTRACTS

1. Issue Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Book Running Lead Manager, as amended by a letter agreement dated September 12, 2011.
2. Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and Link Intime India Private Limited to act as the Registrar to the Issue, as amended by a letter agreement dated September 12, 2011.
3. Escrow Agreement dated September 12, 2011 entered into between our Company, the Selling Shareholder, the BRLM, Syndicate Members, Registrar to the Issue and Escrow Bankers.
4. Syndicate Agreement dated September 12, 2011 entered into between our Company, the Selling Shareholder, the BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholder, BRLM, Registrar to the Issue and the Syndicate Members.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended.
2. Certificate of Incorporation and the subsequent changes to the name of our Company and the certificates received pursuant to the same.
3. Certified true copy of the resolution passed at the meeting of the Board of Directors held on July 14, 2010 approving this Issue.
4. Certified true copy of the resolution passed under section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting dated January 7, 2011 approving this Issue.
5. Letter dated August 11, 2011 bearing reference no. FE.CO.FID.3703 /10.21.240/ 2010-11 issued by the Reserve Bank of India approving the Offer for Sale by the Selling Shareholder.
6. Board resolution dated February 24, 2011 passed by the board of directors of the Selling Shareholder approving the Offer for Sale.
7. Board and Shareholders resolutions dated July 4, 2011 and August 20, 2011 respectively appointing Mr. Manish Kalani as a Managing Director;
8. Agreement dated July 4, 2011 executed by the Company pertaining to the appointment of Mr. Manish Kalani as a Managing Director of the Company
9. Consents of all the Directors of our Company, the Selling Shareholder, Company Secretary and Compliance Officer, Statutory Auditors, BRLM, Legal Advisor to the Issue, bankers to our Company,

Registrars to the Issue, Chartered Engineer, Syndicate Members, Bankers to the Issue and Refund Bank to include their names in the RHP to act in their respective capacities.

10. Consent of the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, for inclusion of their reports on the restated consolidated and standalone financial statements and statement of tax benefits in the form and context in which they appear in the RHP.
11. Consent of the Mr. Salil Kumar Barjatya, Chartered Engineer for inclusion of their reports on the installed production capacity in the form and context in which they appear in the RHP.
12. Reports of the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, on the restated consolidated and standalone statements dated July 1, 2011.
13. Annual Reports of our Company for the Financial Years ended; March 31, 2007; March 31, 2008; March 31, 2009 and March 31, 2010.
14. Report of the Auditors M/s L.K. Maheshwari & Co., Chartered Accountants, dated July 12, 2011 on the Tax Benefits available to our Company and its shareholders.
15. Copy of certificate dated August 1, 2011 received from the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, regarding sources and deployment of funds
16. Termination Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the "Investor"), Flexituff International Limited (the "Company") and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors") , as amended by a letter agreement dated September 12, 2011
17. Replacement Shareholders Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the "Investor"), Flexituff International Limited (the "Company") and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors") , as amended by a letter agreement dated September 12, 2011
18. Tripartite agreement dated March 19, 2008 amongst our Company, Link Intime India Private Limited and NSDL, for offering depository services.
19. Tripartite agreement dated January 15, 2008 amongst our Company, Link Intime India Private Limited and CDSL, for offering depository services.
20. Certified true copy of Due Diligence Certificate dated March 24, 2011 to SEBI from BRLM.
21. In-principle listing approvals from BSE and NSE dated May 19, 2011 and June 10, 2011 respectively.
22. SEBI Observation Letter No. CFD/DIL/Issues/SK/AT/15445/2011 dated June 14, 2011 issued by Securities and Exchange Board of India.
23. Report of the IPO grading agency, Credit Analysis & Research Limited furnishing the rationale for its grading, disclosed in this offer document.
24. Consent from Credit Analysis & Research Limited for inclusion of their name in the RHP as IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the RHP and the Prospectus.

Any of the contracts or documents mentioned in the RHP may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines and regulations issued by the Government of India or the regulations issued by the 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 the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules, regulations or guidelines issued thereunder, as the case may be. We hereby certify that all statements in the Red Herring Prospectus are true and correct.

