

RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956
(The Red Herring Prospectus will be updated upon filing
with the Registrar of Companies, Maharashtra, Mumbai)
100% Book Built Issue

**EMMBI POLYARNS LIMITED**

[Incorporated on 29/11/1994 under the Companies Act, 1956 as 'Emmbi Polyarns Private Limited' vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company was later converted into a public limited company on 01/04/1999 and received a Certificate of Change of Name.

The Corporate Identity Number of the Company is U17120MH1994PLC083322']

Registered Office: 309-310 Kuber Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri [West], Mumbai- 400 053; **Tel.:** +91-022-6784 5555;

Fax: +91-022-6784 5506; **Website:** www.emmbi.com;

Contact Person: Ms. Ashvini Godbole, Company Secretary & Compliance Officer; **E-mail:** ashvini.godbole@emmbi.com.

[For details regarding change in Registered office of the Company please refer to section titled "History and Other Corporate Matters" on page. 68 of this Red Herring Prospectus]

PUBLIC ISSUE OF 95,74,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF EMMBI POLYARNS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE), AGGREGATING TO RS. [•] CRORES (THE "ISSUE"). UPTO 50,000 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 55% OF THE POST ISSUE PAID -UP CAPITAL OF THE COMPANY. THE NET ISSUE TO PUBLIC WOULD CONSTITUTE 54.72% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 40/- TO RS. 45/- PER EQUITY SHARE

THE ISSUE PRICE IS 4.0 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 4.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

THE PROMOTERS OF THE COMPANY ARE MR. MAKRAND APPALWAR, MS. RINKU APPALWAR AND DR. MITRAVINDA APPALWAR

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Member. The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 5% of the Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per equity share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated November 10, 2009 and December 11, 2009 respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

IPO GRADING

The issue has been graded by Credit Analysis and Research Limited (CARE) and has been assigned the 'CARE IPO Grade 2' indicating below average fundamentals vide their letter dated January 19, 2010. For further details and rationale of grading please refer page no. 12.

BOOK RUNNING LEAD MANAGER TO THE ISSUE**REGISTRAR TO THE ISSUE****KEYNOTE**

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400001.

Tel: +91-22- 30266000-3; **Fax:** +91-22- 22694323

Website: www.keynoteindia.net; **E-mail:** mbd@keynoteindia.net

SEBI Registration No.: INM 000003606

AMBI No.: AMBI/ 040



DATAMATICS FINANCIAL SERVICES LIMITED

Plot No. A-16 & 17, MIDC, Part B Crosslane,
Marol, Andheri (East), Mumbai 400 093

Tel: +91-22- 66712151-56

Fax: +91-22- 66712192

Email: emmbiipo@dfssl.com

Website: www.dfssl.com

SEBI Registration No.: INR 000000874

ISSUE SCHEDULE

BID/ ISSUE OPENS ON

MONDAY, FEBRUARY 01, 2010

BID/ ISSUE CLOSING ON

WEDNESDAY, FEBRUARY 03, 2010

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DEFINITIONS AND ABBREVIATIONS

COMPANY/ INDUSTRY RELATED TERMS

TERM	DESCRIPTION
"EPL", "Emmbi" "the Company", "We", "us" and "our"	Unless the context otherwise requires, refers to Emmbi Polyarns Limited a public limited company incorporated under the Companies Act, 1956.
Articles/ Articles of Association	The Articles of Association of the Company i.e., Emmbi Polyarns Limited.
Auditors	The statutory auditors of the Company, being K.J.Shah & Associates, Chartered Accountants.
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof.
Director(s)	Director(s) of the Company unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Registered Office of the Company	309-310 Kuber Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri [West], Mumbai- 400 053

ISSUE RELATED TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application for subscribing to an issue, containing an authorization to block the application money in a bank account.
ASBA Investor/ ASBA Bidders	An Investor who intends to apply through ASBA process and (a) is a "non QIB Investor"; (b) is applying through blocking of funds in a bank account with the SCSB
ASBA Form	Bid cum Application form for ASBA Investor intending to subscribe through ASBA
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI Regulations, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited.
CAN/ Confirmation of	The note or advice or intimation of allotment of Equity Shares sent to the

TERM	DESCRIPTION
Allotment Note	Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLMs. Only Retail Individual Bidders and Employees applying under Employee Reservation Portion who are applying for a maximum bid amount not exceeding Rs.1,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs. 1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Maharashtra, Mumbai, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee, Employees or Eligible Employees (in the Employee Reservation Portion)	A permanent and full-time employee or a Director of the Company, as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid- cum-Application Form. They do not include employees of the Promoters and the Promoter Group.
Employee Reservation Portion	The portion of the Issue, being a maximum of 50,000 Equity Shares which is not exceeding 5% of the post issue capital of the Company, available for allocation to the Employees, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks 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.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being ICICI Bank Limited, HDFC Bank, Axis Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, Punjab National Bank and HSBC Limited.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 95,74,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. [•] Lacs.

TERM	DESCRIPTION
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under-subscription under the Employee Reservation Portion.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion	The portion of this Issue being not less than 15% of the Issue consisting of 14,28,600 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs, available for allocation to Non Institutional Bidders.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 40/- and the maximum price ("Cap Price") of Rs. 45/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Maharashtra, Mumbai containing, <i>inter alia</i> , 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	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 47,62,000 Equity Shares of Rs. 10 each aggregating Rs. [●] lacs being upto 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No.

TERM	DESCRIPTION
	2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Maharashtra, Mumbai at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, Mumbai, after pricing and allocation.
Registrar/ Registrar to this Issue	Datamatics Financial Services Limited
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 33,33,400 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs, being at least 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
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 Board.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

GENERAL / CONVENTIONAL TERMS

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
FCNR Account	Foreign Currency Non Resident Account
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.

TERM	DESCRIPTION
SEBI Regulation/ (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
NAV	Net Asset Value.
MSM	Marketing and Sales Management
NR	Non Resident
NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended. NRI's are not permitted to participate in this issue.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.

ABBREVIATION	FULL FORM
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Maharashtra, Mumbai
RoNW	Return on Net Worth.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

INDUSTRY RELATED TERMS AND ABBREVIATIONS

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
BOPP	Biaxially Oriented Polypropylene
CO ₂ e	Equivalent carbon dioxide
Eps	Expandable Polystyrene
ERP	Enterprise Resource Planning
FIBC	Flexible Intermediate Bulk Container
GSM	Grams per Square Meter
HDPE	High Density PolyEthylene
JNPT	Jawaharlal Nehru Port
KGF	Kilogram Force
LDPE	Low Density polyEthylene
mSMEs	micro, Small and Medium Enterprises
MT	Metric Tonne
MtCO ₂ e	Metric Tonne Carbon Dioxide Equivalent
MTPA	Metric Tonne Per Annum
NSCIT	Nhava Sheva International Container Terminal Ltd
Pe	Polyethylene
PET	Polyethylene Terephthalate
PP	Polypropylene
PS	Polystyrene
PVC	Poly-Vinyl Chloride
SWL	Safe Working Load
UV	Ultraviolet

Notwithstanding the foregoing:

- In the section titled “Financial Statements” on page 89 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- In the section titled “Main Provisions of the Articles of Association of the Company” on page 186 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's restated financial statements as of and for the year ended March 31, 2009, 2008, 2007, 2006, and 2005 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of the statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to 'Rupees' or 'Rs.' 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, Rs. 10 crore equals Rs. 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

Market data used in this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the market data used in this Red Herring Prospectus 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 AND MARKET DATA

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis” beginning on pages x, 48 and 117 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION I – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. There are certain risk factors mentioned where the effect is not quantifiable and hence not disclosed.

LITIGATIONS

We are a party to certain legal proceedings that, if decided against us, could have an effect on our reputation, business prospects and results of operations Classification of these legal and other proceedings instituted against our Company are given as follows.

Summary of litigations pending against our Company are as set forth below:

Particulars	No. of cases/disputes	Approximate amount involved where quantifiable (Rs. in lacs)
Against the Company		
Income Tax Act	2	10.52
By the Company		
Income Tax Act	1	8.77

For details of cases filed by the Company please refer to page 122 of this Red Herring Prospectus.

RISKS SPECIFIC TO THE PROJECT

- The implementation of the project is at a very preliminary stage. Any delay in implementation of the same may increase the capital cost and also affect returns from the project.***

We are in the process of enhancing our capacities through the proposed expansion. Same is being implemented partly on the existing land available and balance on new nearby location. We have estimated the cost and drawn the implementation schedule based on our experience. Presently, the implementation is at a preliminary stage. Any delay in implementation of the same will increase the capital cost and also affect the realisation of returns from the project.

Management Proposal:

We have twelve years of experience in implementation and commissioning of similar projects hence we are confident that there will be no major escalation in cost component.

- We have not yet placed orders for plant & machinery and equipment requirements for our proposed project; as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, future affecting our costs, revenue and profitability. Further, we have not tied-up the working capital requirements, based on the proposed expansion.***

We propose to purchase plant & machinery worth Rs. 1739.15 lacs from the proceeds of this Issue. We have not yet placed orders for plant & machinery required for our proposed expansion project; as specified in the section 'Objects of the Issue'. Any delay in procurement of plant & machinery, equipment, etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which

could have an adverse effect on the operations of our Company. Further, our working capital requirements based on proposed expansion are not tied-up.

Management Proposal

The Company has obtained quotations from vendors of machineries and orders for the same shall be placed at appropriate time. We are confident that we will be able to procure plant & machinery etc of required specifications as per the schedule of implementation drawn by us based on our experience. We have provided for margin money for working capital for the proposed expansion in the cost of the project. Presently, we are enjoying working capital limits to the extent of Rs. 1500 lacs from existing banker and we do not foresee any difficulty in obtaining sanction for additional working capital.

3. We may not be able to acquire sufficient land area for our project which may affect the viability of such project and the expansion plan and financial condition of our Company.

We require 20,000 sq. meters of land for our present expansion, of which 5,000 sq. meters will be from the existing land owned by the Company and balance will be through new acquisition. We are in the process of identifying and acquiring the portion of land required for the Project. We cannot assure that we will be able to identify adequate land or that land acquisitions will be completed in a timely manner, on terms that are commercially acceptable to us, or at all. If we are unable to acquire sufficient amount of land for our project, the viability and efficiency of the project may be affected.

Management Proposal:

We propose to carry the expansion in Phase II in the nearby area of the existing facilities at Silvassa. There is abundant land available in the area of expansion. The management does not foresee any difficulty in acquiring the required land for the proposed project.

RISK FACTORS INTERNAL TO THE COMPANY

4. Contingent liabilities not provided for, which if materializes may have an adverse effect on our financial condition and future financial performance.

The contingent liabilities not provided for as on 30/09/2009 based on the audited financial statements are as follows:

Particulars	Amount (Rs. in Lacs)
Guarantee given by the Company to Electricity Department	25.00
Income tax Penalty demanded for A.Y. 2001-02 for which tribunal appeal is preferred	10.52
L.C. import	129.97
TOTAL	165.49

In the event, any of the above contingent liabilities materialize it may reduce our profits to that extent, hence it may have an adverse effect on our financial condition and future financial performance.

5. Emmbi has experienced negative Operating Cash Flow from activities in the year 2007-08 and 2006-07.

Emmbi has reported a negative operating cash flow from activities for the Financial year 2006-07 and Financial year 2007-08 to the tune of Rs. 206.82 lacs and Rs. 60.14 lacs respectively, as per the audited financial statements for the respective years.

Management Proposal:

The negative operating cash flow during these years was due to enhancement in product capacity and due to adoption of new marketing strategy, focusing mainly on export market. There was a net increase in stock and debtors the realization of which has been in the next financial year.

6. Promoter Group Companies/firms have incurred losses during the past three years

One of the promoter group companies Emmbi Laboratories Private Limited has made losses during the Financial year 2006-07, 2007-08 and 2008-09 to the tune of Rs. 0.02 lacs, Rs. 0.03 lacs and Rs. 0.04 lacs, respectively.

Management Proposal

Emmbi Laboratories Private Limited (ELPL) is engaged in the business of manufacturing Ayurvedic Medicines. Presently, ELPL is not carrying any business activity. The net loss in ELPL is on account of administrative expenses

7. We are dependent on our management team for success whose loss could seriously impair our ability to continue to manage and expand business efficiently. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently.

Our success largely depends on the continued services and performance of our management and other key employees. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, it may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently manage human resources would adversely affect our ability to implement new projects and expand our business.

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

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

Management Proposal

Our company is in the business of manufacturing woven polyethylene and polypropylene products since more than 12 years, during those years we have established cordial relationship with our workers and other staff. Further, our machines are of modular format hence complete stoppage/ shut down is a remote possibility.

9. We do not currently own the premises at which our registered office is located as the same is on lease arrangement. As a result we may face problem of relocation in case of termination of lease and may incur higher costs.

The premises at which our registered office is located is not owned by us. We have lease arrangement with a third party and we pay rent for the occupation of the premises. The lease is valid upto July 06, 2011. The lease may be renewed subject to mutual consent of the lessor and us. In the event that the lessor requires us to vacate the premises, we will have to seek new premises at short notice and for a price that may be higher than

what we are currently paying, which may affect our ability to conduct business or increase our operating costs.

10. Our application for renewal of an approval and registration of several trade marks as given herein under, are still pending to be received.

The trade marks which are yet to receive registration, for which application for registration has ben made by us with the Trade Mark Registry under Trade Marks Act, 1999 are as follows:

Sr. No.	Application No.	Date of Application	Trade Mark Name	Class in respect of which application has been made
1.	1853032	21.08.2009	Emmbi Jumbo	22
2.	1853033	21.08.2009	Emmbi Box	22
3.	1853034	21.08.2009	Corporate Logo: Emmbi	22
4.	1853035	21.08.2009	Emmbi Twist	22
5.	1853036	21.08.2009	Emmbi Shield	22
6.	1853037	21.08.2009	Emmbi Flat	22

11. Unsecured loans taken by us can be recalled by the lenders at any time, which may affect our business and financial condition.

The unsecured loans availed by our company has increased from Rs. 20.34 lacs as on March 31, 2007 to Rs. 169.51 Lacs as on March 31, 2008 and then to Rs. 140.92 Lacs as on March 31, 2009, based on the audited financial statements of the respective years.

Our Company developed some products specifically for the international market. The product development required investment in manufacturing facilities as well as in working capital. The Company faced a shortage of funds required for the said development. Hence the Company had to resort to borrowing from other sources which lead to an increase in the unsecured loans availed by the Company.

Although we have taken the unsecured loan in a normal course of business, such loans may be recalled by the lenders at any time which may affect our business and financial condition.

12. There are restrictive covenants in the agreements with the Banks/ Institutions from whom we have borrowed, which among other things, require the Company to obtain prior permission from them for certain acts which may limit Company's discretion in these matters.

There are restrictive covenants in the agreements with the Banks/ Institutions from whom we have borrowed, which among other things require the Company to obtain prior permission from them for change in Management, declaring dividend and undertaking of new project etc. which may limit Company's discretion in these matters.

Management Proposal

These covenants are general in nature and are not expected to affect the operations of the company significantly.

13. Any failure to keep abreast with the latest trends in technology may adversely affect our cost competitiveness and ability to develop new products.

Technology by its very nature is dynamic and our Company being technological oriented would always be trying to keep abreast with the technological environment. There are no major changes in the materials used for our business and all upgradation in processing machinery. Government pricing regulations on petroleum products from time to time may also impact the use of certain raw materials in preparation of polymer products. Any failure to keep abreast with these developments on our part could have a bearing on our

ability to compete efficiently, our cost competitiveness, ability to develop new products and the consequential quality of our products, and could also impact our sales & profitability.

Management Proposal

India is one of the largest hub for development of woven polymer industry and most of the development in processing machinery has taken place in India. The Company would thus always be in the environment where the technological development is originating.

EXTERNAL RISK FACTORS

RELATED TO THE COMPANY'S BUSINESS AND INDUSTRY:

14. *Primary raw materials are petroleum based products leading to higher susceptibility to price fluctuations in future. Price volatility of raw materials (including plastic polymer) used for manufacturing our products may materially affect our business*

The main raw material for our products is petro chemical based and hence the prices are linked with international crude oil prices. Any volatile fluctuations in the demand and/or supply of any and/or all such raw materials may impact the purchase price of the raw materials. The price of the raw material is directly proportionate to the price of petroleum/ crude oil. Crude oil prices behave much as any other commodity with price swings in times of shortage or oversupply. The crude oil price cycle may extend over several years responding to changes in demand as well as OPEC and non-OPEC supply.

Management's Proposal

The Company is able to renew its price contracts on a monthly basis, enabling it to limit the risk. The Company's policy is to price the end product based on prevailing raw material price on 1st day of the month and value addition there on to factor the swing in raw material prices. In the process at the best Company would have adverse impact on cash flow for 15 days.

15. *Foreign currency volatility may impact our financial condition*

The volatility in global financial markets may have an adverse impact on our business, as we have to receive payments in foreign exchange for our exports. In future, we expect an increase in our dealings in foreign exchange, thus increasing our exposure to foreign exchange markets. In the event we are unable to hedge this foreign exchange exposure, it may result in an adverse impact on our financial condition.

16. *Disruption in services of third party transport providers may affect our business operations*

Our Company is dependent on third-party transport providers 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, thereby adversely impacting our business. Further, any increase in oil prices, may lead to the increase in the transportation cost resulting in an impact on our profitability.

17. *Industry is prone to frequent changes in government policies, any material changes in the duty structure may adversely impact our financials*

Our industry is prone to changes in government policies in respect of taxes, levies, and excise duty. Any material changes in the duty structure may adversely impact our financials.

Management Proposal

As the Company has the pricing policy whereby the changes in duty and tax structure is passed on the customers, changes in such policies would not have any adverse bearing on the cash flow / profitability.

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

We face competition from other existing domestic producers and potential entrants to the industry in which we operate that may adversely affect our competitive position and our profitability. Loss of market share and competition may adversely affect our profitability. We also face competition for customers from other players in the organized and unorganized markets. We expect 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. The end users for our products are price conscious. Pricing is one of the factors that play an important role in selecting these products. 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.

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

Our products are used mainly by manufacturing companies who require packaging materials. Demand for our woven bags will reduce in the event that our customers decide to seek alternative packaging materials. This, coupled with the development of more alternatives, will adversely affect our business and profitability if we are not able to respond to these changes. Our ability to anticipate changes in technology and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance and delays in product development.

Further, any substantial change in the spending habits 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 on our part to forecast and/or meet the changing demands of packaging businesses and manufacturing companies will have an adverse effect on our business, profitability and growth prospects.

20. Environmental regulation imposes additional costs and may affect the results of our operations

We, like other producers, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws and regulations are increasingly becoming stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. These laws can impose liability for non-compliance with health and safety regulations or clean up liability on generators of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities.

Management Proposal

While we believe that our facilities are in compliance in all material respects with applicable environmental laws and regulations, additional costs and liabilities related to compliance with these laws and regulations are an inherent part of our business.

RISKS RELATED TO INDIA**21. *A slowdown in economic growth in India could materially and adversely affect the Company's results of operations and financial condition***

Our performance and the quality and growth of our business are dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. In the past, economic slowdowns have harmed manufacturing industries including the industry to which we belong. Any future slowdown in the Indian economy could harm our results of operations and financial condition.

22. *Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact our results of operations and financial condition*

We, the market price and liquidity of the equity shares, may be affected by Indian Government's policy changes in India. For example, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and us in particular. The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments. For example, the Indian Government has announced its general intention to continue India's current economic and financial sector deregulation policies and encourage infrastructure projects. However, the roles of the Indian Government and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our results of operations and financial condition in particular.

23. *Global economic, political and social conditions may harm our ability to do business, increase its costs and negatively affect the stock price.*

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase its costs and negatively affect our stock price. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain its ability to do business, increase its costs and negatively affect our stock price.

24. *Natural calamities could have a negative impact on the Indian economy and cause the business to suffer.*

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of our Equity Shares.

25. *Any downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on our results of operations and financial condition*

Any downgrade of India's credit rating for Indian domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on our ability to obtain financing to fund its growth on favorable terms or at all and, as a result, could have a material adverse effect on our results of operations and financial condition.