No.	Name of Director	Signature
1.	Mr. Anirudh Sonpal <i>Chairman, Independent Director</i>	Sd/-
2.	Mr. Manish Kalani <i>Managing Director</i>	Sd/-
3.	Mr. Pawan Kumar Jain <i>Non - Executive Director</i>	Sd/-
4.	Mr. Ravindra Chourasiya <i>Non-Executive Director</i>	Sd/
5.	Mr. Aswini Sahoo <i>Non- Executive Director</i>	Sd/
6.	Mr. Kevan John Upperdine <i>Independent Director</i>	Sd/
7.	Mr. Sharat Anand <i>Independent Director</i>	Sd/

Sd/-

Sd/-

Mr. Ajay Mundra
Chief Financial Officer

Mr. Dinesh Kumar Sharma
Company Secretary and Compliance Officer

Date: September 15, 2011

Place: Pithampur

DECLARATION

The Selling Shareholder hereby certifies that the statements in the Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares being offered pursuant to the Offer for Sale are true and correct.

Sd/-

Clearwater Capital Partners (Cyprus) Limited

Authorised Signatory

Date: September 15, 2011

Place: Mumbai

To,
Shri Ajay Mundra
Chief Financial Officer,
Flexituff International Limited,
C41-50, SEZ Sector-3,
Pithampur - 454 775.

Aug 05, 2011

Confidential

Dear Sir,

IPO Grading

Please refer to our IPO Grading letter dated June 1, 2011 and your subsequent letter dated July 27, 2011 requesting us to revalidate the grading assigned to Flexituff International Limited (FIL) Initial Public Offering (IPO) of equity shares of face value of Rs. 10 each, aggregating 6,750,000 Number of shares.


2. Our Rating Committee has reaffirmed the grading of '**CARE IPO Grade 3**' [**Grade Three**] to the proposed IPO issue of FIL. **CARE IPO Grade 3** indicates *average fundamentals*. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 3**' [**Grade Three**] appears, it should invariably be followed by the definition '**CARE IPO Grade 3** [Grade Three] indicates average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure 1**. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within three months from the date of this letter.



6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,



[Nishith Gandhi]
Analyst



[Mukesh Chhatani]
Manager

Encl : As above

DISCLAIMER

CARE's IPO grading is a onetime 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.

Shri Ajay Mundra
Chief Financial Officer,
Flexituff International Limited,
C41-50, SEZ Sector-3,
Pithampur - 454 775.

August 11, 2011

Confidential

Dear Sir,

IPO Grading

Please refer to our letter dated August 5, 2011 on the above subject.

2. The rationale for the grading is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.
3. A write-up on the above grading is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by August 16, 2011 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



[Nishith Gandhi]
Analyst



[Mukesh Chhatani]
Manager

Encl: As above

Annexure I

Grading Rationale

Flexituff International Ltd.

Grading Assigned

Particulars	Number of equity shares	Grading ¹	Remarks
IPO Grade	6,750,000 Equity Shares of Rs. 10 each	'CARE IPO Grade 3' [Grade Three]	Revalidated

Grading Rationale

The grading derives strength from the experienced promoters and management, growing operations, increased product portfolio and application of its products in the various industries, established track record in the exports markets, increasing presence in the domestic markets, high capacity utilization and integrated manufacturing facilities.

However, the grading is constrained by the working-capital intensive nature of operations, homogenous nature of products with no visible differentiators, volatile raw material prices; dependence on a few suppliers for the raw material and off-take risk of the new products such as injection moulding products and polymer compounding. Besides, the grading is constrained by the moderate capital structure and delay in the project execution in the past resulting in poor liquidity ratios.

Background

FIL was formed in 1966 as a partnership firm. Subsequently, in 1993, the same was converted into private limited company and in 2003 it was converted into a public limited company. FIL has three subsidiaries –

- Satguru Polyfab Private Limited (SPPL): FIL acquired this company in FY09. SPPL is located in Kandla and is engaged in the business of recycled granules and agglomerates.
- Flexiglobal Holdings Limited: This is a holding and investment company and does not have any manufacturing activities.
- Nanofil Technologies Private Limited: This company is engaged in the research and development activities using various technologies namely nanotechnology, chemical technology, biochemical technology and polymer technology to use in polypropylene, polyethylene, PVC products, etc.



¹ Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications

Besides, FIL also has two step-down subsidiaries, one in UK and the other in USA, which primarily act as marketing and distribution platform for FIL's products.

Management

The promoters of FIL have been involved in the business of packaging for over 15 years. The senior management has over two decades of experience in the varied industries and around seven to nine years of experience with FIL.

Corporate Governance

FIL's board of directors comprises seven directors, of which the chairman Mr. Anirudh Sonpal is the non-executive and independent director. In compliance with the requirements of clause 49 of the listing agreement, FIL has one executive director and six non-executive directors of whom three are independent directors. Besides, the company has an audit committee, compensation committee and shareholders'/investor's grievance committee which were re-constituted in December 2010 and are headed by an independent director. In the recent past there were oversights by FIL in the timely filing of certain documents as per Foreign Exchange Management Act (FEMA) regulations and Companies Act. At present the impact of the above is not ascertainable.

Litigations against FIL

FIL had certain litigations against it, though these are not significant and the financial impact of the same may be limited, however, such litigations may take-up the scarce management resources and may affect the day-to-day operations of the company.

Operations

FIL is engaged into the manufacturing of FIBC (Jumbo bags), geo-textile fabric and ground cover (used for the prevention of landslides, control of soil erosion and river bank protection) - relatively high-value product, reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags (flexible packaging bags) and leno bags (small packaging bags). FIL's main product is FIBC bags (over 65% of revenue) which are used in bulk packaging and transporting requirements of a host of industries. The company's manufacturing facilities are located in Kashipur (Uttarakhand) (16,000 mtpa) and Pithampur (MP) (12,200 mtpa under SEZ and 10,800 mtpa under DTA). It has ISO certifications for the quality, environment management and food safety, the international certifications like Det Norske Veritas (DNV) for quality and British Retail Consortium (BRC) and American Institute of Baking (AIB) for the global food safety packaging standards.

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Over the years FIL had leveraged upon its core competency of manufacturing FIBC and recently extended the product lines which have common technology processes and similar input requirements, thereby diversifying its product portfolio. The company's products are sold in the domestic as well as the exports markets. FIL tries to maintain around 60-65% of sales from the exports market and balance from the domestic market.

The raw material required is High Density Polyethylene (HDPE) / Polypropylene (PP), price of which have been volatile in the recent past. Moreover, these are supplied by the limited number of manufacturers. To mitigate the raw material price volatility, FIL has lowered its order cycle as compared to its inventory holding period, enabling it to maintain flexibility in the pricing to protect margins. Moreover, due to its export-oriented operations, FIL is also exposed to the currency risk. However, the same is partially mitigated due to the raw material imports.

Although, FIL has an established track record and has built considerable size to mitigate competition from the unorganized sector, but due to the undifferentiated nature of products, the profit margins may be susceptible to the competition. Besides, its operations are working-capital intensive. With the expanded capacities and optimum utilization of assets, the working capital requirements are likely to remain high in the coming years and are primarily to be funded by IPO proceeds and internal accruals from the higher operations as the major expansion plans requiring internal accruals for funding are complete and operational.

In the recent past FIL has completed two projects in phases, primarily funded by debt. Under phase-I, major capacity addition of around 16,000 mtpa got completed in September 2009 (total installed capacity of 39,000 mtpa) and further capacity of 2,000 mtpa was added during FY11 (total installed capacity 41,000 mtpa). The commercial production from the first part in phase-I started in Q3FY10. Under phase II, the capacity added was around 18,000 mtpa and it was completed in December 2010 (total installed capacity of 59,500 mtpa). The commercial production from the phase II started in Q1FY12, thus the benefits for the same would be realised in the coming years. Both the projects got delayed due to the considerable size of the projects and delay in acquiring the requisite power supply.