RISKS RELATED TO STOCK PRICE

1. ***The price of our Equity Shares may be highly volatile, or an active trading market for its equity shares may not develop.***

The price of our Equity Shares on the Indian Stock Exchange may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of the competitors;
- Adverse media reports, if any, on Emmbi or the Industry;
- Changes in the estimates of our performance or recommendations by financial analysts on our Company;
- Speculation in the press or investment community;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's Fiscal and environmental regulations.
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

There can be no assurance that an active trading market for our equity shares will develop or be sustained after this Issue or the price at which the Equity Shares of our Company are initially traded will correspond to the prices at which the Equity Shares of our Company will trade in the market subsequent to this Issue.

Prominent Notes

1. The net worth of Emmbi as per its audited, restated financial statement as at 30th September 2009 is Rs. 902.06 lacs.
2. Book value, per equity share of the Company as per its audited, restated financial statement as at 30th September 2009 is Rs. 11.52.
3. The average cost of acquisition of the equity Shares of Rs. 10 each by the Promoter are as under:

Name of the Promoter	Cost per share (Rs.)
Mr. Makrand Appalwar	Rs. 4.00
Ms. Rinku Appalwar	Rs. 4.00
Dr. Mitravinda Appalwar	Rs. 4.00

4. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 31 of this Red Herring Prospectus before making an investment in the Issue.
5. Except as mentioned in the sections titled "Capital Structure" beginning on page 16 of this Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
6. There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI

7. The details of our Related party Transactions as mentioned below:

(Rs. in lacs)

Sr	Party & Nature of transactions	For the period of 6 months ended 30 th September, 2009	For the year ended March 31				
			2009	2008	2007	2006	2005
A	Makrand Appalwar :-						
	Remuneration	15.00	17.10	13.20	9.90	7.80	5.02
	Share Application Money	-	-	51.00	50.00	15.01	15.00
	Payable for Remuneration	3.54	1.14	0.59	0.13	-	0.32
	Purchase office premises	6.25					
B	Rinku Appalwar :-						
	Remuneration	13.50	14.25	10.80	7.95	5.20	4.03
	Share Application Money	-	-	-	-	60.00	4.30
	Payable for Remuneration	2.39	1.17	0.76	1.12	-	0.27
	Purchase office premises	10.00					
C	Emmbi Laboratories Pvt. Ltd :-						
	Share Application Money	-	-	-	-	65.00	-
D	Maithili Agrotech Pvt. Ltd :-						
	Share Application Money	-	-	-	-	42.00	-
E	Maithili Appalwar :-						
	Share Application Money	-	-	-	-	-	1.00
F	Moreswar Appalwar :- (Consultancy Fees)	0.83	1.65	1.65	1.65	1.65	1.65

For more information please refer to the section titled "Related Party Transactions" on page 115 of this Red Herring Prospectus.

8. Investors are free to contact the BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Red Herring Prospectus.
9. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. In addition to the BRLM, the Company shall be obliged to update the Offer Document and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
11. For interest of promoters/directors, please refer to the section titled "Promoters and their Background" beginning on page no. 85 of this Red Herring Prospectus.

PART I**SECTION II – INTRODUCTION****Summary of the Industry and Business of the Company****Industry Overview****Plastic Industry**

The Plastic Industry in India has made significant achievements ever since it made a modest but promising beginning by commencing production of Polystyrene in 1957. The chronology of manufacture of polymers in India is summarised as under:

1957 – Polystyrene
1959 – LDPE
1961 – PVC
1968 – HDPE
1978 – Polypropylene

The potential Indian market has motivated Indian entrepreneurs to acquire technical expertise, achieve high quality standards and build capacities in various facets of the booming plastic industry. Phenomenal developments in the plastic machinery sector coupled with matching developments in the petrochemical sector, both of which support the plastic processing sector, have facilitated the plastic processors to build capacities to service both the domestic market and the markets in the overseas.

The Indian plastics industry comprises around 55,000 plastic processing units, spread over both the organized and unorganized sectors, employing an estimated 0.4 million people. About 75% of plastic processing units are in the small-scale sector and these account for about 25% of the total production. There are about 2000 fibre processors, of which 80% are in the small-scale sector. (Capitaline database: June 22, 2009)

The capacities built in most segments of this industry coupled with inherent capabilities have made India capable of servicing the overseas markets. The economic reforms launched in India since 1991, have added further fillip to the Indian plastics industry. Joint ventures, foreign investments, easier access to technology from developed countries etc. have opened up new vistas to further facilitate the growth of this industry.

As our Products are manufactured out of different kinds of polymers, it is necessary to understand Petrochemical and Polymer industry in India as well.

Petrochemicals

Petrochemicals are derived from various chemical compounds, mainly from hydrocarbons. These hydrocarbons are derived from crude oil and natural gas. Among the various fractions produced by distillation of crude oil, petroleum gases, naphtha, kerosene and gas oil are the main feed-stocks for the petrochemical industry. Ethane and natural gas liquids obtained from natural gas are the other important feedstock's used in the petrochemical industry. Olefins (Ethylene, Propylene & Butadiene) and Aromatics (Benzene, Toluene & Xylenes) are the major building blocks from which most petrochemicals are produced.

Petrochemical manufacturing involves manufacture of building blocks by cracking or reforming operation; conversion of building blocks into intermediates such as fibre intermediates (Acrylonitrile, Caprolactum, Dimethyl Terephthalate/Purified Terephthalic Acid, Mono Ethylene Glycol); precursors (Styrene, Ethylene Dichloride, Vinyl Chloride Monomer etc.) and other chemical intermediates; production of synthetic fibres, plastics, elastomers, other chemicals and processing of plastics to produce consumer and industrial products.

Petrochemical products namely synthetic fibers cater to the clothing needs of mankind and are used in both apparel and non-apparel applications. (Sources: <http://chemicals.nic.in/petro3.htm>)

Polymer

Polymers find major applications in packaging for preservation of food articles, moulded industrial and home appliances, furniture, extruded pipes etc. Synthetic rubbers are used for making various types of tyres and non-tyre rubber goods and supplement natural rubber. Surfactant intermediates are used in the manufacture of detergents.

The polymer business is broadly based on the changing dynamics of the user industry. The industrial growth which contributes to the growth of the economy is a prime driver for the growth in the polymer business. Additionally, changing preferences and costs of packaging are other factors that affect growth. (Source: Report of the Working Group on Chemicals and petrochemicals, 11th five year plan [2007-08 to 2011-12])

Performance of Indian Polymers Industry

India's per capita demand for polymers is still a minuscule 6 kg vis-à-vis world average of 27 kg. A large base of converting industry and a growing domestic market as well as export will make India an interesting place for polymer business in the years to come. India has the advantage of high population and expected to maintain high economic growth. This should propel the India's consumption in polymer to new levels in coming year.

Packing Industry

Packaging industry is a multi-technology, multi product, multi process industry encompassing various materials like polymers, chemicals, metals, paper etc. Now a day's consumer needs packaging to be attractive, protective and user friendly. This industry is seeing phenomenal changes in technical and scale terms, to address the growing consumer demand. The boundaries between processes, materials and products are melting and demand of the consumer is pre dominant (Capitaline database: May 20, 2008)

The Indian packaging industry stands at Rs 65,000 crore and will grow at 5-20% depending on the type of packaging. Growth rate of the domestic packaging industry is more than the developed countries' growth rate of around 3%. The fastest growing segments are laminates and flexible packaging, especially PET and woven sacks. The food processing industry is likely to double its capacity over the next 3-4 years, leading to huge demand for packaging material. With India witnessing better growth thanks to robust consumption and rising capex cycle, and as the country is moving towards packed / processed foods, the flexible packaging sector is witnessing robust growth. (Capitaline database: February 28, 2008)

Packtech

Textiles made of man-made fibres/filament yarns and used in packaging are in great demand. The Rs 14,000-crore market for technical textiles used in packaging, commonly known as packtech, is estimated to grow to around Rs 26,000 crore by 2012-13. Packtech includes several flexible packaging material for packing industrial, agricultural, consumer and other goods. Products like polyolefin woven sacks, leno bags, wrapping fabric, jute hessian and sacks, soft luggage, tea-bags filter paper and jumbo-sized bags fall under the category. Jumbo-sized ordinary bags or tote bags are technically known as flexible intermediate bulk container (FIBC).

Demand for packaging products is dependent on industrial growth. In the medium term (next five years), the packaging industry is expected to grow by 13% per annum. Within the industry, polymer-based products like woven sacks, FIBC, leno bags and wrapping fabric are expected to grow higher at a CAGR of 17% during the period. The maximum growth in packtech consumption is expected in the FIBC segment which is used for bulk packaging segment. With exports multiplying each year, demand for FIBC is expected to shoot up to 4.5 lakh tonne over the next five years from the existing consumption of 1.5 lakh tonne. (Source: Economic Times, Article: 'Packtech market to grow to Rs 26K cr by 2012-13: ImaCS' dated 06/04/2009)

Market size of Packtech

Particulars	2007-08					2012-13 (E)
		Production	Imports	Exports	Domestic Consumption	Domestic Consumption
Polyolefin Woven Sacks (excluding FIBC)	Quantity (in MT)	0.641 million	-	-	0.641 million	1.127 million
	Value (Rupees in Crores)	6,725	-	-	6,725	12,950
FIBC	Quantity (in MT)	0.175 Million	-	0.025 million	0.15 million	0.45 million
	Value (Rupees in Crores)	1,750	-	250	1,500	5,000
Leno bags	Quantity (in MT)	5,400	-		5,400	10,800
	Value (Rupees in Crores)	57	0.5	0.5	57	125
Wrapping fabric	Quantity (in MT)	0.128 million	-	-	0.128 million	0.256 million
	Value (Rupees in Crores)	1,350	-	-	1,350	2,950
Jute Hessian and Sacks (including Food grade jute bags)	Quantity (in MT)	1.33 million	0.01 million	0.05 million	1.291 million	1.1 million
	Value (Rupees in Crores)	4,325	50	300	4,075	3,947

(Source: Baseline survey of the technical textile industry in India; November 2008 – Office of the Textile Commissioner)

Outlook

The demand for packaging films dipped sharply in November due to stock correction but it is steadily rising through December. Also Pet film and BOPP film prices will ease out shortly. Industry expects a growth rate of 15% for next year. Industry players say that impact is more on mind than on the material. Players have seen a 10% growth despite the general downward trend. Present quarter sales is roughly 11% and the 4th quarter is expected to have 10% growth rate (Capitaline database: February 28, 2009)

The outlook would also depend on the global crude oil situation. Packaging converters in general are reporting buoyant demand but are under pressure on process and payments from customer. More, the slowdown in global economy and recession in some of the big market, will affect the industry's export market but the still strong demand in domestic market will absorb some of its impact.

Business Overview

We are engaged in manufacture and sale of FIBC (Jumbo Bags) and Woven Sacks and various woven polymer based products like Container Liners, Protective irrigation system, Canal Liners, Flexi Tanks, Car covers etc. Our Company is promoted by the first-generation entrepreneurs, Mr. Makrand Appalwar and Mrs. Rinku Appalwar in November 1994. We are one of the well established brands in the field of woven polyethylene and polypropylene product manufacturing industry. We have a track record of business in the field of woven sacks and Flexible Intermediate Bulk Container (FIBC) container liners, Canal Liners, Protective Irrigation Systems, Flexi Tanks, Car Covers which find large scale application in the segments like cement and fertilizer. Our manufacturing facility is located at Silvassa.

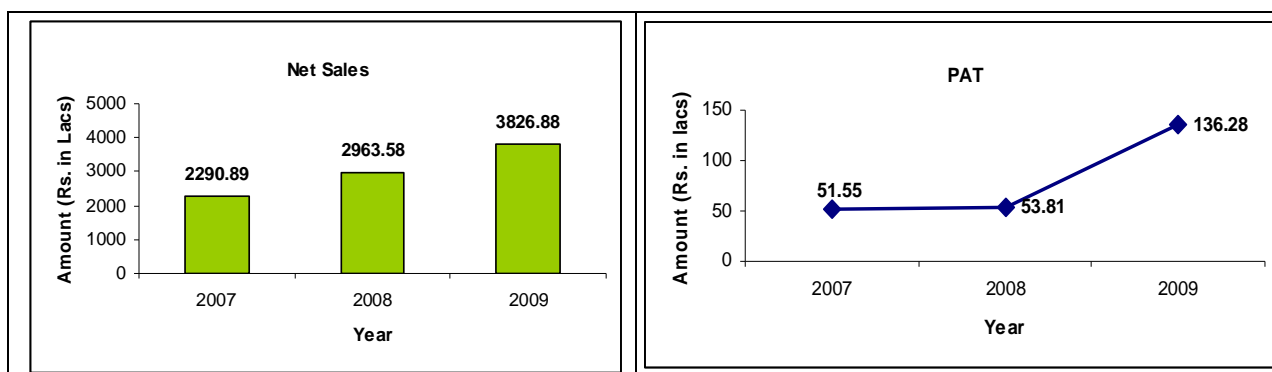
We have been awarded **SME 2** Rating by CRISIL Limited which indicates '**High**' level of credit worthiness adjudged in relation to other SMEs. We have constantly shown growth in production and sales. The production has increased from 961 MT in 2000-01 to 3857 MT in 2008-09. We are amongst the **first** few companies in India to achieve **ISO** Certification for the Management system in Woven Sack Industry.

We specialize in high strength, low GSM FIBC with high safety factor. We are among the first few global manufacturers to offer Jumbo Bags (FIBCs) with 130 GSM Bags, 5:1 Safety factor for 1000 KG Safe Working Load and 160 GSM Bags, 6:1 Safety Factor for 1500 KG Safe Working Load. Our Extrusion machinery is capable of producing tapes with very high linear tenacity. This ensures that our woven plastic products are of the highest strength. We produce FIBCs of U+2 panel, Circular Jumbo bags, Baffle bags, All panel bags, Conductive FIBC and Static dissipative FIBCs.

In addition to FIBC we manufacture various woven polypropylene products including Small bags, Box woven bags, Roofing underlayment fabric, Courier bags, Ground covers, Silt fence and Geotextiles. We offer woven bags and fabrics in both PP and HDPE. Our products are UV stabilized and pre-conditioned against shrinkage.

Our operations are managed through fully integrated ERP Software which facilitates the accuracy and speed in its routine operation.

Financials



As per the Audited financial statements for the respective years, our Company achieved a Net sales of Rs. 2,322.17 lacs for the six months period ended September 30, 2009, Rs. 3,826.88 lacs for fiscal 2009, Rs. 2963.58 lacs for fiscal 2008 and Rs. 2290.89 lacs for fiscal 2007. During the same period our profit after tax was Rs. 121.31 lacs, Rs. 136.28 lacs, Rs.53.81 lacs and Rs.51.55 lacs, respectively. The Company registered a CAGR of 29.24% in sales & CAGR of 62.59% in Profit After Tax in past three full financial years.

Products

We manufacture high-quality woven Polypropylene & Polyethylene based products used mainly in packaging, infrastructure, housing, disaster management and Hazardous waste disposal industry. Our main products are

- Flexible Intermediate Bulk Container (FIBC)
- Technical Textile
- Flexible Tanks
- Woven Sacks
- Car Covers
- Container Liners: Bulk Cargo Handling Systems.
- Anti Corrosive Packaging

Capacity

Existing Installed Capacity

Particulars	For the Financial Year		
	2006-07	2007-08	2008-09
Installed Capacity (MT)	5,000	5,000	5,000
Capacity Utilization (MT)	2,990.95	3,376.102	3857.0
Capacity Utilization (%)	59.82	67.52	77.14

- Installed capacity is based on 3 shift.
- Number of Working days in a year is 330 days

Proposed Capacity (As Per Company's Estimate)

Particulars	For Financial Year		
	2009-10	2010-11	2011-12
Installed Capacity (MT)	5,000	8,600	17,800
Capacity Utilization (MT)	4,318	6,114	14,380
Capacity Utilization (%)	86.36	71.09	80.79

Competitive Strengths

Emmbi is amongst the premier and an established manufacturer of a wide range of woven polyethylene and polypropylene bags. We are an ISO certified Company, with a legacy of over fifteen years of presence in the industry. We believe that following are our principal competitive strengths:-

1. **Strong management Team:** The promoter and the senior management team of the Company have significant industry experience and has been instrumental in the consistent growth of the Company's income and operations.
2. **Relationship with established players in industry:** The Company enjoys credible relationship with Hindustan Unilever Limited, Tata Chemicals Limited, ITC Limited and Godrej Industries Limited. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.
3. **Multiple products:** The Company distributes a wide range of products such as Flexible Intermediate Bulk Container, PP & HDPE Woven Sack, Box Bags, Woven Polypropylene Sheets and PP Fibrillated Twisted Yarn. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across regions.
4. **New Products in pipeline:** We are in the process of entering new Technical Textile applications consisting of geotextiles, pond liners, canal liners, flexi-tanks, etc. These value-added products are well accepted in the western world and offer good realizations and margins as compared to its PP-based woven packaging products. We believe there is a good potential for our concept products like rain water pond and woven PP canal liner in India, at the backdrop of water scarcity, drought etc.
5. **Selling and Distribution network:**

Domestic: We have spread our operations in 11 States & Union Territories. The Sales and distribution of end product is directly handled from Mumbai and logistic is handled from Silvassa.

Export: We have a spread of customers in 14 countries in the 4 Continents across the globe. All the material is dispatched from the NSCIT/JNPT Port.

Competition

Some of our competitors in the domestic market are Shankar Packaging, Baroda; Flexituff, Indore; KCP Karur, Tuticorin; JumboBag, Chennai and Jai Corp Ltd, Mumbai

We also face competition in overseas market. In Europe there are companies like Ishbir, Unsa, Sunjut, Storesack, etc. In US there is Bagcorp. These companies are having size anywhere from \$200 million to over \$1 billion.

SUMMARY OF FINANCIAL DATA
RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In lacs)

Particulars	6 months ended on 30 th September, 2009	As on 31 st March				
		2009	2008	2007	2006	2005
FIXED ASSETS : (AT COST)						
Gross Block	1,743.68	1,718.10	1,568.40	1,397.91	1,199.75	415.72
Less: Depreciation	340.31	300.34	221.79	151.43	96.21	71.97
Net Block (A)	1,403.38	1,417.76	1,346.61	1,246.48	1,103.54	343.76
INVESTMENTS (B)	1.25	1.25	1.25	1.25	1.25	1.00
CURRENTS ASSETS LOANS AND ADVANCES :						
(a) Inventories	727.09	757.55	585.32	440.32	230.00	158.53
(b) Sundry Debtors	1306.27	705.23	611.28	391.55	208.69	142.81
(c) Cash and Bank Balances	61.83	50.20	28.81	20.93	18.41	8.05
(d) Loans and Advances	257.11	239.83	244.17	175.57	142.02	33.21
TOTAL (C)	2,352.29	1,752.80	1,469.59	1,028.38	599.12	342.61
LIABILITIES & PROVISIONS						
Secured Loans	2,001.85	1,897.45	1,746.24	1,476.55	977.02	347.83
Unsecured Loans	167.86	140.92	169.51	20.34	20.34	20.34
Current Liabilities & Provisions	606.04	278.20	205.68	164.40	198.57	57.35
Deferred Tax Liability	79.10	74.76	52.36	26.50	21.77	21.48
TOTAL (D)	2,854.85	2,391.33	2,173.79	1,687.80	1,217.70	447.00
NETWORTH (A+B+C-D)	902.07	780.48	643.66	588.31	486.21	240.36
REPRESENTED BY						
1. SHARE CAPITAL						
Equity Shares of Rs. 10/- fully paid up	783.26	313.30	262.30	262.30	49.99	49.99
Share Application Money	-	-	51.00	50.00	207.31	25.30
0% Preference shares of Rs. 10/- fully paid up	-	-	-	-	5.00	5.00
2. RESERVES	122.49	471.13	334.85	281.05	229.50	166.20
SUB TOTAL (E)	905.75	784.43	648.15	593.35	491.80	246.49
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) (F)	3.68	3.95	4.50	5.04	5.59	6.13
NETWORTH (E-F)	902.07	780.48	643.66	588.31	486.21	240.36

Note:

Our Company developed some products specifically for the international market and penetrated in the exports market from 2007 onwards. The product development required investment in manufacturing facilities as well as in working capital. The Company faced a shortage of funds required for the said development. Hence the Company had to resort to borrowing from other sources which lead to an increase in the unsecured loans availed by the Company from March 31, 2007 to March 31, 2008. The increase in sundry debtors is commensurate to an increase in the turnover, during the said period.