Further, FIL has plans to foray into the polymer compounding (around 50% for the captive consumption) and injection moulding projects (Dripper Project), in which it has relatively a low experience. Thus, despite these products being polymer-based and comprising lower proportion of the total capacities, the off-take for the same remains to be seen. The polymer compounding project was part of the phase II and is completed and the dripper project is yet to be executed. The funding of the dripper project is primarily through IPO proceeds.

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IPO Details

- Issue of Shares

FIL is proposing to make an IPO of 67,50,000 equity shares of face value of Rs.10 each. Out of the total equity shares, 45,00,000 equity shares would comprise of fresh issue. The proceeds of the same would be utilized as follows:

1. About Rs.18.93 crore to be used towards expansion of the manufacturing facilities at SEZ and DTA units at Pithampur
2. Rs.8.09 crore to be used towards setting-up of Dripper Project at Kashipur
3. Rs.25 crore to be used to meet the working-capital requirements
4. Balance amount to be used for the general corporate purposes

The above mentioned projects are not appraised by any financial institutions, and are entirely dependent on the IPO proceeds. However, these are the small projects as compared to the size of operations thus the company may have flexibility to fund the minor cost overruns. Besides, it has executed projects of considerable size in the recent past.

- Offer for sale

Besides, Clearwater Capital Partners (Cyprus) Limited (CCPL) an existing shareholder of the company has offered up to 22,50,000 equity shares as part of an offer for sale.

Standalone Financials

FIL's total income increased at a compounded annual growth rate (CAGR) of 37% for the period FY09-FY11. This was on account of the higher capacities and increasing focus on the domestic markets. Further, as a result of slowdown in the export market, FIL gradually increased its focus on the domestic markets and revenues from the same increased at a CAGR of 106% for the period FY09-FY11. Income from the domestic sales formed around 26% of the total income for FY11.

PBILDT margins have shown varied trend in the past three years primarily due to the volatility in the raw material prices. Higher depreciation cost due to the increased capacities, higher interest cost due to the project-related debt and reliance on the higher bank borrowings to fund the working-capital needs resulted in the consistent decline in PAT margins during FY09 and FY10. However, with the availability of the increased capacities for the entire FY11, coupled with the improved economic environment in exports as well as the domestic markets resulted in the improved asset turnover and thus significant improvement in PAT margin during FY11.

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Higher total debt for the funding of capacity expansion and working-capital requirements resulted in the increased gearing level in the past three years. ROCE and RONW had shown declining trend in FY09 and FY10 due to the suboptimum utilisation of capacities, however, with the improvement of capacity utilisations ROCE and RONW improved significantly during FY11.

The working-capital cycle has been increasing in past primarily due to the increased focus in the domestic markets, where FIL is a relatively new player and has to provide relatively higher credit period.

Consolidated financials

Consolidated financials of FIL primarily reflect similar trend as at standalone level till FY09, During FY10, FIL's net profit was affected primarily due to the loss incurred by SPPL. SPPL executed a project in FY10 to manufacture recycled granules and agglomerates (7500 mtpa) which are partly used by FIL. Post-completion of the project, SPPL's operations took time to stabilize and thus during FY10 it reported a loss of Rs.3.84 crore on a total income of Rs.2.72 crore on account of the higher interest cost. During FY11, improvement in the financial performance at a consolidated level was primarily on account of the improvement in the performance of FIL and SPPL. SPPL reported sales of Rs.35.42 crore and PAT of Rs.0.04 crore in FY11 as compared to the sales of Rs.2.67 crore and loss of Rs.3.83 crore during FY10.

Industry

FIBC manufacturing is a labour and power-intensive process. Low labour costs, ease in the procurement of the polymers and proximity to end markets give India a competitive edge over other countries. FIBCs are being increasingly used in the industries that require economical and reliable packaging at reduced logistical costs and are preferred to smaller packages (25 or 50 kg bags) and bulk carriages.