Our Company had a very specific focus on development of Export Market in the past 3 years. We have developed various products fit for International market range in this period. The product which are exported by company fetch much higher Net profits than domestic market. Hence in order to improve the profitability of the company there is a sharp increase in export sales. Due to increased acceptability of the products of the Company in the export market more and more exports were executed by us during the Years 2007, 2008 and 2009.

STATEMENT OF PROFITS AND LOSSES

(Rs. in lacs)

Particulars	6 months ended on 30 th September 2009	For the Year Ending 31 st March				
		2009	2008	2007	2006	2005
INCOME						
Gross Sales - Domestic Sales	1,404.04	1,793.10	1,741.93	1,858.10	1,693.26	1,273.08
- Export Sales	1,022.87	2,249.00	1,496.33	690.43	-	-
Total Gross Sales	2,426.91	4,042.10	3,238.26	2,548.53	1,693.26	1,273.08
Less: Excise duty	105.16	215.22	274.68	257.64	249.97	178.34
Net sales	2,321.75	3,826.88	2,963.58	2,290.89	1,443.29	1,094.74
Other Income	0.43	0.78	0.71	1.00	0.35	6.44
TOTAL INCOME	2,322.17	3,827.66	2,964.29	2,291.89	1,443.64	1,101.17
EXPENDITURE						
Cost of Materials	1,432.91	2,254.23	1,830.27	1,488.94	1,004.00	790.77
Manufacturing Expenses & Other Expenses	305.23	503.32	398.00	280.94	163.46	117.09
Payment to and provisions for employees	104.25	192.59	158.00	168.49	80.32	49.63
Selling and administrative expenses	151.17	378.89	222.95	94.93	54.89	44.07
TOTAL EXPENDITURE	1,993.56	3,329.04	2,609.22	2,033.30	1,302.67	1,001.56
NET PROFIT BEFORE INTEREST, DEPRECIATION & TAX	328.62	498.62	355.06	258.59	140.97	99.62
Financial Expenses	103.34	238.06	182.03	134.25	46.01	33.17
Depreciation	42.10	78.55	70.36	60.87	24.24	18.42
NET PROFIT BEFORE TAX	183.17	182.01	102.67	63.47	70.72	48.03
Current Income Tax	58.27	33.77	11.63	7.12	5.95	3.77
Deferred Income Tax	4.34	22.40	25.86	4.73	0.29	10.74
MAT Credit	(0.74)	(13.08)	-	-	-	-
Provision For Gratuity	-	-	7.92	-	-	-
Provision For Leave encashment	-	-	1.40	-	-	-
Provision for fringe benefit tax	-	2.64	2.06	1.87	1.12	-
Income Tax for previous years	-	-	-	1.81	-	-
NET PROFIT AFTER TAX	121.31	136.28	53.81	51.55	63.36	33.53
Profit brought forward	471.13	334.85	281.05	229.50	166.20	132.67
Less : Appropriation						
Bonus Share allotted	469.95					
Prior Year Adjustments	-	-	-	-	0.06	-
BALANCE C/F TO BALANCE SHEET	122.49	471.13	334.85	281.05	229.50	166.20

The above should be read in conjunction with the Significant Accounting Policies given in Annexure IV and with the Notes to Accounts to the Auditors Report as appearing on page. 89 of this Red Herring Prospectus.

THE ISSUE

Public Issue aggregating to Rs. [●] lacs:	
Which comprises of fresh issue of	95,74,000 Equity Shares of Rs. 10/- each
Of which:	
Employee Reservation Portion	Up to 50,000 Equity Shares
Net Issue to the Public	95,24,000 Equity Shares
Of which:	
QIB Portion:	Upto 47,62,000 Equity Shares of Rs. 10/- each, constituting upto 50% of the Net Issue
<ul style="list-style-type: none"> Of which 5% is available for Allocation to Mutual Funds [the unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs] 	2,38,100 Equity Shares of Rs. 10/- each
<ul style="list-style-type: none"> Balance for all QIBs including Mutual Funds 	45,23,900 Equity Shares of Rs. 10/- each
Non- Institutional Portion:	Not less than 14,28,600 Equity Shares of Rs. 10/- each, constituting 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders.
Retail Portion:	Not less than 33,33,400 Equity Shares of Rs. 10/- each constituting 35% of the Net Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue:	78,32,550 Equity Shares of Rs. 10/- each
Equity Shares outstanding post the Issue:	1,74,06,550 Equity Shares of Rs. 10/- each
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" on page 23 of this Red Herring Prospectus for additional information.

Notes:

- Under subscription, if any, in the Qualified Institutional, Non Institutional and Retail portion would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLM.
- Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the Net Issue and will be considered for allotment only on a proportionate basis.
- Under-subscription, if any, in any category in the Net Issue, would be allowed to be met with spill-over from the reserved category.

GENERAL INFORMATION

INCORPORATION

Incorporated on 29/11/1994 under the Companies Act, 1956 as 'Emmbi Polyarns Private Limited' vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company was later converted into a public limited company on 01/04/1999 and received a Certificate of Change of Name. The Corporate Identity Number of the Company is U17120MH1994PLC083322'.

ADDRESS OF THE COMPANY

Registered & Corporate Office: 309-310 Kuber Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri [West], Mumbai- 400 053; **Tel.:** +91-022-6784 5555; **Fax :** +91-022-6784 5506; **Website:** www.emmbi.com

Factory Unit – Masat 191/2/4, Masat Village Meghawad Road, Union Territory of Dadra & Nagarhaveli, Silvassa – 396 230

Factory Unit – Rakholi 99/2/1, Madhuban Industrial Estate, Madhuban Dam Road, Rakholi Village, U.T. of Dadra & Nagarhaveli, Silvassa – 396 230

ADDRESS OF REGISTRAR OF COMPANIES

The Registrar of Companies, 100, Everest, Marine Drive Mumbai- 400002.

BOARD OF DIRECTORS:

Our Board of Directors comprises of the following:

Sr. No	Name of the director	Designation	Status
1.	Mr. Makrand Appalwar	Chairman & Managing Director	Executive and Non Independent
2.	Ms. Rinku Appalwar	Director – Finance	Executive and Non Independent
3.	Dr. Mitravinda Appalwar	Director	Non Executive and Non Independent
4.	Dr. Venkatesh Joshi	Director	Non Executive and Independent
5.	Mr. Sanjay Rathi	Director	Non Executive and Independent
6.	Mr. Ashesh Garg	Director	Non Executive and Independent

For further details on the Board of Directors of Emmbi, please refer to the section titled "Management" beginning on page 71 of this Red Herring Prospectus

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ashvini Godbole

Company Secretary & Compliance Officer

309-310 Kuber Complex,
Opp. Laxmi Industrial Estate, New Link Road,
Andheri [West], Mumbai- 400 053.

Tel.: +91-022-6784 5555; **Fax :** +91-022- 6784 5506;

E-mail: ashvini.godbole@emmbi.com

REGISTRAR TO THE ISSUE

DATAMATICS FINANCIAL SERVICES LIMITED

Plot No. A-16 & 17, MIDC, Part B Crosslane,
Marol, Andheri (East), Mumbai 400 093

Tel: +91-22- 66712151-56

Fax: +91-22- 66712192

Email: emmbiipo@dfssl.com

Website: www.dfssl.com

SEBI Registration No.: INR 000000874

Contact Person: Mr. Ralph Gonsalves

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

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
5, J. N. Heredia Marg Ballard Estate,
Mumbai – 400 001.

Tel. : (022) 3026 6000 ; **Fax :** (022) 2269 4323

E-mail : mbd@keynoteindia.net

Website: www.keynoteindia.net

Contact person: Mr. Janardhan Wagle

LEGAL ADVISORS TO THE ISSUE

CORPORATE LAW CHAMBERS INDIA

Advocates

44A, Nariman Bhavan,
Nariman Point Mumbai – 400 021.

Tel : (022) 6632 1528/29 ; **Fax :** (022) 6632 1530

E mail : aysrinivasan@corplawchambers.com

Contact Person : Mr. A.Y. Srinivasan

SYNDICATE MEMBER

KEYNOTE CAPITALS LIMITED

4th Floor Balmer Lawrie Bldg,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400 001

Tel : (022) 30266044 ; **Fax :** (022) 22694323

E-mail : kcl@keynoteindia.net

Website : www.keynoteindia.net

Contact Person : Mr. Ankur Mestry

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001

Tel: (022) 2262 7600, **Fax:** (022) 226 11138

Website: www.icicibank.com

E-mail: venkataraghavan.t@icicibank.com

Contact Person: Mr. Venkataraghavan T A

HDFC Bank Limited

iThink Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400042.

Tel : (022) 3075 2928; **Fax :** (022) 2579 9801

Website: www.hdfcbank.com

E-mail : deepak.rane@hdfcbank.com

Contact Person : Mr. Deepak Rane

Axis Bank Limited

Court Chambers, 35, Sir V T Marg,
New Marine Lines, Mumbai-400020
Tel : (022) 2200 7705 /7716; **Fax :** (022) 2200 7703

Website: www.axisbank.com

E-mail: shiboli.khasnobis@axisbank.com

Contact Person: Ms. Shiboli Khasnobis

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park 158,
CST Road, Kalina, Santacruz (East)
Tel : (022) 6759 5336; **Fax :** (022) 6759 5374

Website: www.kotak.com

E-mail: amit.kr@kotak.com

Contact Person: Mr. Amit Kumar

Standard Chartered Bank

207, D. N. Road, Fort,
Mumbai – 400 001

Tel: (022) 2268 3955; **Fax:** (022) 2209 6067

Website: www.standardchartered.co.in

E-mail: Joseph.George@sc.com

Contact Person: Mr. Joseph George

Punjab National Bank

Capital Market Services Branch
2nd Floor, PNB House, P.M. Road,
Fort, Mumbai 400 001

Tel: 022 2262 1122, 2262 1123; **Fax:** 022 2262 1124

Website: www.pnbindia.com

Email: pnbcapsmumbai@pnb.co.in

Contact Person: Mr. K.K. Khurana

The Hongkong and Shanghai Banking Corporation Limited

2nd Floor, "Shiv", Plot no. 139-140 B,
Western Express Highway, Sahara Road Junction,
Vile Parle (E), Mumbai – 400 057

Tel: (022) 4035 7458; **Fax:** (022) 4035 7657

Website: www.hsbc.co.in

E-mail: swapnilpavale@hsbc.co.in

Contact Person: Mr. Swapnil Pavale

SELF CERTIFIED SYNDICATE BANKS

As on date following banks are registered with SEBI for collection of ASBA forms:

1.	Axis Bank Ltd	9.	Deutsche Bank
2.	State Bank of Hyderabad	10.	Union Bank of India
3.	Corporation Bank	11.	HDFC Bank Ltd.
4.	State Bank of Travencore	12.	Bank of Baroda
5.	IDBI Bank Ltd.	13.	ICICI Bank Ltd
6.	State Bank of Bikaner and Jaipur	14.	Vijaya Bank
7.	YES Bank Ltd.	15.	Bank of Maharashtra
8.	Punjab National Bank	16.	State Bank of India

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com, www.nseindia.com respectively.

STATUTORY AUDITORS**K.J.Shah & Associates**

Chartered Accountants

Shop No. D-11, Sai Darshan – 'B',
Ram Baug Lane, Opp. Mulji Nagar,
Borivali (W), Mumbai – 400 092.

Tel: +91- 022-2864 6766

BANKERS TO THE COMPANY**Punjab National Bank**

8, Cama Industrial Estate,
Walbhat Road, Goregaon (East),
Mumbai – 400 063

Tel: +91- 022-2685 1099

Fax: +91- 022-2685 1343

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

Since Keynote Corporate Services Limited is the sole BRLM to this Issue, Inter-se allocation of responsibility is not applicable.

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING

Credit Analysis and Research Limited (CARE) has been appointed for grading of the issue.

CARE has assigned a '**CARE IPO Grade 2**' to the proposed Initial Public Offer (IPO) of Emmbi Polyarns Limited (EPL). CARE IPO Grade 2 indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of the issuer. EPL proposes an IPO of 95,74,000 equity shares of face value of Rs.10.

The grading is constrained by EPL's relatively small size of operations, highly competitive and fragmented nature of the industry limiting the pricing flexibility of the company and significantly large expansion project proposed by the company exposing it to attendant business risks

The grading factors in the experience of the promoters in the industry, well established relations with large corporate clients and locational advantage due to the proximity of its plant to raw material source and accessibility to JNPT port.

TRUSTEES

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

MONITORING AGENCY

No agency has been appointed to monitor the utilization of funds.

APPRAISING AGENCY

The Project has been appraised by:

PNB Investment Services Limited

10, Rakesh Deep Building,
Yusuf Sarai Commercial Complex,
Gulmohor Enclave, New Delhi – 110 049

Tel: 011-4103 2929, 4103 5050-56

Email: lpagarwal@pnb.co.in

BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;

- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where upto 50% of the Net Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page no. 142 of this Red Herring Prospectus.

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed the Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue.

The process of Book Building under the SEBI 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 Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding 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 (Rs.)	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. Rs. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page no. 148 of this Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see "Issue Procedure – PAN" on page no. 163 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the 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.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	MONDAY, FEBRUARY 01, 2010
BID/ISSUE CLOSES ON	WEDNESDAY, FEBRUARY 03, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

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 the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can

be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for 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, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

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

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

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

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

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the 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 guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page 132 of this Offer Document.

CAPITAL STRUCTURE

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

Share Capital	Aggregate Value at Nominal Price. (Amount in Rs.)	Aggregate Value at Issue Price (Amount in Rs.)
A. Authorized Capital: 1,80,00,000 Equity Shares of Rs 10. each	18,00,00,000	
B. Issued, Subscribed and Paid Up Capital before this Issue: 78,32,550 Equity Shares of the Face Value of Rs.10 /- each	7,83,25,500	
C. Present Issue in terms of this Red Herring Prospectus: 95,74,000 Equity Shares of the Face Value of Rs.10 /- each	9,57,40,000	[•]
Of Which Employee Reservation Portion includes 50,000 Equity Shares of the Face Value Rs. 10 /- each	5,00,000	[•]
D. Net issue to public 95,24,000 Equity Share of the Face Value of Rs. 10 /- each	9,52,40,000	[•]
Of which i) QIB portion of upto 47,62,000 Equity Shares ⁽¹⁾ ii) Non Institutional Portion not less than 14,28,600 Equity Shares ⁽¹⁾ iii) Retail Portion of not less than 33,33,400 Equity Shares ⁽¹⁾	4,76,20,000 1,42,86,000 3,33,34,000	[•] [•] [•]
E. Issued, Subscribed and Paid-Up Capital after this Issue 1,74,06,550 Equity Shares of the Face Value of Rs. 10/- each	17,40,65,500	[•]
Securities Premium Account Before this Issue After this Issue	Nil [•]	

⁽¹⁾Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

Note: We are considering the private placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such private placement subject to a minimum issue size of 25% of the post issue capital being offered to the public.

Details of increase in the authorized share capital, since incorporation, are as follows:

Sr.No.	Details of increase in authorized share capital	Date of Resolution
1	Incorporation Rs.10.00 Lacs divided into 10,000 Equity Shares of Rs. 100/- each	Memorandum of Association
2	Increased to Rs. 50.00 Lacs divided into 50,000 Equity Shares of Rs. 100/- each	May 15, 1996
3	Increased to Rs. 60.00 Lacs divided into 50,000 Equity Shares of Rs. 100/- each and 1,00,000 preference shares of Rs. 10/- each	September 30, 2002
4	Increased to Rs. 300.00 Lacs divided into 2,90,000 Equity Shares of Rs. 100/- each and 1,00,000 preference shares of Rs. 10/- each	October 24, 2005
Spilt of Shares*		
5	Reclassification of preference shares to equity shares and further increased to Rs. 320.00 Lacs divided into 32,00,000 Equity Shares of Rs. 10/- each	January 02, 2009

Sr.No.	Details of increase in authorized share capital	Date of Resolution
6	Increased to Rs. 1600.00 Lacs divided into 1,60,00,000 Equity Shares of Rs. 10/- each	July 25, 2009
7	Increased to Rs. 1800.00 Lacs divided into 1,80,00,000 Equity Shares of Rs. 10/- each	August 20, 2009

* The company has split the face value of equity shares from Rs. 100 per share to Rs. 10 per share vide special resolution passed in Extra Ordinary General Meeting held on January 02, 2009.

Notes to capital structure

1. Share capital history of the company

Equity Share capital history

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Equity Share Capital (no. of shares)
23/12/1994	30	100.00	100.00	Cash	Subscription to Memorandum	30
05/02/1996	2,751	100.00	100.00	Cash	Further Allotment	2,781
26/09/1996	26,761	100.00	100.00	Cash	Further Allotment	29,542
15/05/1997	14,300	100.00	100.00	Cash	Further Allotment	43,842
31/03/1998	1,500	100.00	100.00	Cash	Further Allotment	45,342
14/02/2000	4,650	100.00	100.00	Cash	Further Allotment	49,992
31/03/2007	5,000	100.00	100.00	Cash	Further Allotment	54,992
31/03/2007	2,07,310	100.00	100.00	Cash	Further Allotment	2,62,302
Spilt of Shares**						
Post Split						
Total outstanding equity shares						26,23,020
31/03/2009	5,10,000	10.00	10.00	Cash	Further Allotment	31,33,020
20/08/2009	46,99,530	10.00	Nil	Nil	Bonus (3 equity shares for every 2 equity shares held i.e. @ 3:2)	78,32,550

As on date of filing of this Red Herring Prospectus with SEBI, the issued capital is fully paid up.

** The company has split the face value of equity shares from Rs. 100 per share to Rs. 10 per share vide special resolution passed in Extra Ordinary General Meeting held on January 02, 2009.

The face value of equity shares were reduced from Rs. 100/- to Rs. 10/- per equity share vide special resolution passed in Extra Ordinary General Meeting held on January 02, 2009. However, in order to maintain consistency in the presentation, the face value of the equity shares in all the tables of this section appearing henceforth have been taken at Rs. 10/- per equity share for all the allotments. Also, the number of shares allotted has been adjusted accordingly.

2. Promoters Holding:

History of Share Capital held by the promoters:

Name of Promoter	Date of Allotment /Transfer	Allotment/ Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Post Issue
Promoter							
Mr. Makrand Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	05/02/1996	Further Allotment	Cash	17,500	10.00	10.00	0.10
	26/09/1996	Further Allotment	Cash	1,02,400	10.00	10.00	0.59
	15/05/1997	Further Allotment	Cash	5,000	10.00	10.00	0.03
	31/03/1998	Further Allotment	Cash	15,000	10.00	10.00	0.09
	14/02/2000	Further Allotment	Cash	30,000	10.00	10.00	0.17
	02/09/2003	Transfer	Cash	5,000	10.00	10.00	0.03
	02/09/2003	Transfer	Cash	10,000	10.00	10.00	0.06
	31/03/2007	Further Allotment	-	50,000	10.00	10.00	0.29
	31/03/2007	Further Allotment	Cash	3,50,100	10.00	10.00	2.01
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	4,000	10.00	10.00	0.02
	24/06/2008	Transfer	Cash	5,000	10.00	10.00	0.03
	31/03/2009	Further Allotment	Cash	5,10,000	10.00	10.00	2.93
	20/08/2009	Bonus @3:2	Nil	17,01,150	10.00	Nil	9.77
		Total		28,35,250			16.29
Ms. Rinku Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	26/09/1996	Further Allotment	Cash	28,900	10.00	10.00	0.17
	15/05/1997	Further Allotment	Cash	29,000	10.00	10.00	0.17
	14/02/2000	Further Allotment	Cash	16,500	10.00	10.00	0.09
	14/02/2000	Transfer	Cash	5,100	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	5,000	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	5,000	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	20,000	10.00	10.00	0.11
	31/03/2007	Further Allotment	Cash	6,43,000	10.00	10.00	3.69
	12/01/2009	Transfer	Cash	20	10.00	10.00	0.00
	20/08/2009	Bonus @3:2	Nil	11,28,930	10.00	Nil	6.49
		Total		18,81,550			10.81
Dr. Mitravinda M. Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	05/02/1996	Further Allotment	Cash	5,000	10.00	10.00	0.03
	26/09/1996	Further Allotment	Cash	32,500	10.00	10.00	0.19
	15/05/1997	Further Allotment	Cash	40,000	10.00	10.00	0.23
	20/08/2009	Bonus @3:2	Nil	1,16,400	10.00	Nil	0.67
		Total		1,94,000			1.11
Grand Total				49,10,800			28.21

3. Details of Promoters contribution locked-in for three years:

Name of Promoter	Date of Allotment /Transfer	Allotment/ Transfer	Conside-ration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Post Issue
Mr. Makrand Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	05/02/1996	Further Allotment	Cash	17,500	10.00	10.00	0.10
	26/09/1996	Further Allotment	Cash	1,02,400	10.00	10.00	0.59
	15/05/1997	Further Allotment	Cash	5,000	10.00	10.00	0.03
	31/03/1998	Further Allotment	Cash	15,000	10.00	10.00	0.09
	14/02/2000	Further Allotment	Cash	30,000	10.00	10.00	0.17
	02/09/2003	Transfer	Cash	5,000	10.00	10.00	0.03
	02/09/2003	Transfer	Cash	10,000	10.00	10.00	0.06
	31/03/2007	Further Allotment	-	50,000	10.00	10.00	0.29
	31/03/2007	Further Allotment	Cash	3,50,100	10.00	10.00	2.01
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	10,000	10.00	10.00	0.06
	24/06/2008	Transfer	Cash	4,000	10.00	10.00	0.02
	24/06/2008	Transfer	Cash	5,000	10.00	10.00	0.03
	20/08/2009	Bonus @3:2	Nil	9,36,150	10.00	Nil	5.38
		Total		15,60,250			8.96
Ms. Rinku Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	26/09/1996	Further Allotment	Cash	28,900	10.00	10.00	0.17
	15/05/1997	Further Allotment	Cash	29,000	10.00	10.00	0.17
	14/02/2000	Further Allotment	Cash	16,500	10.00	10.00	0.09
	14/02/2000	Transfer	Cash	5,100	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	5,000	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	5,000	10.00	10.00	0.03
	14/02/2000	Transfer	Cash	20,000	10.00	10.00	0.11
	31/03/2007	Further Allotment	Cash	6,43,000	10.00	10.00	3.69
	20/08/2009	Bonus @3:2	Nil	11,28,900	10.00	Nil	6.49
		Total		18,81,500			10.81
Dr. Mitravinda M. Appalwar	23/12/1994	Subscription to Memorandum	Cash	100	10.00	10.00	0.00
	05/02/1996	Further Allotment	Cash	5,000	10.00	10.00	0.03
	26/09/1996	Further Allotment	Cash	32,500	10.00	10.00	0.19
	15/05/1997	Further Allotment	Cash	20,650	10.00	10.00	0.12
		Total		58,250			0.33
		Grand Total		35,00,000			20.11

Note: The bonus shares considered for promoters' contribution under lock-in for three years are eligible under Regulation 33 of the SEBI (ICDR) Regulations, 2009.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution do not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which

are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. **There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI**
5. **The shareholding pattern of the Company before and after the Issue is as follows:**

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
a) Promoter				
Mr. Makrand Appalwar	28,35,250	36.20	28,35,250	16.29
Ms. Rinku Appalwar	18,81,550	24.02	18,81,550	10.81
Dr. Mitravinda Appalwar	1,94,000	2.48	1,94,000	1.11
b) Immediate Relative of promoters(Spouse, Parent, Child, Brother, Sister)				
Mr. Moreshwar Balwant Appalwar	1,18,725	1.52	1,18,725	0.68
Ms. Maithili Appalwar	61,750	0.79	61,750	0.35
c) Company in which 10% or more of the share Capital is held by the promoter his immediate Relative firm or HUF in which the promoter Or his immediate relative is a member				
Emmbi Laboratory Pvt. Ltd.	16,25,000	20.75	16,25,000	9.34
Maithali Agrtech Pvt. Ltd.	10,50,000	13.41	10,50,000	6.03
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	Nil	Nil	Nil	Nil
e) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital.				
M B Appalwar (HUF)	25	0.00	25	0.00
f) Non Promoter Holding	66,250	0.85	9,640,250	55.38
GRAND TOTAL (a+b+c+d+e+f)	78,32,550	100.00	1,74,06,550	100.00

6. Equity Shares held by the top ten shareholders:
6a. Top ten shareholders as on the date of filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1.	Makrand Appalwar	28,35,250	36.20
2.	Ms. Rinku Appalwar	18,81,550	24.02
3.	Emmbi Laboratory Pvt. Ltd.	16,25,000	20.75
4.	Maithali Agrotech Pvt. Ltd.	10,50,000	13.41
5.	Dr. Mitravinda Appalwar	1,94,000	2.48
6.	Mr. Moreswar Appalwar	1,18,725	1.52
7.	Ms. Maithili Appalwar	61,750	0.79
8.	Mrs. Mrunalini Pandit	60,000	0.77
9.	Mr. Prashant Kailash Lohia	6,250	0.08
10.	M B Appalwar (HUF)	25	0.00
	Total	78,32,550	100.00

6b. Top ten shareholders ten days prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1.	Makrand Appalwar	28,35,250	36.20
2.	Ms. Rinku Appalwar	18,81,550	24.02
3.	Emmbi Laboratory Pvt. Ltd.	16,25,000	20.75
4.	Maithali Agrotech Pvt. Ltd.	10,50,000	13.41
5.	Dr. Mitravinda Appalwar	1,94,000	2.48
6.	Mr. Moreswar Appalwar	1,18,725	1.52
7.	Ms. Maithili Appalwar	61,750	0.79
8.	Mrs. Mrunalini Pandit	60,000	0.77
9.	Mr. Prashant Kailash Lohia	6,250	0.08
10.	M B Appalwar (HUF)	25	0.00
	Total	78,32,550	100.00

6c. Top ten shareholders two years prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1	Mr. Makrand M. Appalwar	10,95,100	34.95
2	Mr. Rinku M. Appalwar	7,52,620	24.02
3	M/s Emmbi Laboratory Pvt. Ltd.	6,50,000	20.74
4	M/s Maithali Agrotech Pvt. Ltd.	4,20,000	13.40
5	Dr. Mitravinda M. Appalwar	77,600	2.48
6	Mr. Moreswar B. Appalwar	42,490	1.36
7	Ms. Mrunalini R. Pandit	19,000	0.61
8	Ms. Maithili M. Appalwar	12,500	0.40
9	Mr. Shreekanth R. Sastikar	10,000	0.32
10	Mr. Narhar Gurunath Dani	10,000	0.32
	Total	30,89,310	98.60

Note: In order to maintain consistency in the presentation, the face value of the equity shares have been taken at Rs. 10/- per equity share for the above table. Also, the number of shares allotted has been adjusted accordingly.

7. Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
8. There is no "buy back" or "stand by" arrangement for purchase of Equity Shares by Emmbi, our Promoters, Directors, BRLM for the equity shares offered through this Red Herring Prospectus.
9. The Company has not raised any bridge loan against the proceeds of the issue.
10. The company has Ten Shareholders as on the date of filing this Red Herring Prospectus with SEBI.
11. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed. However we are considering the pre- IPO placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such pre- IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted.
13. A total of 50,000 Equity Shares have been reserved for allocation to the Eligible Employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids.
14. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, 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) whether preferential or otherwise. However, if business needs of the Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Red Herring Prospectus or from the date the application moneys are refunded on account of failure.
16. Emmbi has not revalued its assets since its incorporation.
17. Emmbi has not made any public issue since its incorporation.
18. We undertake that at any given time, there shall be only one denomination for the Equity Shares of the Company and that it shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The shares locked in by the Promoter are not pledged to any party.
20. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise resources to finance:

- Expansion in the present facility to increase the present installed capacity from 5,000 MTPA to 17,800 MTPA.
- To meet the expenses towards Market Development.
- Meet the working capital requirements of the Company.
- Meet the issue expenses &
- To list the equity shares of the company on the stock exchanges.

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

The net proceeds of the Issue after deducting the expenses for the Issue are estimated at Rs. [•] Lacs. The Fund requirement is based on the current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may also change.

Appraisal

PNB Investment Services Limited, an appraising arm of Punjab National Bank has appraised our project vide their appraisal note dated 04/01/2010 for assessing the Techno Economic Viability (TEV) of the Company for the future expansion in two phases for which the Company proposes to raise resources by way of Initial Public Offer (IPO). In terms of the said Technical Report no. TN/PNBISL/09-10 dated 04/10/2010 the Company is found technically feasible and economically viable. The cost of the project, the means of finance and other details are as per the said appraisal report.

Cost of Project and Means of Finance

We intend to utilize Proceeds for financing the above mentioned objects. The details of utilization of Proceeds are as per the table set forth below:

The break up of the total cost of the project is as under:

(Rs. in Lacs)		
Particulars		Total Cost
•Expansion in the present facility to increase the present installed capacity from 5,000 MTPA to 17,800 MTPA.		
- Purchase of Land	300.00	
- Building	600.07	
- Plant and Machinery	1739.15	
- Electrification and Plumbing	126.00	
- Contingencies	116.96	2882.18
•To meet the expenses towards Market Development.		100.00
•Meet the working capital requirements of the Company		625.00
•Meet the issue expenses		[•]
Total cost of project		[•]

Cost of Project

Our project will consist of two phases:

Phase I:	<ul style="list-style-type: none"> On existing 5,000 sq. meters of land owned by us. Propose to increase the present installed capacity from 5,000 MTPA to 8600 MTPA.
Phase II:	<ul style="list-style-type: none"> Will be on additional 15,000 sq. meters of land to be procured by us. Further enhance our installed capacity from 8,600 MTPA to 17,800 MTPA.

The total project cost for the above mentioned objects as per the estimates of the company are as follows:-
(Rs. in Lacs)

Particulars	Phase I	Phase II	Total Cost
Setting up of additional Manufacturing Facility at Silvassa			
- Purchase of Land	-	300.00	300.00
- Building	175.84	424.23	600.07
Plant & Machinery	449.80	1289.35	1739.15
Electrification & Plumbing	42.00	84.00	126.00
Market Development Expenses	50.00	50.00	100.00
Contingencies	31.28	85.68	116.96
Working Capital Margin	Nil	625.00	625.00
Issue & other Miscellaneous Expenses	[•]	[•]	[•]
General Corporate Purpose	[•]	[•]	[•]
Total cost of project	[•]	[•]	[•]

Means of Finance

Particulars	Amount (Rs. In lacs)
Present Public Issue	[•]
Internal Accruals	[•]
Total means of finance	[•]

DETAILS OF THE OBJECTS OF THE ISSUE

Details of the objects of the issue are as follows:

1. Expanding manufacturing facility at Silvassa

The expansion project is proposed to be located at Silvassa in the Union Territory of Dadra & Nagar Haveli. Below are some of the locational advantages enjoyed by the Company:

- VAT holiday of 15 years available to the Company till 31st March 2012.
- Concessional Power Tariff of Rs. 3.05 per unit with a small variation of +/- 5% on fuel surcharge.
- Lower wage rate in Union Territory of Dadra & Nagar Haveli.
- In close proximity to JNPT port.

Land

We require 20,000 sq. meters of land for our present expansion, of which about 5,000 sq. meters (Phase I) will be from the existing land owned by the Company and about 15,000 sq. meters (Phase II) will be through new acquisition. We are in the process of identifying and acquiring the portion of additional land

required for the Project. A sum of Rs. 300.00 lacs has been allocated towards land and land development. The total area of land intended to be purchased for the proposed facility is 15,000 sq. meters.

We have absolute ownership of the existing property which will be used for the purpose of the proposed expansion. The land to be acquired by the company shall be free from all encumbrances and shall have a clear title.

Manufacturing Building

We propose to construct 75,000 sq.ft of new manufacturing building for the proposed project. The building would be inclusive of storage area of 6000 sq. ft, Administrative Building of 2000 sq. ft etc. For the civil construction, the company has received quotations from M/s Bharat Gandhi & Associates vide their Proformas dated 10/09/2009. Details of which are as under:

Phase	Particulars	Amount (Rs. in lacs)
Phase I	Estimated cost of proposed extension to the existing factory building at Rakholi for constructing ground floor and first floor (2 X 125'-0" X 80'-0" = 20,000.00 sq.ft)	175.84
Phase II	Estimated cost of proposed factory building at Silvassa for constructing ground floor and first floor (2 X 275'-0" X 100'-0" = 55,000.00 sq.ft)	424.23
	Total	600.07

2. Plant & Machinery

We propose to spend Rs. 1739.15 lacs as capital expenditure on plant and machineries/equipments proposed to be used for the building. We have identified most of the machinery required for proposed expansion and have procured quotations from the suppliers wherever possible. We will finalise the same as per the progress of implementation. The detailed break-up for the same is given herein under:

Sr. No	Description	Name of the Supplier	Quantity	Amount* (Rs. in lacs)	Date of Quotation
PHASE I					
I	Extrusion Lines				
1.	Tape Stretching Line, Model LorexE105B, 1000	Lohia Starlinger Ltd	1	119.60	16/06/2009
2.	Cheese Winders, Model LTW200C	Lohia Starlinger Ltd	190	49.40	16/06/2009
II	Weaving Machines				
1.	Circular Weaving Machine Model LSL 620	Lohia Starlinger Ltd	20	197.60	16/06/2009
III	Liner & Extrusion Coating				
1.	Wide Width Lamination Plant	J.P Industries Pvt. Ltd.	1	83.20	Quotations to be obtained
	Total			449.80	
PHASE II					
I	Extrusion Lines				
1.	Tape Stretching Line, Model LorexE105B, 1000	Lohia Starlinger Ltd	1	119.60	16/06/2009
2.	Tape Stretching Line, Model LorexE75B, 800	Lohia Starlinger Ltd	1	89.44	16/06/2009
3.	Cheese Winders, Model LTW200C	Lohia Starlinger Ltd	350	91.00	16/06/2009

Sr. No	Description	Name of the Supplier	Quantity	Amount* (Rs. in lacs)	Date of Quotation
II Weaving Machines					
1.	Circular Weaving Machine Model LSL 6	Lohia Starlinger Ltd	16	109.82	16/06/2009
2.	Circular Weaving Machine Model LSL 620, Ventilated	Lohia Starlinger Ltd	4	39.52	16/06/2009
3.	Circular Weaving Machine Model LSL 8	Lohia Starlinger Ltd	6	149.76	16/06/2009
4.	Geo Textile 12 Shuttle.	GCL India Pvt Ltd.	4	112.32	Quotations to be obtained
5.	Belt Looms	Gabbar Engineering Pvt Ltd	14	36.40	Quotations to be obtained
III Liner & Extrusion Coating					
1.	Wide width Liner Plant	Kolsite machine fabric Limited	1	74.88	Quotations to be obtained
2.	32" Liner Plant	Kolsite machine fabric Limited	1	9.36	Quotations to be obtained
IV Specility Bagmaking					
1.	Block Bottom Bag Making M/C	Not yet identified.	1	104.00	Quotations to be obtained
2.	Two Side Film Coating Plant	Starlinger Ltd	1	104.00	Quotations to be obtained
3.	PP Twisted Yarn Line.	Lohia Starlinger Ltd	1	26.00	Quotations to be obtained
4.	Bag Making & Printing Equipment	GCL Gabbar Engg. Navjivan Exporter	2 Sets	156.00	Quotations to be obtained
V Support Machinery					
1.	Test Laboratory Setup & Equipments & International Certifications	Qlab, Dutroneand others	1	57.25	Quotations to be obtained
2.	Softwares & Operating Licences	Microsoft and other anti virus software developers	-	10.00	Quotations to be obtained
Total				1289.35	
Grand Total				1739.15	

* The amount includes taxes, transportation cost etc.

3. Electrification & Plumbing

We have estimated an amount of Rs. 126.00 lacs towards the Electrification & Plumbing of which Rs. 42.00 lacs will be spent in phase I and remaining Rs. 84.00 Lacs in phase II for the new building to be constructed for the proposed expansion.

4. Market Development Expenses

We have been continuously investing in developing new products as per the market requirements. The said process requires spending on market research, surveys, demonstrations, participations in trade fairs etc. we have estimated an amount of Rs. 100.00 Lacs towards the market development expenses.

Particulars	Amount (Rs. in lacs)
Raw Materials for Research & Development (30 M.T. X Rs. 60.00 per k.g)	18.00
Salary & other cost for Research & Development (30 M.T. X Rs. 40.00 per k.g)	12.00
Sample delivery & demonstration	10.00
Arranging product awareness road shows for concept awareness	5.00
Participation in International & National trade fairs	30.00
Consultancy and advisory for concept, design, product development, patent and trade mark registration	10.00
Stationery & promotional materials like product catalogues, technical data sheets etc	9.00
Other miscellaneous expenses	6.00
Total	100.00

5. Contingences

The company has embarked contingency of an amount of Rs. 116.96 lacs which is 5 % of the manufacturing building cost, plant and machinery cost.

6. Working Capital Margin

The detailed calculation of the working capital requirement of the Company based on estimates, post expansion is as given below:

Particulars	Estimates (Current FY) (Rs. in Lacs)	Estimates (Post Expansion) (Rs. in Lacs)
(A) Current Assets		
Cash and Bank Balances	269.53	725.48
Receivables other than deferred & exports (inclgd. Bills purchased & discounted by bank)	414.11	946.41
Export receivables (inclgd. Bills purchased / discounted by banks)	373.75	1116.55
Inventory :		
Raw materials (inclgd. Stores & other items used in the process of manufacture)		
- Imported	-	-
- Indigenous	144.72	453.38
Stocks-in-process	605.67	2039.40
Finished goods	85.10	286.55
Other consumable spares	31.50	56.33
Advances to suppliers of raw materials & stores / spares	11.92	19.25
Other current assets (specify major items)	122.35	139.27
Total Current Assets (A)	2058.20	5782.61
(B) Current Liabilities & Provisions		
Sundry Creditors (Trade)	63.51	148.42

Particulars	Estimates (Current FY) (Rs. in Lacs)	Estimates (Post Expansion) (Rs. in Lacs)
Sundry Creditors (Expenses)	78.13	182.59
Total Current Liabilities (B)	141.64	331.01
Working Capital Gap (WCL) (A) – (B)	1916.56	5451.60
Actual/ projected net working capital available	416.56	1451.60
Maximum permissible bank finance	1500.00	4000.00
To be financed by:		
Bank limits	1500.00	3375.00
Public Issue	-	625.00

We are currently having bank sanctions for our working capital limits to the extent of Rs. 1500.00 lacs sanctioned by our Banker, Punjab National Bank, Goregaon (East), Mumbai. We are proposing to raise Margin Money from the public issue to the extent of about Rs. 625.00 lacs. We will approach our existing banker for the additional working capital facilities at the appropriate time as and when the project is nearing completion.