The global market size estimates of FIBCs range from US\$20 billion to US\$25 billion annually. China, India and Turkey are the three leading FIBC producing and exporting nations. Overall, the US demand for flexible bulk packaging is expected to increase 3.4% a year to US\$6.38 billion in 2011. Flexible packaging is the second-largest packaging type, garnering 18% of the US\$130 billion packaging market.

Indian Overview

The Indian packaging industry can broadly be classified into rigid and flexible packaging.

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Rigid packing comprises injection-moulded plastic containers, metal containers, wooden

crates, paper board etc while the flexible packaging comprises paper, jute, cotton/plastic bags and pouches. The current demand for the flexible packaging in India stands at about 5, 00,000 tons. The largest market for the flexible packaging is food (retail and institutional), accounting for over 57% of shipments.

The Indian processed food industry stood at about US\$20.51 billion in FY07, accounting for about 13% of the country's exports and involving 6% of the total industrial investment in the country. Of this, the packaged food stood close to only about US\$0.85 billion. The food and agricultural markets dominate the sales of the converted flexible packaging in India and will continue to expand on account of the several factors, like, increasing consumption of the packaged food; the increasing presence of the multinational Food and Beverage (F&B) firms in India; the trend towards additional processing of the food grains and fresh produce and ongoing efforts to improve sanitation and food safety. Currently, a mere 2% of India's food production is being processed and there are plans in the place to increase the food processing level to 10% over a period of ten years thereby increasing the demand for the packaging equipment manifold.

Growth will be supported by a combination of the consumer spending and growth in the F&B production - the leading flexible bulk-packaging market. Moreover, the domestic FIBC industry is likely to witness a significant growth with increasing acceptance of FIBCs over other forms of packaging. Growth in the emerging sectors like the packaged foods and dried convenience foods, garments, horticulture and pharmaceutical sectors are the key drivers for flexible packaging. The slower recovery in the USA and EU economy has affected the growth across all sectors resulting in a lower demand for FIBC in the medium-term. However, the domestic demand for FIBC is expected to increase gradually due to the favourable demographics, economic growth and benefits arising on the bulk packaging.

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Financial Performance – Standalone[#]
(Rs. crore)

<i>For the period ended / as at March 31,</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>(12m, A)</i>	<i>(12m, A)</i>	<i>(12m, A)</i>
Working Results			
Total Income	260.75	301.19	489.08
PBILDT	27.79	42.91	67.64
Interest and Finance Charges	12.93	20.29	24.49
Depreciation	5.12	11.15	13.13
Non-operating Income	0.51	0.71	1.29
PAT (After Deferred Tax)	8.15	6.91	26.99
Gross Cash Accruals	14.61	23.33	44.43
Financial Position			
Equity Share Capital	11.31	11.52	17.21
Tangible net worth	123.56	144.14	180.55
Total Capital Employed	274.16	366.55	469.69
Ratios			
<i>Growth (%)</i>			
Growth in Total income (%)	18.40	15.51	62.38
Growth in PAT [after D.Tax] (%)	6.92	(15.26)	290.67
<i>Profitability (%)</i>			
PBILDT / Total operating Income (%)	10.66	14.24	13.83
PAT / Total Income (%)	3.12	2.29	5.50
ROCE (%)	10.64	10.14	13.35
RONW (%)	6.93	5.16	16.62
EPS(Rs.)	7.21	6.00	15.68
<i>Solvency (times)</i>			
Long Term Debt Equity ratio	0.98	1.08	1.02
Overall Gearing Ratio	1.22	1.54	1.60
Interest Coverage	1.75	1.57	2.23
Total Debt / Gross Cash Accruals	10.31	9.53	6.51
<i>Liquidity</i>			
Current Ratio	1.03	0.96	0.98
Quick Ratio	0.64	0.59	0.63
<i>Turnover</i>			
Average Collection Period (Days)	41	43	62
Average Creditors (Days)	48	63	60
Average Inventory (Days)	52	73	73
Operating cycle (Days)	44	52	76



Financial Performance – Consolidated[#]

(Rs. crore)