Basis of estimation of working capital requirement

Particulars	No. of Days
Raw Material (Months' Consumption)	26 days
Stock – in – Process (Months cost of production)	117 days
Consumable Spares (Months consumption of spares)	84 days
Finished Goods (Months cost of sales)	17 days
Inland Receivables (months domestic sales)	102 days
Export Receivables (months export sales)	77 days
S. Creditors (months purchases)	8 days

7. Issue expense

The break-up of issue expenses is as under:

Activity	Estimated Expense (Rs. in lacs)
Fees to intermediaries	[•]
Advertising and marketing expenses	[•]
Printing and Stationary & Distribution	[•]
Others	[•]
Total estimated Issue expenses	[•]

Schedule of implementation

We require 20,000 sq. meters of land for our present expansion. We are planning to implement the expansion in two phases as we propose to utilize 5,000 sq. meters of the existing land owned by the Company and 15,000 sq. meters will be through new acquisition. Implementation of expansion will commence simultaneously, however we expect Phase I to be completed by May 2010. In view of this our proposed implementation schedule is as follows:

Phase I

On existing 5,000 sq. meters of land:

Sr. no	Activity	Commencement	Completion
1	Setting up of additional Manufacturing Facility at Silvassa		
	<i>Purchase of Land</i>	Completed	
	<i>Building</i>	01/01/2010	30/04/2010
2	Plant & Machinery	01/01/2010	30/04/2010
3	Electrification & Plumbing	30/04/2010	20/05/2010
5	Commercial Production	31/05/2010	

Phase II

On new 15,000 sq. meters of land:

Sr. no	Activity	Commencement	Completion
1	Setting up of additional Manufacturing Facility at Silvassa		
	<i>Purchase of Land</i>	Commenced	31/03/2010
	<i>Building</i>	01/04/2010	30/09/2010
2	Plant & Machinery	01/01/2010	30/11/2010
3	Electrification & Plumbing	01/10/2010	30/11/2010
5	Commercial Production	31/12/2010	

Year wise break up of the proceeds to be used

The year wise break up of funds to be incurred on the project under various heads is as follows:

(Rs. in Lacs)

Particulars	Amount spent during the year 2009-10	Amount to be spent during the year 2010-11	Total
Setting up of Manufacturing Facility at Silvassa			
<i>Purchase of Land</i>	300.00	-	300.00
<i>Building</i>	150.00	450.07	600.07
Plant & Machinery	900.00	839.15	1739.15
Electrification & Plumbing	-	126.00	126.00
Market Development Expenses	75.00	25.00	100.00
Contingencies	52.50	64.46	116.96
Working Capital	-	625.00	625.00
Total	1477.50	2129.68	3607.18

Sources & deployment of Funds

As per the Certificate dated 08/01/2010 from K.J. Shah & Associates, Statutory Auditors & Chartered Accountants. The Company has upto 31/12/2009, deployed an amount aggregating Rs. 32.37 lacs towards the proposed project. Details of the sources and deployment of funds as per the certificate are as follows:

(Rs. In lacs)	
Particulars	Amount
DEPLOYMENT OF FUNDS	
Issue & other Miscellaneous Expenses	32.37
Total	32.37
SOURCES OF FUNDS	
Internal Accruals	32.37
Total	32.37

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

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

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

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

- Professional Promoters and management team.
- Strategic Locations of Manufacturing Facilities.
- Diversified customer base.
- Amongst the **first** few companies in India to achieve ISO Certification for the Management system in Woven Sack Industry
- Awarded with "UDYOG RATTAN AWARD" for its new concept of "Protective Irrigation System".
- "CorpExcel 2008" (Medium Enterprises Category) National Excellence Awards for mSMEs & Emerging Corporate
- Certificate of Recognition as Export House.
- Technology oriented company
- International certification for product quality

QUANTITATIVE FACTORS

Information presented in this section is derived from the restated financial statements certified by the Statutory Auditors of the Company.

1. Earnings Per Share (EPS) (on Rs. 10 /- per share) as per the audit financial statements

Year Ended	EPS (Rs.)	Weight
March 31, 2007	1.97	1
March 31, 2008	2.05	2
March 31, 2009	4.35	3
Weighted Average EPS	3.19	

Note: Annualised Earning Per share based on audited financials for six months period ended September 30, 2009 is Rs. 3.10.

2. Price/ Earning (P/E) Ratio

On the lower end of the price band (Rs. 40/- per equity share)

Particulars	
P/E based on pre-issue weighted average EPS of Rs. 3.19	12.54
P/E based on pre-issue EPS of FY 2008-09 of Rs 4.35	9.20

On the higher end of the price band (Rs. 45/- per equity share)

Particulars	
P/E based on pre-issue weighted average EPS of Rs. 3.19	14.11
P/E based on pre-issue EPS of FY 2008-09 of Rs 4.35	10.34

3. Return on Net Worth (RONW) as per the audited financial statements

Year Ended	RONW (%)	Weight
March 31, 2007	8.76	1
March 31, 2008	8.36	2
March 31, 2009	17.46	3
Weighted Average RONW	12.98	

Note: The Return on Net worth as on September 30, 2009 is 13.55%

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS: [•]

5. Net Asset Value (NAV) per share as per the audited financial statements

Pre-Issue as on March 31, 2009 (Rs.)	24.91
Post Issue (Rs.)	[•]

Note: The Net Asset Value (NAV) for the six months period ended September 30, 2009 is Rs. 11.52

6. Industry Average P/E

	Name of Company	P/E Multiple based on Price as on 08/01/2010
Highest	Kaira Can Company Limited	187.21
Lowest	Ester Industries Limited	4.27
Industry Average		11.30
Source: Capital Market: January 11 – 24, 2010; Segment - Packaging & www.bseindia.com		

7. Comparison with Peer Group

Name of the Company	Face Value (Per equity shares)	Sales as on 31/03/2009 (Rs. In Cr.)	RONW (%)	Book Value (Rs.)	EPS (Rs.)	P/E Multiple based on Price as on 08/01/2010
Jumbo Bag Limited	Rs. 10.00	71.20	8.40	20.40	1.40	26.79
Neo Corp International Limited	Rs. 10.00	128.10	24.30	49.30	7.40	9.26
Polyplex Corporation Limited	Rs. 10.00	229.30	13.00	83.30	9.40	20.25
Essel Propack Limited	Rs. 2.00	334.00	4.70	37.30	1.70	30.03
Ester Industries Limited	Rs. 5.00	372.90	28.00	24.10	5.30	4.27
Kaira Can Company Limited	Rs. 10.00	112.20	1.00	147.60	1.20	187.21
Source: Capital Market: January 11 – 24, 2010; Segment - Packaging & www.bseindia.com						
Emmbi Polyarns Limited	Rs. 10.00	40.42	17.46	24.91	4.35	-

8. The face value of Equity Shares of Emmbi Polyarns Limited is Rs.10 and the Issue Price is [•] time of the Face Value.

The Issue Price of Rs. [•] has been determined by us in consultation with the BRLM, on the basis of assessment of market demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10 each. The Issue Price is 4.0 times the face value at the lower end of the price band and 4.5 times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of Rs. [•] per share is justified.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS. AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

To
The Board of Directors
Emmbi Polyarns Limited
309-310 Kuber Complex,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri [West],
Mumbai- 400 053

We M/s K.J. SHAH & ASSOCIATES are the Statutory Auditors of Emmbi Polyarns Limited having its registered office at Shop No. D-11, Sai Darshan-B, Ram Baug Lane, Opp. Mulji Nagar, Borivali (West), Mumbai - 400092. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the Income Tax Act 1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Emmbi Polyarns Limited and its shareholders.

We believe that there are no special tax benefits available to the Company and its shareholders.

General tax benefits available:

A. Benefits to the company under Act

1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and

cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

5. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(iia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.
7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

Carry forward and Set off of Business Loss

10. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.
11. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
12. As per section 71 read with section 74, Short-term capital loss arising during a 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, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
13. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

B. Benefits to the Resident shareholders of the company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a

recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either 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.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

C. Benefits to the Non-resident shareholders of the company other than Foreign Institutional Investors and Foreign Venture Capital Investors

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.

3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) 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.

5. Non resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation)

Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

6. In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.
7. In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 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.
8. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.

9. Tax Treaty Benefits

As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Rate of tax

Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

E. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

G. Benefits under the Wealth Tax Act, 1957

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

H. Benefits under the Gift Tax Act

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, but before April 1, 2006. As per amended section 56 (2) (vi) any gift received in money, the aggregate value of which exceeds Rs. 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) value of sum of money / immovable property/ movable property received without consideration or for inadequate consideration is in exceed of Rs. 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from Dt: 01.10.2009.

Notes

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2009 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. 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 participation in the scheme.
4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Place: Mumbai
Date: 19/08/2009

**FOR K.J.Shah & Associates,
Chartered Accountants**

Sd/-

**Proprietor (Kirti J. Shah)
Membership No.: 030784**

SECTION III - ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Manager or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

Plastic Industry

The Plastic Industry in India has made significant achievements ever since it made a modest but promising beginning by commencing production of Polystyrene in 1957. The chronology of manufacture of polymers in India is summarised as under:

1957 - Polystyrene
1959 - LDPE
1961 - PVC
1968 - HDPE
1978 - Polypropylene

The potential Indian market has motivated Indian entrepreneurs to acquire technical expertise, achieve high quality standards and build capacities in various facets of the booming plastic industry. Phenomenal developments in the plastic machinery sector coupled with matching developments in the petrochemical sector, both of which support the plastic processing sector, have facilitated the plastic processors to build capacities to service both the domestic market and the markets in the overseas.

The Indian plastics industry comprises around 55,000 plastic processing units, spread over both the organized and unorganized sectors, employing an estimated 0.4 million people. About 75% of plastic processing units are in the small-scale sector and these account for about 25% of the total production. There are about 2000 fibre processors, of which 80% are in the small-scale sector. (Capitaline database: June 22, 2009)

The capacities built in most segments of this industry coupled with inherent capabilities have made India capable of servicing the overseas markets. The economic reforms launched in India since 1991, have added further fillip to the Indian plastics industry. Joint ventures, foreign investments, easier access to technology from developed countries etc. have opened up new vistas to further facilitate the growth of this industry.

As our Products are manufactured out of different kinds of polymers, it is necessary to understand Petrochemical and Polymer industry in India as well.

Petrochemicals

Petrochemicals are derived from various chemical compounds, mainly from hydrocarbons. These hydrocarbons are derived from crude oil and natural gas. Among the various fractions produced by distillation of crude oil, petroleum gases, naphtha, kerosene and gas oil are the main feed-stocks for the petrochemical industry. Ethane and natural gas liquids obtained from natural gas are the other important feedstock's used in the petrochemical industry. Olefins (Ethylene, Propylene & Butadiene) and Aromatics (Benzene, Toluene & Xylenes) are the major building blocks from which most petrochemicals are produced.

Petrochemical manufacturing involves manufacture of building blocks by cracking or reforming operation; conversion of building blocks into intermediates such as fibre intermediates (Acrylonitrile, Caprolactum, Dimethyl Terephthalate/Purified Terephthalic Acid, Mono Ethylene Glycol); precursors (Styrene, Ethylene Dichloride, Vinyl Chloride Monomer etc.) and other chemical intermediates; production of synthetic fibres, plastics, elastomers, other chemicals and processing of plastics to produce consumer and industrial products.

Petrochemical products namely synthetic fibers cater to the clothing needs of mankind and are used in both apparel and non-apparel applications. (Sources: <http://chemicals.nic.in/petro3.htm>)

Polymer

Polymers find major applications in packaging for preservation of food articles, molded industrial and home appliances, furniture, extruded pipes etc. Synthetic rubbers are used for making various types of tyres and non-tyre rubber goods and supplement natural rubber. Surfactant intermediates are used in the manufacture of detergents.

The polymer business is broadly based on the changing dynamics of the user industry. The industrial growth which contributes to the growth of the economy is a prime driver for the growth in the polymer business. Additionally, changing preferences and costs of packaging are other factors that affect growth. (Source: Report of the Working Group on Chemicals and petrochemicals, 11th five year plan [2007-08 to 2011-12])

Performance of Indian Polymers Industry

India's per capita demand for polymers is still a minuscule 6 kg vis-à-vis world average of 27 kg. A large base of converting industry and a growing domestic market as well as export will make India an interesting place for polymer business in the years to come. India has the advantage of high population and expected to maintain high economic growth. This should propel the India's consumption in polymer to new levels in coming year.

India Demand-Supply Balance (kT)

High density polyEthylene

Year	Capacity	Production	Import	Export	Demand	Demand Growth
05-06	620	1035	141	286	890	16%
06-07	620	958	139	264	833	-6.4%
07-08	720	974	258	136	1096	32%
08-09	720	1100	186	80	1206	10%
09-10 (E)	720	1200	211	60	1351	12%
10-11 (E)	720	1200	363	40	1523	13%
11-12 (E)	720	1200	575	30	1745	15%
12-13 (E)	720	1200	875	20	2055	18%

Poly Propylene

Year	Capacity	Production	Import	Export	Demand	Demand Growth
05-06	1945	1541	128	224	1445	10%
06-07	1945	1901	85	245	1741	20%
07-08	1970	1978	210	150	2038	17%
08-09	2045	2000	343	100	2243	10%
09-10 (E)	3545	3146	50	683	2512	12%
10-11 (E)	3545	3320	50	506	2864	14%
11-12 (E)	4785	4025	50	752	3323	16%
12-13 (E)	4785	4546	25	649	3922	18%

Polymers

Year	Capacity	Production	Import	Export	Demand	Demand Growth
05-06	5249	4730	722	695	4757	15%
06-07	5457	5037	661	659	5039	5.9%
07-08	5652	5259	1102	412	5949	18%
08-09	5985	5686	1139	312	6513	9.5%

Year	Capacity	Production	Import	Export	Demand	Demand Growth
09-10 (E)	8466	7595	875	1240	7230	11%
10-11 (E)	8466	7972	1044	908	8107	12%
11-12 (E)	9706	8805	1497	1074	9228	14%
12-13 (E)	12526	11225	1902	2496	10632	15%

Note:

1) Years are financial Years-1st April to 31st March

2) Production Numbers: Industry

3) Import-Export Data: DGCIS, Calcutta

4) 08-09: Estimate

5) 09/10-12/13: Forecast

(Source: Chemicals & Petrochemicals: Official Journal of Chemicals & Petrochemicals Manufacturers Association: Oct.-Dec. 2008- 2009)

Packing Industry

Packaging industry is a multi-technology, multi product, multi process industry encompassing various materials like polymers, chemicals, metals, paper etc. Now a day's consumer needs packaging to be attractive, protective and user friendly. This industry is seeing phenomenal changes in technical and scale terms, to address the growing consumer demand. The boundaries between processes, materials and products are melting and demand of the consumer is pre dominant (Capitaline database: May 20, 2008)

The Indian packaging industry stands at Rs 65,000 crore and will grow at 5-20% depending on the type of packaging. Growth rate of the domestic packaging industry is more than the developed countries' growth rate of around 3%. The fastest growing segments are laminates and flexible packaging, especially PET and woven sacks. The food processing industry is likely to double its capacity over the next 3-4 years, leading to huge demand for packaging material. With India witnessing better growth thanks to robust consumption and rising capex cycle, and as the country is moving towards packed / processed foods, the flexible packaging sector is witnessing robust growth. (Capitaline database: February 28, 2008)

Plastic as a material creates exciting opportunities in packaging. With continuing growth from strength to strength, some impressive developmental areas for the plastic packaging are:

Flexible Plastic Packaging: Growth in flexible packaging, rapid innovations and increased demand ensures that no one in packaging can ignore flexible. Key developments in flexible are providing customer and consumer with a better shelf life, better functionality and better image at a better price. Selective barrier properties along with other special features continue to be an area of scientific focus with many new developments.

Rigid Plastic Packaging: The use of PET and PP has been growing to impressive figures. In particular, high barrier multilayer containers in attractive shapes with various printing and sleeving options are finding use in many applications. Packaging has made a difference to many products for their movement from commodity to packaged goods. One such example being edible oil, which few years ago were mostly sold loose with the possibility for adulteration and reported deaths.

Semi Rigid Plastics: Blister packs which are easy to use and carry with the anti-counterfeit options are greatly employed for a variety of products ranging from lube oil to jams and jellies. 'Health' and 'sensory experience' in beverage market makes cans the ideal choice. Sensory beverages are specialty or premium products characterised by taste, exotic flair or a lifestyle image, which also conveys additional quality of life. The new elegant shapes and finish of plastic cans have taken a share of this segment, which was traditionally with metal cans.

Packaging must be in tune with the mood of the moment. Generally for treat yourself products, transparent and semi transparent plastic packaging is seen gaining importance. With this background, many convenience-

packaging solutions with plastics in variety of shapes and sizes can be seen on shelf stands. Exciting dispensing through squeeze, flip-top, non-dripping silicon valves with innovation in shapes and designs are now available. (Capitaline database: May 20, 2008)

The global packaging industry is worth \$424 billion in terms of value and 2 million TPA in terms of volume. The US and Europe account for around 58% of the global demand for packaging material. The Asian packaging market stands at \$114 billion, of which Japan accounts for 48%, followed by China (32%) and India (12%). Food and beverages form account for 85% of the total usage, followed by pharma sector (10%) and others (5%). (Capitaline database: December 04, 2008)

Flexible Packaging

Plastics flexible packaging is a very dynamic and competitive business. This is particularly in the commodity monolayer films or simple 3 layer structures, providing an overall protection with moisture barrier and inferior barrier properties limiting shelf life.

With almost 40% of the global population and GDP more than US\$5 trillion at the purchase power parity, both India and China are becoming very important global economic centers. The dynamic change in lifestyle of the growing younger generation in Asian countries like China and India, has increased the scope of multi layer structures, including Aluminum foil to enhance the barrier properties against Oxygen and Carbon Dioxide etc. The flexible packaging market in these two countries alone, is growing at an average rate of 12-15%, compared to about 6% globally. Despite the large mature market of Japan, the Asian region is expected to grow between 8-10%. The developed regions of North America and Europe are expected to grow at more than 4%, significantly higher than their GDP growth.

The plastics flexible packaging is dominated by Polyolefins mainly from Pe. It is estimated that Pe has almost 75% share of the flexible packaging market. BOPP and cast PP films would be responsible for an additional 10-12 % share. The only other commodity polymer, with a decent share (almost 5-7%) is PVC. Although the specialty barrier resins are very crucial for the growth of the industry, they have only 2-4% share in volumes. These specialty barrier resins are very efficient and therefore are required at significantly lower levels, though their contribution in the value of the packaging would be much higher. (Source: Report of the Working Group on Chemicals and petrochemicals, 11th five year plan [2007-08 to 2011-12])

Packtech

Textiles made of man-made fibres/filament yarns and used in packaging are in great demand. The Rs 14,000-crore market for technical textiles used in packaging, commonly known as packtech, is estimated to grow to around Rs 26,000 crore by 2012-13. Packtech includes several flexible packaging material for packing industrial, agricultural, consumer and other goods. Products like polyolefin woven sacks, leno bags, wrapping fabric, jute hessian and sacks, soft luggage, tea-bags filter paper and jumbo-sized bags fall under the category. Jumbo-sized ordinary bags or tote bags are technically known as flexible intermediate bulk container (FIBC).

Demand for packaging products is dependent on industrial growth. In the medium term (next five years), the packaging industry is expected to grow by 13% per annum. Within the industry, polymer-based products like woven sacks, FIBC, leno bags and wrapping fabric are expected to grow higher at a CAGR of 17% during the period. The maximum growth in packtech consumption is expected in the FIBC segment which is used for bulk packaging segment. With exports multiplying each year, demand for FIBC is expected to shoot up to 4.5 lakh tonne over the next five years from the existing consumption of 1.5 lakh tonne. (Source: Economic Times, Article: 'Packtech market to grow to Rs 26K cr by 2012-13: IMAcS' dated 06/04/2009)

Market size of Packtech

Particulars	2007-08					2012-13 (E)
		Production	Imports	Exports	Domestic Consumption	Domestic Consumption
Polyolefin Woven Sacks (excluding FIBC)	Quantity (in MT)	0.641 million	-	-	0.641 million	1.127 million
	Value (Rupees in Crores)	6,725	-	-	6,725	12,950
FIBC	Quantity (in MT)	0.175 Million	-	0.025 million	0.15 million	0.45 million
	Value (Rupees in Crores)	1,750	-	250	1,500	5,000
Leno bags	Quantity (in MT)	5,400	-		5,400	10,800
	Value (Rupees in Crores)	57	0.5	0.5	57	125
Wrapping fabric	Quantity (in MT)	0.128 million	-	-	0.128 million	0.256 million
	Value (Rupees in Crores)	1,350	-	-	1,350	2,950
Jute Hessian and Sacks (including Food grade jute bags)	Quantity (in MT)	1.33 million	0.01 million	0.05 million	1.291 million	1.1 million
	Value (Rupees in Crores)	4,325	50	300	4,075	3,947

(Source: Baseline survey of the technical textile industry in India; November 2008 - Office of the Textile Commissioner)

Life Cycle analysis study of Synthetic, Jute and Paper Woven Sacks illustrate the advantages

Indian Institute of Technology, Delhi conducted an exhaustive life cycle study (in the Indian environment) on various types of 50 kg bags used for packaging of several commodities, including cement, fertilizers and food grains. Some of these products have been so far reserved exclusively for jute bags essentially to protect the jute growing community. This study, involving the entire cycle from production of raw materials, conversion to bags, transportation of the packed commodity product to the disposal and recovery of the basic raw materials in the Indian environment reveals some very interesting facts:

- Synthetic bags made from HDPE/PP are much lighter and save almost 3 to 5 times of packaging material as compared to jute and paper bags.
- The lower material weight obviously would save significant amount of energy during manufacture of raw materials and conversion into bags. The study shows that jute bags would require almost 50% more energy and paper bags about 300% more energy compared to synthetic bags.
- Synthetic bags require very insignificant amount of water compared to jute and paper bags. Similarly, the consumption of chemicals for synthetic bags is negligible as compared to jute and paper bags.
- The lighter weight of the synthetic bags provides significant saving of fuel and therefore energy during transportation. (Source: http://www.plastemart.com/upload/literature/297_art_life_syntheticbags.asp)

What is most important is that synthetic bags can be easily recycled or incinerated to produce energy after their use is completed. The energy saving during recycling with synthetic bags is higher compared to the other two types of bags. Synthetic bags can provide sustainable development and is fully recyclable or renewable. They also help in controlling the environment better than jute and paper bags. The results of the study are described in the table below.

Material Requirement

- Jute – 12290 tonne
- PP-HDPE – 2310 tonne
- Paper – 7200 tonne

Phase - I: Production of Raw Material)

Phase-II: Production of Sacks)

Phase III: Usage (Transportation per 100 km distance, 9 tonne truckload and 3.05 km/l fuel consumption)

Phase IV: Waste Management

Particulars		Phase	
		I	II
Jute	Energy ('000 GJ)	153.6	179.4
	Water ('000 lakh litres)	12.0	9.7
	Chemical (tonne)	258.5	Negligible
PP-HDPE	Energy ('000 GJ)	178.3	48.5
	Water ('000 lakh litres)	1.4	1.0
	Chemical (tonne)	0.014	Negligible
Paper	Energy ('000 GJ)	612.0	57.6
	Water ('000 lakh litres)	18.0	Negligible
	Chemical (tonne)	4647	Negligible

Phase III					
Jute		PP-HDPE		Paper	
Excess Fuel ('000 litres)	Excess Energy(GJ)	Excess Fuel ('000 litres)	Excess Energy (GJ)	Excess Fuel ('000 litres)	Excess Energy (GJ)
36.3	2035.9	Taken as basis (Zero Consumption)		16.6	927.9
Phase IV					
Jute		PP-HDPE		Paper	
Recycling	Incineration	Recycling	Incineration	Recycling	Incineration
(Energy saving ¹ thousand GJ)	(Energy recovery thousand GJ)	(Energy saving ¹ thousand GJ)	(Energy recovery thousand GJ)	(Energy saving ¹ thousand GJ)	(Energy recovery thousand GJ)
-	-	46.75	95.31	32.26	169.11

Raw material prices

The Polypropylene prices have declined in the month of March 2009 by 13% to Rs 58.58 per kg on y-o-y basis. High density polyEthylene prices declined by 14% to Rs 59.51 per kg on y-o-y basis. Poly Vinyl Chloride prices have also declined by 11% to Rs 44.5 per kg. Acrylonitrile butadiene styrene price also saw a fall of 15% to Rs 73.56 per kg on y-o-y. However on month on month basis except polypropylene, high density polyEthylene, poly vinyl chloride and acrylonitrile butadiene styrene prices has shown improvement. Polymer manufacturer don't see price going down below this level and see upward trend in coming months. (Capitaline database: March 29, 2009)

Environmental effect on usage of Plastics in packaging

Packaging is one of the major applications of plastics. Compared to alternative materials, a plastic package has significantly lower weight (between two and eight times lighter, depending on the application). This advantage results in a lower overall carbon footprint, despite a higher production footprint per kilogram of material

(about 2-4 kgCO₂e per kg plastic versus 0.7 kgCO₂e per kg for glass and paper, 3 kgCO₂e per kg for thin steel and 8 kgCO₂e per kg for aluminum).

To quantify the savings, the packaging market is segmented in seven applications: "Small packaging", "Beverage bottles", "Other bottles", "Other rigid packaging", "Shrink and stretch films", "Carrier bags", and "Other flexible packaging". In total seven different plastics (LDPE, HDPE, PP, PVC, PS, EPs, PET) were considered against seven reference materials (white glass, thin steel, aluminum, corrugated board, paper/cardboard, beverage carton, wood).

Films and bottles, with 67 MtCO₂e and 97 MtCO₂e respectively, are the largest contributors to the total savings of ~220 MtCO₂e. (Source: 'Innovations for Greenhouse Gas Reductions' by International Council of Chemical Associations: July 2009)

Outlook

The demand for packaging films dipped sharply in November due to stock correction but it is steadily rising through December. Also Pet film and BOPP film prices will ease out shortly. Industry expects a growth rate of 15% for next year. Industry player says that impact is more on mind than on the material. Players have seen a 10% growth despite the general downward trend. Present quarter sales is roughly 11% and the 4th quarter is expected to have 10% growth rate (Capitaline database: February 28, 2009)

The outlook would also depend on the global crude oil situation. Packaging converters in general are reporting buoyant demand but are under pressure on process and payments from customer. More, the slowdown in global economy and recession in some of the big market, will affect the industry's export market but the still strong demand in domestic market will absorb some of its impact.

BUSINESS OVERVIEW

We are engaged in manufacture and sale of FIBC (Jumbo Bags) and Woven Sacks and various woven polymer based products like Container Liners, Protective irrigation system, Canal Liners, Flexi Tanks, Car covers etc. Our Company is promoted by the first-generation entrepreneurs, Mr. Makrand Appalwar and Mrs. Rinku Appalwar in November 1994. We are one of the well established brands in the field of woven polyethylene and polypropylene product manufacturing industry. We have a track record of business in the field of woven sacks and Flexible Intermediate Bulk Container (FIBC) container liners, Canal Liners, Protective Irrigation Systems, Flexi Tanks, Car Covers which find large scale application in the segments like cement and fertilizer. Our manufacturing facility is located at Silvassa.

We have been awarded **SME 2** Rating by CRISIL Limited which indicates '**High**' level of credit worthiness adjudged in relation to other SMEs. We have constantly shown growth in production and sales. The production has increased from 961 MT in 2000-01 to 3857 MT in 2008-09. We are amongst the **first** few companies in India to achieve **ISO** Certification for the Management system in Woven Sack Industry.

We specialize in high strength, low GSM FIBC with high safety factor. We are among the first few global manufacturers to offer Jumbo Bags (FIBCs) with 130 GSM Bags, 5:1 Safety factor for 1000 KG Safe Working Load and 160 GSM Bags, 6:1 Safety Factor for 1500 KG Safe Working Load. Our Extrusion machinery is capable of producing tapes with very high linear tenacity. This ensures that our woven plastic products are of the highest strength. We produce FIBCs of U+2 panel, Circular Jumbo bags, Baffle bags, All panel bags, Conductive FIBC and Static dissipative FIBCs.

In addition to FIBC we manufacture various woven polypropylene products including Small bags, Box woven bags, Roofing underlayment fabric, Courier bags, Ground covers, Silt fence and Geotextiles. We offer woven bags and fabrics in both PP and HDPE. Our products are UV stabilized and pre-conditioned against shrinkage.

Our operations are managed through fully integrated ERP Software which facilitates the accuracy and speed in its routine operation.

Competitive Strengths

Emmbi is amongst the premier and an established manufacturer of a wide range of woven polyethylene and polypropylene bags. We are an ISO certified Company, with a legacy of over fifteen years of presence in the industry. We believe that following are our principal competitive strengths:-

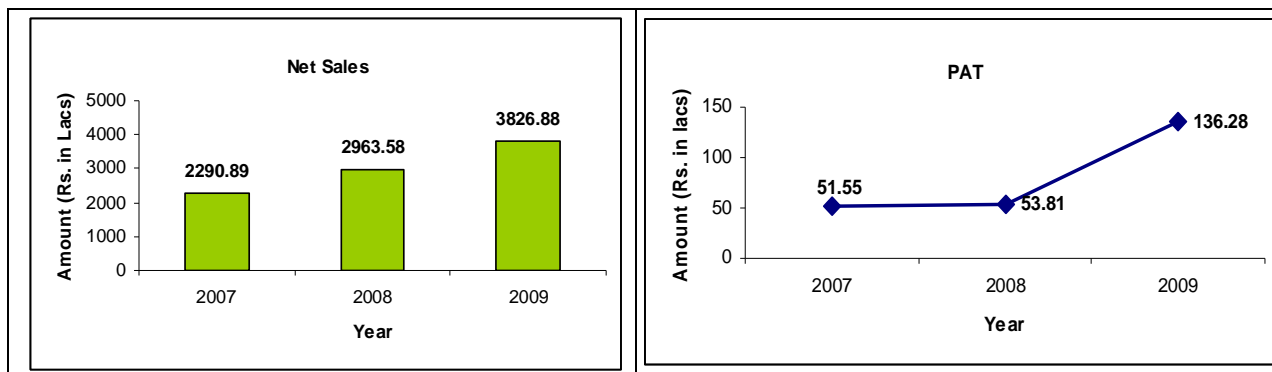
1. **Strong management Team:** The promoter and the senior management team of the Company have significant industry experience and has been instrumental in the consistent growth of the Company's income and operations.
2. **Relationship with established players in industry:** The Company enjoys credible relationship with Hindustan Unilever Limited, Tata Chemicals Limited, ITC Limited and Godrej Industries Limited. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.
3. **Multiple products:** The Company distributes a wide range of products such as Flexible Intermediate Bulk Container, PP & HDPE Woven Sack, Box Bags, Woven Polypropylene Sheets and PP Fibrillated Twisted Yarn. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across regions.
4. **New Products in pipeline:** We are in the process of entering new Technical Textile applications consisting of geotextiles, pond liners, canal liners, flexi-tanks, etc. these value-added products are well accepted in the western world and offer good realizations and margins as compared to its PP-based woven packaging products. We believe there is a good potential for our concept products like rain water pond and woven PP canal liner in India, at the backdrop of water scarcity, drought etc.

5. Selling and Distribution network:

Domestic: We have spread our operations in 11 States & Union Territories. The Sales and distribution of end product is directly handled from Mumbai and logistic is handled from Silvassa.

Export: We have a spread of customers in 14 countries in the 4 Continents across the globe. All the material is dispatched from the NSCIT/JNPT Port.

Financials



As per the Audited financial statements for the respective years, our Company achieved a Net sales of Rs. 2,322.17 lacs for the six months period ended September 30, 2009, Rs. 3,826.88 lacs for fiscal 2009, Rs. 2963.58 lacs for fiscal 2008 and Rs. 2290.89 lacs for fiscal 2007. During the same period our profit after tax was Rs. 121.31 lacs, Rs. 136.28 lacs, Rs.53.81 lacs and Rs.51.55 lacs, respectively. The Company registered a CAGR of 29.24% in sales & CAGR of 62.59% in Profit After Tax in past three full financial years.

Products

We manufacture high-quality woven Polypropylene & Polyethylene based products used mainly in packaging, infrastructure, housing, disaster management and Hazardous waste disposal industry. Our main products are

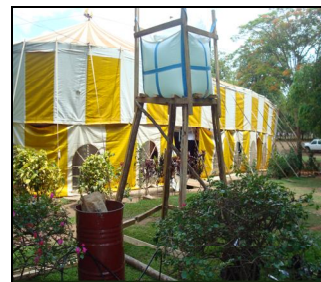
- Flexible Intermediate Bulk Container (FIBC)
- Technical Textile
- Flexible Tanks
- Woven Sacks
- Car Covers
- Container Liners: Bulk Cargo Handling Systems.
- Anti Corrosive Packaging

We supply these products to various blue-chip customers in domestic as well as international markets. The major customers in the domestic market include multinational companies in FMCG sector. Internationally, the customers are major automobile manufacturers for the automobile covers, leading contractors for pond liners & roofing underlayment, major glass manufacturers, major cement manufacturers, leading seed manufacturer, players in the petrochemical industry, and various other international customers spanning more than 18 countries through out the world.

We are in the process of entering new Technical Textile applications consisting of geotextile, pond liners, canal liners, flexi-tanks, etc. These products are well-accepted in the western world and offer far superior value addition compared to its mainstay woven PP-based packaging products. Some of the products that are in development stage are as under:

• Farm Based Rain Water Harvesting

The harsh reality of the Global Warming is changing the weather cycles across the world, so are the rain patterns which are continuously modifying their footprints in every part of the globe. India is not exception to the unreasonable behaviour of the "Rain God". In the period of around 10 years and back, the length of the Monsoon period used to be to the tune of 90 days in the season of 120 days. This time of monsoon is now reduced to 40 days out of the 120 days season. This results in the sudden shortfall of the rain due to short span of the time. The figures of the Indian metrological department (IMD) are further disturbing as they claim 50% of the season's rain is coming down in any particular 5 days period leaving lots of "Dry Spells" during the plantation season. We are developing a new concept to conserve water for irrigation and it is being titled as "Protective Irrigation".



We are in the process to develop a novel model to help the Indian Agriculture sector and create a major business opportunity for the company. The model includes collecting of the rain water in the field through a polymer lined mini canals to the polymer base pond. Use of woven polymer in the canal lining and pond will cut the percolation losses to almost zero.

The Company has also developed manual pumps (peddle operated) that would not need power and a flexible storage tank. As per the system design, the farmer will collect the rain water through the field in the Poly lined ponds from where the water will be lifted using the manually operated pumps to a pedestal mounted storage tank for gravity flow irrigation.

The water filled pond can of course be used as a fishing tank for the family of the farmer, which will augment some income to the family or provide the nutritious food to the family.

• Volatile Corrosion Inhibitor (VCI): Corrosion Protection Application

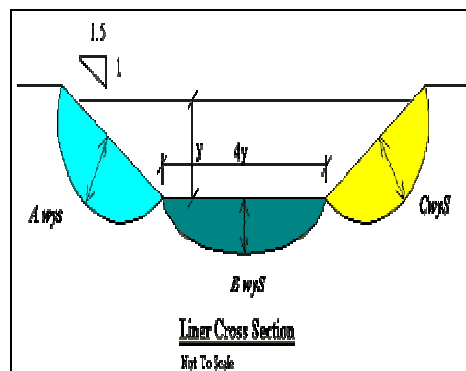
We have launched a Corrosion Protection product using the woven polymer based substrate for corrosion protection products. We have also started exporting their corrosion protection products to various steel manufacturing companies in US and Europe. This sector is identified as the major growth engine for the company after the initial seeding program of the three years.

• Rural Shopping Bags

We have a strong belief that wastage of the product, or resources or processes is the biggest cause of inefficient energy utilization. We have decided that the company's operations would not generate any "Scrap" or "Wastage" in its manufacturing operation. To support this policy decision, we have started using the process waste to make the rural shopping bags. We plan to reach the customer directly through Weekly markets and also Retail Stores.

• Woven PP Canal Liner

We have developed a unique product for the repair & breaching the leakages in the capillary canals in the irrigation projects. Canal liners are widely used worldwide for the canal lining purpose. We are proud to develop the technology in India. The irrigation projects in the country work on seasonal pattern. The capillary cannels connecting to the farms are made of earthen non reinforced structure. These structures are very much prone to breaking and leakages during the lean period and require periodic maintenance on a yearly basis. We have developed a "Quick Fix" canal liner for the maintenance and breaching of the capillary canals. The product was supplied to Executive Engineer Yavatmal Irrigation Division Depart of



Irrigation Govt. of Maharashtra for repairs of breached canal portion of Shirol Distributory of Waghadi Medium Project in Yavatmal District of Maharashtra.

The product has worked successfully and we also received a confirmation letter from the Executive Engineer department of Irrigation, with certain improvement in the width of the product. We expect that going forward, this will be a new sunrise product for the company.

We are confident that it shall have a competitive edge in the above products, by virtue of its high quality manufacturing capabilities, technical knowledge and relatively low cost of manufacture. These products can lead to substantially enhanced profitability, in line with their contribution to the revenue-mix.



• **Container Liners: Bulk Handling Systems A Specialty Product by Emmbi**

In order to facilitate the quick movement of material like cement, fertilizer, chemicals, polymers etc, companies in developed countries directly fill the loose material in the container, this reduces the time of operation substantially. We have developed and are marketing this product as a niche product

The advantages of using Emmbi's bulk container liners are as follows:

- Used in the containerized bulk shipment of dry free-flowing cargos.
- Provide a range of benefits and cost efficient savings for the shipping of bulk raw materials, chemicals, and foodstuffs in grain, pellet, granule or powder form.
- Quick and simple to install.
- Enable bulk cargos to be shipped door to door with a minimum of handling.
- Made from virgin polyethylene (film or woven polyolefin). Thus agricultural produce and high value chemicals can be transported safely in an enclosed chamber.
- Avoid cargo contamination from pollutants and salt air.
- Minimize cargo spillage and waste.
- Avoid unnecessary container cleaning costs.
- Maximize container utilization by enabling return loads of a different nature to be carried. (A bulk liner may be sent with the outward-bound cargo.)

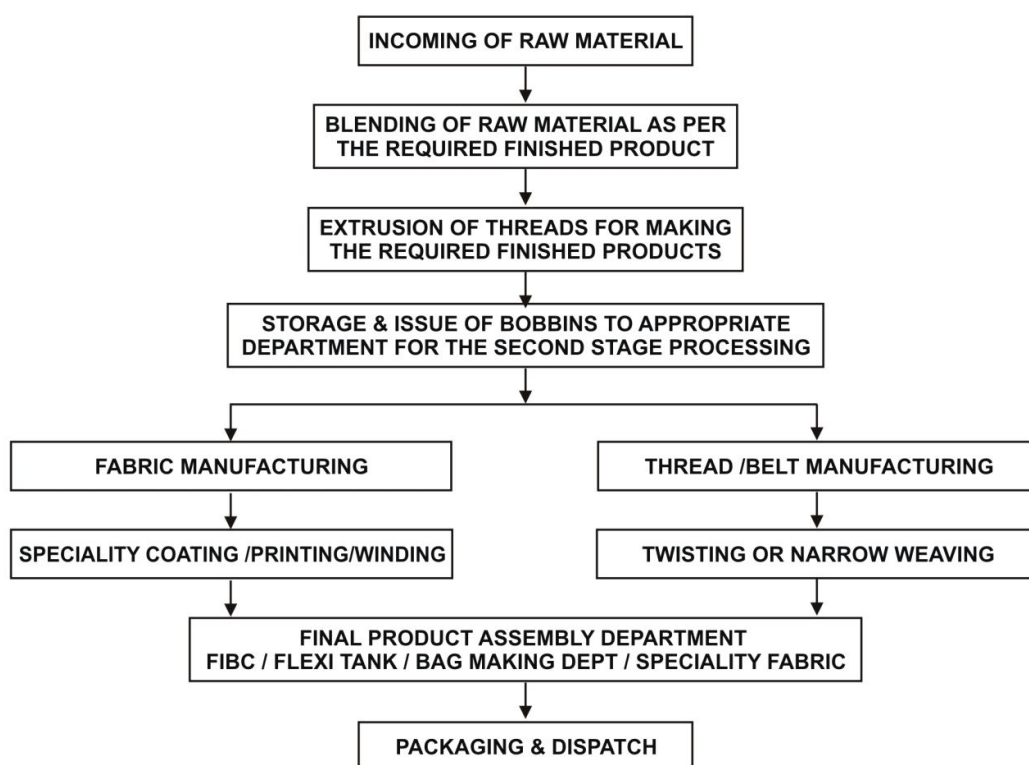
• **PP Fibrillated Twisted Yarn**

Under the Brand "Twist" we manufacture PP Fibrillated Twisted Yarn, PP Webbing Polyester Filler Cords, PP Tie Cords. The yarn can be produced from 800 –7500 Denier. Variation in package sizes and colors can be possible. The Yarn is available in the two varieties of UV Stabilized, Food Grade, UV Stabilized Non Food Grade and Non UV Stabilized. Webbing is available from 7gms per meter to 75 gms per meter, from the strength 50 Kilogram Force to 2500 Kilogram Force, in the width 10 mm to 90 MM. Filler Cords and Tie Cords are available from 3 gm per meter to 8 Gm per meter in Round as well as flat Sizes.