For the period ended / as at March 31,	2009 (12m, A)	2010 (12m, A)	2011 (12m, A)
Working Results			
Total Income	263.04	321.10	577.94
PBILDT	26.89	41.24	75.41
Interest and Finance Charges	12.98	21.57	27.74
Depreciation	5.21	11.74	14.43
Non-operating Income	1.66	0.99	1.45
PAT (After Deferred Tax)	8.18	3.14	29.34
Gross Cash Accruals	14.74	20.49	43.77
Financial Position			
Equity Share Capital	11.31	11.52	17.21
Tangible net worth	123.88	141.30	182.36
Total Capital Employed	274.54	378.68	485.64
Ratios			
<i>Growth (%)</i>			
Growth in Total income (%)	19.44	22.07	79.99
Growth in PAT [after D.Tax] (%)	7.35	(61.61)	833.72
<i>Profitability (%)</i>			
PBILDT / Total operating Income (%)	10.22	12.84	13.05
PAT / Total Income (%)	3.09	0.98	5.06
ROCE (%)	10.70	9.34	14.45
RONW (%)	6.95	2.37	18.13
EPS(Rs.)	7.23	2.73	17.04
<i>Solvency (times)</i>			
Long Term Debt Equity ratio	1.06	1.18	1.07
Overall Gearing Ratio	1.22	1.68	1.66
Interest Coverage	2.07	1.91	2.72
Total Debt / Gross Cash Accruals	10.22	11.58	6.93
<i>Liquidity</i>			
Current Ratio	1.03	0.93	1.00
Quick Ratio	0.62	0.55	0.61
<i>Turnover</i>			
Average Collection Period (Days)	42	49	66
Average Creditors (Days)	53	79	77
Average Inventory (Days)	53	77	76
Operating cycle (Days)	41	47	65

For our analysis purpose, zero percent fully convertible debentures issued to CCPL during FY08, are considered as part of networth. Loss on forward contracts is taken as a part of operating cost.

DISCLAIMER

CARE's IPO grading is a onetime 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.

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Annexure II

Press Release

CARE revalidates 'CARE IPO Grade 3' to the Proposed Initial Public Offering of Flexituff International Limited

Grading Assigned

Particulars	Number of equity shares	Grading ¹	Remarks
IPO Grade	6,750,000 Equity Shares of Rs. 10 each	'CARE IPO Grade 3' [Grade Three]	Revalidated

Grading Rationale

The grading derives strength from the experienced promoters and management, growing operations, increased product portfolio and application of its products in the various industries, established track record in the exports markets, increasing presence in the domestic markets, high capacity utilization and integrated manufacturing facilities.

However, the grading is constrained by the working-capital intensive nature of operations, homogenous nature of products with no visible differentiators, volatile raw material prices; dependence on a few suppliers for the raw material and off-take risk of the new products such as injection moulding products and polymer compounding. Besides, the grading is constrained by the moderate capital structure and delay in the project execution in the past resulting in poor liquidity ratios.

Company Profile

Flexituff International Limited (FIL) was formed in 1966 as a partnership firm. Subsequently, in 1993, the same was converted into a private limited company and in 2003 it was converted into a public limited company. FIL is engaged into the manufacturing of FIBC (Jumbo bags), geo-textile fabric and ground cover (used for the prevention of landslides, control of soil erosion and river bank protection) - relatively high-value and margin product, reverse-printed Biaxially Oriented Polypropylene (BOPP) woven bags (flexible packaging bags) and leno bags (small packaging bags). The company's manufacturing facilities are located in Kashipur (Uttarakhand) and Pithampur (MP). The company's products are sold in the domestic as well as the exports markets.

¹ Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications

At standalone level, FIL posted a PAT of Rs.27 crore on a total income of Rs.489 crore in FY11 as compared to a PAT of Rs.7 crore on a total income of Rs.301 crore in FY10. At consolidated level FIL posted a PAT of Rs.29 crore on a total income of Rs.578 crore in FY11 as compared to PAT of Rs.3 crore on a total income of Rs.321 crore in FY10.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

DISCLAIMER

CARE's IPO grading is a onetime assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.



Annexure III

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

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