Typical Application:

- Bag Stitching
- Lifting Loops
- Dust Proofing
- Sift Proofing
- Furniture Making
- Stitching Piping

Production Process – Flow Chart



Capacity

Existing Installed Capacity

Particulars	For the Financial Year		
	2006-07	2007-08	2008-09
Installed Capacity (MT)	5,000	5,000	5,000
Capacity Utilization (MT)	2,990.954	3,376.102	3857.014
Capacity Utilization (%)	59.82	67.52	77.14

- Installed capacity is based on 3 shift.
- Number of Working days in a year is 330 days

Proposed Capacity (As Per Company's Estimate)

Particulars	For Financial Year		
	2009-10	2010-11	2011-12
Installed Capacity (MT)	5,000	8,600	17,800
Capacity Utilization (MT)	4,318	6,114	14,380
Capacity Utilization (%)	86.36	71.09	80.79

Raw Materials

The main raw materials used for production are, Polypropylene, Low Density PolyEthylene, High Density PolyEthylene, Colour Master batch, UV Master batch. These raw materials are available in sufficient quantity in India. The raw material is purchased in the Spot market. The material is on the basis of the rates offered by supplier.

Proposed Business Model & Strategy

Apart from our existing business sector we have identified few more growth opportunity areas in domestic as well as export market which are as follows:

Domestic Sector

1. Commodity Market - Sacking Application
2. Value Added - Corrosion Protection Application
3. Farm Based Rain Water Harvesting
4. Retail - Rural Shopping bags
5. Woven PP Canal Liner

1) Commodity Market : Sacking Application:

We presently work for few of the most outstanding and Prominent names in the corporate world. The customers we serve are Hindustan Unilever Limited, Tata Chemicals Limited, ITC Limited, Godrej Industries Limited and other few very growing companies of the nation. This is comparatively high volume, high growth but low realization sector.

2) Volatile Corrosion Inhibitor (VCI) : Corrosion Protection Application:

It is estimated that loss due to various types of corrosion is high in India. Emmbi has developed and successfully commissioned the process impregnating the VCI Master batch into the woven Pe & PP Fabric and also in the LDPE film pouches. This sector is identified as the major growth engine for the company after the initial seeding program of the three years.

3) Farm Based Rain Water Harvesting

We have come up with a novel model to help the Indian Agriculture sector and create a major business opportunity for the company. We propose to collect the rain water in the field through a polymer lined mini canals to the polymer Base Pond. Use of woven polymer in the canal lines and pond will cut the percolation losses to almost zero. We have also developed human operated pump, and a flexible storage tank. We propose the farmer will collect the rain water through the field in the Poly lined pond, which will be lifted using the human operated pump to a pedestal mounted storage tank and from their the gravity will be allowed to function to reach the required water to the filed.

The water filled pond can be used as a fishing tank for the family of the farmer, which will augment some income to the family or provide the nutritious food to the family. We will take it ahead from there considering the market Scenario.

4) Retail : Rural Shopping Bags

We at Emmbi have always believed that Wastage of the Product, or resources or Processes is the biggest cause of inefficient energy utilization. We have decided that within next three years of the company's operation no product will be sold as "Scrap" or "Wastage" from the company. To support our policy we have started using the process west and start up west to make the rural shopping bags for the markets. We are also using the Empty Raw material bags for the purpose of making the bags. In the initial period of three years we intend to consume all the start up, odd Lot, off Specifications and trial samples for making such articles. These articles will be priced moderately above the domestic commodity sales product. This will cause a net in wastage improving the Bottom Line of the company. We plan to reach the customer directly through Weekly markets and Retail Stores. We propose to initiate a program which will develop companies reach to the direct consumer. This will give us the entire required platform for launching various products over the period of years.

5) Woven PP Canal Liner

Emmbi has developed a unique product for the repair & breaching the leakages of the gapes in the capillary canals in the irrigation projects. Canal liners are widely used worldwide for the canal lining purpose. Emmbi is proud to develop the technology in India. The irrigation projects in the country work on seasonal pattern. The capillary canals connecting to the farms are made of earthen non reinforced structure. These structures are very much prone to breaking and leakages during the lean period and require periodic maintenance on an yearly basis. Emmbi has developed a "Quick Fix" canal liner for the maintenance and breaching of the capillary canals. The product was supplied to Executive Engineer Yavatmal Irrigation Division Depart of Irrigation Govt. of Maharashtra for repairs of breached canal portion of Shirol Distributory of Waghadi Medium Project in Yavatmal District of Maharashtra.

The product has worked successfully and the company also received a confirmation letter from the Executive Engineer department of Irrigation, with certain improvement in the width of the product. The company expects that going forward, this will be a new sunrise product for the company.

Export Sector

1. Commodity Sector - Construction Aggregate Application
2. Specialty Sector - FIBC & Specialty Bags
3. Specialty fabric - Geotextile & VCI Fabric

1) Commodity Sector - Construction Aggregate Application

These are the very basic types of FIBCs which are used for carrying various Construction Aggregates like Sand, Gravel, Bricks and Other. These bags are generally Single Trip and of the Use and Throw nature. They are made from the woven polypropylene and are 100% recyclable. These products are sold on the Safe Working Load and Safety Factor Basis. Emmbi is one of the fewest companies whose product is certified at 130 GSM for the safe working load of 1000 Kgs at 5:1 safety factor. This gives us edge over our competition, which has to use more polymers to reach the same levies of safety factors and safe working load ratio.

2) Specialty Sector - FIBC Sector

These are the sophisticated packaging bags for the packing of 1000 Kgs and above. These bags are generally having lots of special design criterions which are completely customer specific. The entire bag is hand crafted and every bag piece by piece. We propose to make the facility HACCP compliant to attract the buyers from the food and pharmaceutical sector. These bags fetch the vast revenue in the FIBC sector.

3) Specialty Fabric - Geotextile & VCI Fabric

The wide width fabric made out of woven polypropylene is used as "Geotextile" or "Geomembrane" in most of countries. Company is already producing the Geotextile as per the ASTM Standards. The availability of sophisticated manner to the other Indian producers and producers from China & Vietnam.

4) Container Liners:

These are a very large size bags which are inserted inside the containers for the bulk cargo handling .Company has a very good facility of manufacturing the Container & Truck liners with the woven PP fabric. With the expansion company will also be entering into the film based container liners.

Competition

Some of our competitors in the domestic market are Shankar Packaging, Baroda; Flexituff, Indore; KCP Karur, Tuticorin; JumboBag, Chennai and Jai Corp Ltd, Mumbai

We also face competition in overseas market. In Europe there are companies like Ishbir, Unsa, Sunjut, Storesack, etc. In US there is Bagcorp. These companies are having size anywhere from \$200 million to over \$1 billion.

Customers

Below are names of some of the customers in the industry where we supply our product:

- Hindustan Lever Limited
- Tata Chemicals Ltd.
- Godrej Consumer Products Ltd.
- Godrej Industries Ltd.
- ITC Ltd.
- Sahayamatha Salt Refinery Limited
- IPF - Vikram India Ltd.
- Indo Brine Industries Ltd.

Marketing and Selling arrangements

Domestic Market: Emmbi is enjoying some of the finest blue chips as their customers like Hindustan Unilever Limited, Tata Chemicals Limited, ITC Limited and Godrej Industries Limited and has been servicing them since decade.

International Market: We supply our product to almost 14 countries in four different continents including USA and various developed European countries.

Website:

Emmbi Polyarns limited has a very active website and also has a registration for the following 7 Domain Names

- www.emmbi.com
- www.wovensackindia.com
- www.fibcindia.com
- www.vciindia.com
- www.jumbobagsindia.com
- www.ppwovenindia.com
- www.bigbagsindia.net

In order to suit our global business the website is available in English, German, Spanish, French & Arabic.

Market share

The total market of the Raffia products in India, including exports for the FY 2007-08 was 925 KT. The installed capacity of Emmbi for the FY 2007-08 was 5000 MT and the utilization was 3792 MT which comes to 0.4 % of the total production in India. Of 925 KT, India had exported 25 KT of Polymers where as Emmbi exported 1492 MT contributing to 5.96% to the total exports. This gives large space for the company to expand its market presence.

Imports

We purchase part of our raw material from various raw material suppliers overseas.

Export

We do not have any export obligation but our products are exported to USA, EU Countries, Uruguay, Oman, Benin, Nigeria, and Saudi Arabia.

Company Trade Mark Registration:

Company has filed for the registration of following trade marks under the class 22 of the Trade Marks Act 1999.

- **Logo** : Emmbi Corporate Logo.
- **Emmbi Jumbo** : FIBC Product Range Logo.
- **Emmbi Box** : Container Liner Product Range Logo.
- **Emmbi Flat** : Canal Liner Product Range Logo.
- **Emmbi Shield** : Anti Corrosive Packaging Material Logo.
- **Emmbi Twist**: PP Fibrillated Twisted Yarn, PP Webbing Polyester Filler Cords, PP Tie Cords Logo

Quality Certification

Certified GSM	Safe Working Load	Safety Factor	Pattern	Issuing Body
ISO 9001:2008	-	-	-	Det Norske Veritas Management System Certificate
130 GSM	1000 Kgs	5:1	U+2, 4 Loop	TUV Nel Ltd. (United Kingdom)
190 GSM	1000 Kgs	6:1	Circular, 4 Loop	TUV Nel Ltd. (United Kingdom)
130 GSM	1000 Kgs	5:1	U+2 Tunnel Lift	Szechenyi Istvan University (Department of Logistics – Packing Laboratory) Hungary
160 GSM	1500 Kgs	6:1	U+2, 4 Loop	TUV Nel Ltd. (United Kingdom)
160 GSM	1750 Kgs	5:1	U+2	Labordata International Materials Testing Institute
225 GSM	2000 Kgs	5:1	U+2	Labordata International Materials Testing Institute

Quality Assurance:

Product Quality and Customer satisfaction remains the main focus of the operation at Emmbi. We have a separate quality check laboratory with the latest available checking equipments. We have prescribed “Quality Plan”, we strictly adhere to our schedule in the plan in order to determine the quality and specification of Raw Material received and the finished products.

Utilities

Power

Our Company’s manufacturing unit is located at Silvassa, a well developed industrial belt where the utilities like water power and manpower are easily available. Our present requirement is 458 KVA and the released power is 1000 KVA while the in principal sanction is sanction load of 1400 KVA

We will require an additional power load of 1320 KVA for the addition in capacity i.e; total requirement of about 1778 KVA of power load.

Our Company has two DG sets each of 380KVA & 160 KVA totaling to a generating capacity of 540 KVA installed at the unit which takes care of any power failure for uninterrupted production.

Water

The water consumption at our manufacturing unit is 2000 Liters per day for drinking and for the purpose of manufacturing, which will increase to 9500 liters per day, post capacity expansion. Water is sourced through the local governing body and bore wells.

Manpower

We have staff strength of 162 employees, the breakup of which is as follows:

Sr. no	Category	No. of employees
1.	Vice President	1
2.	General Managers	2
3.	Managers	8
4.	Officers	11
5.	Supervisors	19
6.	Skilled Labour	51
7.	Unskilled Labour	50
8.	Office Staff	20
	Total	162

We propose to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower shortly:

Sr. no	Category	No. of employees
1.	General managers	5
2.	Managers	5
3.	Officers	06
4.	Supervisors	30
5.	Skilled Labour	110
6.	Unskilled Labour	100
7.	Semi Skilled Labour	25
8.	Office Staff	20
	Total	301

Recruitment strategy, training programs & retention strategy

We have a professional set-up and a competent human resources division. We constantly attempt to devise employee-friendly policies to enable a sound human resource policy to take shape and retain its key management personnel and talent. Almost all the key management personnel have been with the organization for quite some time. We constantly endeavor to take adequate care of an employees by providing various facilities.

Plant & Machinery

Our existing plant & machinery at both out units is as summarised below:

- Extrusion lines**

We have a total Raffia extrusion capacity of 700 kg per hour/ 425 MT per Month. The extrusion lines are armed with all the sophisticated equipments like Melt Pump, Static Mixers, Capacitance Gauging of Film, Automatic dosing Mixing and Low Shrinkage Conditioners.

- Weaving Section**

This comprises of a battery of various circular looms form 4 Shuttle to 8 Shuttle and the looms are capable of weaving the fabric from 14" Tubular to 82" Tubular or 164" Lay Flat fabric. The machines are capable of weaving from 7 X 7 Mesh to 18 X 18 Mesh. We operate 60 weaving machines everyday.

- FIBC Bag Manufacturing**

The Company has a facility for manufacturing FIBC's at Silvassa. We are capable of manufacturing "Circular". As well as "U+2" panel bags.

The range of GSM for the fabric is from 130 to 250 GSM. We are capable of manufacturing "Q-Bags" or "Baffle Bags", Conductive Bags, Single Loop and Two Loop Bags, Builders bags with Four Loops and Tunnel Lift, Garden Waste Bags, Pallet less FIBC, Glued Liner FIBC, Draw Belts Bags, Box Bags, Geo Textiles Ground Covers, Silt Fence, Lumber Covers and various other specialty FIBC and Woven Polypropylene Products.

- **Liner Making and Developing Section**

Liner Plant is having installed capacity of 30MT/Month. Operating width from 14" to 82". We have a capability of supplying "Form Fit" Liners either in lose tab fitting or glued fitting pattern. We have also capability of supplying Antistatic Liners and Alufoil Liners.

- **Lamination/ Coating Plant Section**

The installed capacity of Coating plant is 60MT/Month with 60" laminating width. The Coating Plant is fitted with Automatic Laser Sensing and "edge trimming" device for narrow edge trim cutting. Post Lamination Perforation and Gusseting Facility is also installed on the Laminating Line.

- **Printing Section**

We have one 6 color automatic cutting and printing machine. Corona treatment facility up to 42 dyne is possible with infrared heating elements for quick drying of the flexography ink is installed on the printing line. This helps in providing good ink anchorage thereby preventing the scuffing of Ink in storage and transit. The machine is capable of printing "Roll to Roll" for the wrapping fabric application. There are other five manual printing machines from 1 color to 3 colors with the printing range from 10" to 60" in Width and 10" to 80" in Length. The company is having a associate tie up for printing up 8 color on the rotogravure machine, specially used for the film coated bags.

- **Cutting Section**

The automatic cutting machine cuts per minute or approximately 90000 cuts per day. The section also consists of three manual cutting machines and Spout cutting machine.

- **Stitching Section**

We are installed with 78 stitching machines of different capabilities. We are able to provide with bags stitched with Hirable + Safety Pattern. Two Needle Change Stitch, Single and Double Shift Proofing, Cantilever Overhanging, Machines for Spout Stitching, Zuki Machines for Circular Bags Belt Attachment, Long Arm Machines for Baffle Bags making and various other necessary stitching machines.

- **Webbing Sections**

We are having 28 Heads of Webbing Machine which can view webbing from 6 MM to 90 MM and from 60 KGF strength to 3000 KGF Strength in different Weaving Patterns as per the requirements of Bags.

- **Twisting Section**

Company has a In-house Fabrillating and Twisting manufacturing of 500 kgs per day with the range of 700 Denier to 8000 Denier. This help us to in-process quality control of various inputs used in the bags.

- **Filler Cord Section**

We have In-house Filler Cord Section for manufacturing Filler Cords from 2mm to 6mm diameter.

Properties

Sr. No.	Location	Title	Area	Date of Agreement/ Sale Deed	Agreement Valid till
Registered office					
1	309-310 Kuber Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri [West], Mumbai-400 053	Rented	850 square feet	07/07/2008	06/07/2011
Factory					
2	99/2/1, Madhuban Industrial Estate, Madhuban Dam Road, Rakholi Village, U.T. of Dadra & Nagarhaveli, Silvassa – 396 230	Owned	10,000 square meters	14/10/2005	NA
	191/2/4, Masat Village Meghawad Road, Union Territory of Dadra & Nagarhaveli, Silvassa - 396 230	Owned	2,000 square meters	26/04/1995	NA
Office					
	Unit No. 239, Second Floor, Kuber Complex, Link Road, Near Laxmi Industrial Estate, Andheri (West), Mumbai 400 053.	Rented	425 square feet	15/07/2009	14/07/2011

SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> • In depth knowledge about the domestic as well as international market. • In house development of products based on application and client requirement. • In house design of engineering development in product manufacturing process. • Good relationship with Customers. • Knowledge of Industry - Commercial & Technical. • Established Manufacturing facility. • Experienced management team. • Customized ERP system • International certification for product quality 	<ul style="list-style-type: none"> • As the products are hydrocarbon based, the issues relating to the feedstock supplied to the raw material supplying companies bring certain bit of uncertainty in the operations. • Limitations on range as most of the products of the Company are from woven polymer. • Lack of nation-wide presence.
Opportunities	Threats
<ul style="list-style-type: none"> • Potential to add capacity in the existing facility. • Worldwide development in construction industry and acceptance of jumbo bags for use in the industry. Presently only developed Countries are using the jumbo bags but it is expected that developing countries will also follow the path opening newer and larger markets. • Government policies on water conservation and improved irrigation technologies will open new 	<ul style="list-style-type: none"> • Duplication of developed products by the competitors. • Alternative product. • Industry is prone to change in government policies, any material changes in the duty may adversely impact our financials. • The raw material prices are prone to price fluctuations which may adversely impact our profitability and financials.

<p>markets for the proposed irrigation and canal lining products.</p> <ul style="list-style-type: none"> • New government township policy – upcoming Special Economic Zones (SEZs) where tax sops are offered would employ the European standards for construction activities. • India's thrust on infrastructure development and focus on environment will open new market for Jumbo bags and Geo textile. 	
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INSURANCE

Details of insurance taken by the Company are as given below:

Name & Address of the Insurance Company: *The Oriental Insurance Company Limited,*
Wadia Building, 1st Floor,
Station Road, Solsumba,
Umbergaon, Dt. Valsad,
Gujarat

Sr. No.	Policy No. & Unit covered	Description	Sum Insured (in Rupees)	Premium (in Rupees)	Coverage
	Factory Building/ Plant & machinery, Finished goods stock/ Stock in process				
1.	172201/11/2009/545 Rakholi Unit	Electrical Installation, Building, Furnitures/ Fixtures/Fittings, Plant & Machineries (Fire Basic Cover & Earth Quake Cover)	10,40,00,000	1,30,877	10/02/2009 to 09/02/2010
2.	172201/11/2010/183 Rakholi Unit	Stock of Raw Material/Finished Goods & Stock in Process (Fire Basic Cover & Earth Quake Cover)	3,50,00,000	43,238	01/08/2009 to 31/07/2010
3.	172201/11/2010/184 Masat Unit	Electrical Installation, Stock of Raw Material/Finished Goods/Stock in Process, Building, Furniture,Fixtures, Fittings & Plant& Machineries (Fire Basic Cover & Earth Quake Cover)	5,50,00,000	68,562	01/08/2009 to 31/07/2010
	Sub-Total		19,40,00,000	2,42,677	
	Floater Stock in transit and lying at different locations				
4.	172201/11/2010/182 Masat/ Rakholi unit	Floater Stock in Transist and lying at different 11 locations of Job worker's as well as transporters. (Basic Fire Cover)	50,00,000	8,489	01/08/2009 to 31/07/2010
	Sub-Total		50,00,000	8,489	
	Workmen's Compensation policy				
5.	172201/48/2010/205 Rakholi Unit	Workmen's Compensation including workers and clerical staff engaged in trade on mercantile employment/commercial travelers using motor cycles scotters.	2,01,340	88,962	25/04/2009 to 24/04/2010
6.	172201/148/2010/1490	Workmen's Compensation	1,16,707	15,612	16/10/2009 to

Sr. No.	Policy No. & Unit covered	Description	Sum Insured (in Rupees)	Premium (in Rupees)	Coverage
	Masat Unit	including workers and clerical staff engaged in trade on mercantile employment/commercial travelers using motor cycles scotters.			15/10/2010
	Sub-Total		3,18,047	1,04,574	
	Vehicle Insurance – Goods transport				
7.	172201/31/2010/803 Masat Unit	Motor Insurance- Private GCCV-Public Carriers other than three Wheelers Package Policy.	1,63,800	7,929	08/07/2009 to 07/07/2010
8.	172201/31/2010/1528 Masat Unit	Motor Insurance- Private GCCV-Public Carriers other than three Wheelers Package Policy.	2,42,800	10,093	05/10/2009 to 04/10/2010
9.	172201/31/2010/2064 Rakholi Unit	Motor Insurance- Private GCCV-Public Carriers other than three Wheelers Package Policy.	5,73,336	16,993	30/11/2009 to 29/11/2010
	Sub-Total		9,79,936	35,015	
	Vehicle Insurance – Private Motor Car				
10.	172201/31/2009/2773 Rakholi Unit	Motor Insurance- Private Car Package Policy Make-Skoda Laura	12,24,636	35,318	22/01/2009 to 21/01/2010
11.	172201/31/2010/509 Rakholi Unit	Motor Insurance- Private Car Package Policy Make Maruti Alto LXI	2,35,000	5,742	06/06/2009 to 05/06/2010
12.	172201/31/2010/508 Rakholi Unit	Motor Insurance- Private Car Package Policy Make Maruti Alto LXI	2,35,000	5,742	06/06/2009 to 05/06/2010
13.	172201/31/2010/1090 Masat Unit	Motor Insurance- Private Car Package Policy Make-Maruti Zen Vxi	1,99,170	3,992	18/08/2009 to 17/08/2010
14.	172201/31/2010/1911 Masat Unit	Motor Insurance- Private Car Package Policy Make-Toyota Inova	7,81,500	29,706	13/11/2009 to 12/11/2010
	Sub-Total		26,75,306	80,500	
	Vehicle Insurance – Two Wheeler				
15.	172201/31/2010/988 Masat Unit	Motor Insurance- Two Wheelers Package Policy- Zone-B	7,000	425	01/08/2009 to 31/07/2010
16.	172201/31/2010/990 Masat Unit	Motor Insurance- Two Wheelers Package Policy- Zone-B	13,140	477	09/08/2009 to 08/08/2010
17.	172201/31/2010/989 Masat Unit	Motor Insurance- Two Wheelers Package Policy- Zone-B	13,140	477	09/08/2009 to 08/08/2010
	Sub-Total		33,280	1379	
	TOTAL		20,30,06,569	4,72,634	

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to our Company in India. 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.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Regulation of Foreign Investment in India

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. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

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. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 ("Air Act")

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing

operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act was enacted in 1974 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 Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act 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.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

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 & protecting the copyright of an author is to statutorily protect his work & 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 & any act of reproduction of the work by any person other than then the author would not amount to infringement.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 400,000, 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 (CST)

The main object of this 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 inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

Standards of Weights and Measures Act, 1976

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy

Electricity Act, 2003

The Electricity Act, 2003 has been recently introduced with a view to rationalise electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatisation of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

Value Added Tax ("VAT")

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.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining

allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees

both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

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

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

HISTORY AND OTHER CORPORATE MATTERS

Emmbi Polyarns Limited was incorporated on 29/11/1994 under the Companies Act, 1956 as 'Emmbi Polyarns Private Limited' and received its Certificate of Incorporation from the Registrar of Companies, Maharashtra, Mumbai. The Company was subsequently converted into a public limited company on 01/04/1999 and received a Certificate of Change of Name. The Corporate Identity Number of the Company is U17120MH1994PLC083322'. The Registered Office of the Company is situated at 309-310 Kuber Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri [West], Mumbai- 400 053.

Emmbi first started off with trading activity i.e; trading into woven polyethylene and polypropylene bags. We subsequently backward integrated into manufacturing, in the year 1997 and installed our first extrusion plant. Emmbi is amongst the premier and an established manufacturer of a wide range of woven polyethylene and polypropylene bags. We are an ISO 9000: 2008 certified Company, with a legacy of over fifteen years of presence in the industry. We are the first Non European FIBC Manufacturing Company to be a part of European FIBC Manufacturing Association. As per the audited financial statements, our company has achieved gross sales of Rs. 2,426.91 Lacs & PAT of Rs. 121.31 Lacs for the six months period ended September 30, 2009 as compared to the gross sales Rs. 4042.10 lacs & PAT of Rs. 136.28 lacs for the FY 2008-09.

Major events in the History of the Company:

Year	Event
1994	Incorporation of the Company.
1997	Installed first extrusion plant with an installed capacity of 80 Kgs / hr. in 20000 Ft ² plot and 30000 Ft ² constructed area.
1999	Increased the installed capacity from 80 kgs/ hr. to 100 kgs/hr.
2001	Increased the production capacity from 100 Kgs / hr to 125 Kgs / hr.
2003	Completely refurbished the down stream equipment of the Extrusion line to increase the operating speed of the machine resulting in additional out put of 100 kg per hour making it a 225 Kg / hr plant.
2005	Purchased a new unit at Rakholi which had 100000 Ft ² Land and 72000 Ft ² construction.
2008	Became the member of Small & Medium Business Development Chamber of India

Awards & Recognition

Year	Event	Awarding Entity
2009	Received, Corp Excel National -mSEM Excellence Award 2008, presented by Hon'ble Finance Minister Shri Pranab Mukherjee.	Corporation Bank
2009	ISO 9000:2008 Certification for Quality Management System	Det Norske Veritas Management System Certificate
2008	Awarded with "UDYOG RATTAN AWARD" for its new concept of "Protective Irrigation System".	Institute of Economic Studies (IES)
2008	Certificate of Appreciation	Hindustan Unilever Limited
2008	"CorpExcel 2008" (Medium Enterprises Category) National Excellence Awards for mSMEs & Emerging Corporate	Corporation Bank
2008	Certificate of Recognition as Export House.	Ministry of Commerce, Office of Zonal Joint Director General of Foreign Trade
2008	CRISIL SME 2	CRISIL Ratings
2008	Certificate for FIBC's complying with the requirements of ISO 21898, 160 GSM having a safety working load of	Labordata International Materials Testing Institute

Year	Event	Awarding Entity
	1750 kgs with a safety factor of 5:1.	
2008	Certificate for FIBC's complying with the requirements of ISO 21898, 225 GSM having a safety working load of 2000 kgs with safety factor of 5:1.	Labordata International Materials Testing Institute
2007	Certificate of Conformity: NEL Glasgow Certification for 1500 kgs SWL 6:1 SF "U+2 Panel" Design Bag in 160	TUV Nel Ltd. (United Kingdom)
2007	Test Certificate for FIBC test for cyclic top lift performance.	Szechenyi Istvan University (Department of Logistics – Packing Laboratory) Hungary
2006	ISO 9001:2000 Certification for Quality Management System	Det Norske Veritas Management System Certificate
2006	Certificate of Conformity: NEL Glasgow Certification for 1000 kgs SWL 6:1SF "Circular" Design Bag" in 190 GSM	TUV Nel Ltd. (United Kingdom)

Main Objects of the Company:

The main objects of the Company are as follows:

To carry on the business of Manufacturers, processors, re-processors, importers, exporters, buyers, sellers, wholesale and retail dealers of woven sacks, fabrics, tarpolins, cutpieces, ropes, liners, green house shades, tunnel covers, jumbo containers, shopping bags, strapping made out of high density polyEthylene, low density polyEthylene, poly vinyl chloride, ethylene vinyl acetate, polymers and thermoplastics.

The main objects clause of the MoA of the Company enables Emmbi to undertake its existing activities as well as the activities for which funds are being raised through this Issue. Further, it is confirmed that the activities carried out by us until now are in accordance with the objects clause of its MoA.

Changes in Registered Office of the Company

Date of change	Address Changed	
	From	To
04/01/2002	Flat No. 301, Dimple Heights, Asha Nagar, Kandivali (E), Mumbai – 400 101	108, Kartik Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053
01/08/2006	108, Kartik Complex, Opp. Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053	617, Sixth Floor, Laxmi Plaza Building, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053
16/08/2008	617, Sixth Floor, Laxmi Plaza Building, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053	309/310 3 rd Floor, Kuber Complex, Village oshiwara, New Link Road, Andheri (W), Mumbai 400 053

Changes in the Memorandum of Association

Date of shareholders' approval	Type of change/ Reasons for change
15 May 1996	Increase of Authorised Capital from Rs.10 Lacs to Rs 50 Lacs.
12 March 1999	Conversion from Emmbi Polyarns Private Limited to Emmbi Polyarns Limited in accordance with the provisions of section 21 of the Companies Act , 1956.
30 September 2002	Increase of Authorised Capital from Rs.50 Lacs to Rs 60 Lacs.
24 October 2005	Increase of Authorised Capital from Rs.60 Lacs to Rs 3 crores.
02 January 2009	<ul style="list-style-type: none"> Sub-Division of Share Capital from 3,20,000 equity shares of Rs. 100 each

Date of shareholders' approval	Type of change/ Reasons for change
	<p>to 32,00,000 equity shares of Rs. 10 each.</p> <ul style="list-style-type: none"> • Increase and re-classification of Shares: <ul style="list-style-type: none"> - Increase of authorized capital from Rs.3 crores to Rs. 3 crores 20 Lacs. - Re-classification of 1,00,000 Preference Shares into additional 1,00,000 (One Lac) Equity Shares of Rs. 10/- (Rupees Ten only) each."
25 July 2009	Increase of Authorised Capital from Rs. 3 crores 20 Lacs to Rs. 16 crores.
August 20, 2009	Increase of Authorised Capital from Rs. 16 crores to Rs. 18 crores.

Subsidiaries of the Issuer Company

We have no Subsidiary Company, as on date.

Shareholders' Agreement

There are no Shareholders' Agreements existing as on date.

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by Emmbi, we have not entered into any other agreement/contract.

Financial Partners

There are no financial partnership agreements entered into by the Company.

Strategic Partners

There are no strategic partnership agreements entered into by the Company.

MANAGEMENT

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
<p>Mr. Makrand Appalwar S/o : Mr. Moheshwar Appalwar Age: 39 Qualification: B.E (Electronics and Telecommunication) Residential Address: Flat No. 703-704, Building No. 14, Indra Darshan II, New Link Road, Oshiwara, Andheri (West), Mumbai- 400053 Designation: Chairman & Managing Director (Executive and Non- Independent) Occupation: Business DIN No.: 00171950</p>	<p>April 01, 2009 (Re-appointment) (3 years)</p>	<ul style="list-style-type: none"> • Emmbi Laboratories Pvt. Ltd. • Maithili Agrotech Pvt. Ltd.
<p>Ms. Rinku Appalwar W/o: Mr. Makrand Appalwar Age: 38 Years Qualification: B.Sc (Chemistry), DMM, DAM Residential Address: Flat No. 703-704, Building No. 14, Indra Darshan II, New Link Road, Oshiwara, Andheri (West), Mumbai- 400053 Designation: Director – Finance (Executive and Non- Independent) Occupation: Business DIN No: 00171976</p>	<p>April 04, 2009 (Re-appointment) (3 years)</p>	<ul style="list-style-type: none"> • Emmbi Laboratories Pvt. Ltd. • Maithili Agrotech Pvt. Ltd.
<p>Dr. Mitravinda Appalwar W/o: Mr. Moheshwar Appalwar Age: 64 years Qualification: B.A.M.S Residential Address: Flat No. 703-704, Building No. 14, Indra Darshan II, New Link Road, Oshiwara, Andheri (West), Mumbai- 400053 Designation: Director (Non- Executive and Non- Independent) Occupation: Retired DIN No: 02716731</p>	<p>August 20, 2009 (Re-appointment) (Retireable by rotation)</p>	<ul style="list-style-type: none"> • Emmbi Laboratories Pvt. Ltd.

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
<p>Dr. Venkatesh Joshi S/o: Ganpatrao Joshi Age: 53 Years Qualification: B.A.M.S, M.D. (Ayurveda) Residential Address: Sangli Sahyog, Sahakari Society, Plot No. 37, Flat No. 4, opposite Status Hotel, Gorai, Borivali (West), Mumbai- 400091 Designation: Director (Non Executive and Independent) Occupation: Doctor DIN No.: 01234871</p>	<p>September 29, 2007 (Re-appointment) (Retireable by rotation)</p>	<ul style="list-style-type: none"> • SDF Holistic Healthcare & Research Centre Pvt. Ltd.
<p>Mr. Sanjay Rathi S/o : Mr. Ramprasad Rathi Age: 45 Years Qualification: B.Com, C.S, L.L.B (Gen). Residential Address: C/6, Kaveri- Mahima, First Floor, Bangur Nagar, Goregaon (West), Mumbai – 400 090 Designation: Director (Non Executive and Independent) Occupation: Business DIN No.: 00022432</p>	<p>August 21, 2008 (Re-appointment) (Retireable by rotation)</p>	<ul style="list-style-type: none"> • Future Mobile and Accessories Limited • Mobile Repair Service City India Limited • Erudite Knowledge Services Limited • Future Value Retail Limited (formerly known as - Pantaloon Future Ventures Limited) • Future Ideas Realtors India Limited • Future Merchandising Ltd. (formerly known as - Future Value Retail Limited) • Future Consumer Enterprises Ltd (formerly known as - Future Speciality Retail Limited) • Future Mall Management Limited • Future Outdoor Media Solutions Limited • Rural Fairprice Wholesale Ltd • Future Entertainment Private Limited • MRM Corporate Advisor Private Limited • Etam Future Fashions Private Limited. • Future Consumer Products Ltd. • Ceilo Future Fashions Limited • Future Learning and Development Limited

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
Mr. Ashesh Garg S/o: Mr. Yogeshwar Garg Age: 38 years Qualification: B.E. (Mechanical) Residential Address: C/55, Anand Nagar, K.K. Ganguly Marg, Juhu Tara Road, Santacruz (W), Mumbai – 400049 Designation: Director (Non Executive and Independent) Occupation: Employed as a Technical Supritendent with Ebony Ship Management , Retired as Chief Engineer from Merskline DIN No.: 02716719	August 20, 2009 (Re-appointment) (Retireable by rotation)	Nil

Remuneration and shareholding of Directors in the Company

Particulars	Remuneration per annum (Rs. in lacs)	No. of Shares held
Mr. Makrand Appalwar	30.00	28,35,250
Ms. Rinku Appalwar	27.00	18,81,550
Dr. Mitravinda Appalwar	Nil	1,94,000

BRIEF PROFILE OF THE DIRECTORS OF EMMBI

A brief profile of the Board Members is given below:

Mr. Makrand Appalwar, (39 years) is the Promoter, Chairman & Managing Director of the Company. He completed his engineering graduation in Electronics & Telecommunication from Maharashtra Institute of Technology, Pune in the year 1992. He later started his marketing organization with Mrs. Rinku Appalwar to supply woven sacks to fertilizer and other industries. A enthusiast towards his work, he learnt the intricacies of a manufacturing organization and later started a contract manufacturing unit of products. He commenced his own manufacturing operation in Silvassa in the year 1997 with one extrusion line and allied equipments. In the span of twelve years, the company has increased its manufacturing capacity from 540 MT to 5000 MT. He has been awarded with Udhog Rattan award by Institute of Economic Studies (IES) in the year 2007.

Mrs. Rinku Appalwar, (38 years) the Finance Director of the Company is the first generation entrepreneurs. She is B.Sc. (Chemistry) and has done MBA in marketing from Mumbai University and had joined Mr. Makrand Appalwar in the marketing organization set by him. Presently, she tools full responsibility of finance, procurement and administration of the Company. She also plays an important role by arranging finances to meet the growth plans of the Company.

Dr. (Mrs.) Mitravinda Appalwar, (64 years) completed her medical education in the year 1966 from Nagpur University. She has worked with government of Maharashtra in the capacity of Medical Officer at various hospitals and has also worked as private medical practitioner in Nagpur, Wardha and Mumbai. A keen learner, understanding of human behaviour and active participation has helped the company in achieve productivity and efficiency.

Mr. Ashesh Y. Garg, (38 years) is technical qualified professional holding degree in Bachelor of Mechanical Engineering from Maharashtra Institute of Technology and holder of Chief Engineer License from Ministry of Transport class I from Mumbai. He started his career with Century Shipping India, worked with America Bureau of Shipping as a surveyor from February 2007 till November 2009 and then joined Ebony Ship Management as a Technical Supritendent where he is presently employed. A sharp technical acumen, team player and leadership skills of him shall benefit the Company in long run.

Dr. Venkatesh Joshi, (53 years) is a post graduate in Ayurvedic Medicine. He is an active professional in field of Ayurvedic medicine and has mastered the art of holistic medicine. A renowned practitioner in Mumbai operating 3 clinics has been director of our company since 15/06/2007

Mr. Sanjay Rathi (45 Years) holds a degree in Bachelor of Commerce and Bachelor of Law. A fellow Member of Institute of Company Secretaries of India since 1988. He has been working in various capacities in the field of corporate laws and related activities. He has a very good experience in the finance, Insurance, Costing and Policy Formulations.

BORROWING POWERS OF DIRECTORS

The Company has passed an ordinary resolution at its EGM held on 25/07/2009 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to Rs. 300.00 Crores (Rupees Three Hundred crores) from time to time (apart from temporary loans obtained by the Company from its bankers in the ordinary course of business).

RELATIONSHIP OF OUR DIRECTORS WITH THE PROMOTER/ PROMOTER GROUP

Name of the Director	Relationship of Directors with the Promoter/ Promoter Group
Dr. Mitravinda Appalwar	Promoter, Mother of Mr. Makrand Appalwar
Mr. Makrand Appalwar	Promoter, Son of Dr. Mitravinda Appalwar and Husband of Ms. Rinku Appalwar
Ms. Rinku Appalwar	Promoter, Wife of Mr. Makrand Appalwar

QUALIFICATION SHARES REQUIRED TO BE HELD BY OUR DIRECTORS

Our directors are not required to hold any qualification shares.

INTEREST OF PROMOTERS, 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 the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Sr. No.	Name of the Director	Date of Change	Reasons
1.	Mr. Kuldeep Sharma	September 30, 2006	Resignation
2.	Mr. Ravindra Gupta	September 30, 2006	Resignation
3.	Mr. Radheshyam Dalia	September 30, 2006	Resignation
4.	Mr. Sanjay Rathi	February 22, 2007	Appointment
5.	Mr. Venkatesh Joshi	June 15, 2007	Appointment
6.	Mr. Ashesh Garg	June 15, 2007	Appointment

COMPENSATION TO MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Details of appointment and fixing of remuneration of Managing Director / Whole Time Directors:

Mr. Makrand Appalwar, Managing Director

Basic Salary:

Rs. 2,50,000/- per month,; annual increment not exceeding Rs.10,000/- per annum, as may be decided by the Board, upto a maximum amount of Rs.3,00,000/-

Perquisites:

In addition to the salary, the following perquisites are allowed and classified into following categories:-

Club Subscription: Actual for one Club on yearly basis (No admission and life membership fees to be paid).

General

- a Contribution to Provident Fund - 12% of the salary.
- b Contribution to Superannuation Fund: 15% of the salary
- c Gratuity: Gratuity payable shall not exceed one half month's salary for each completed year of service, or at the rate as may be modified from time to time as per the payment of the Gratuity Act, 1972.
- d Earned/Privilege Leave: Earned/Privilege leave shall be allowed on full pay and allowances according to the rules of the Company but not more than one month's leave for every 11 months service. However, leave accumulated but not availed off will be allowed to be encashed.
- e Provision of telephone at residence for use on Company's business will not be considered as perquisites.
- f Company maintained car shall be provided for official and personal use.

Minimum remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration by way of salary, bonus, perquisites and allowances as specified above as minimum remuneration.

Ms. Rinku Appalwar, Finance Director

Basic Salary:

Rs. 2,25,000/- per month,

Perquisites:

In addition to the salary, the following perquisites are allowed and classified into following categories:-

Club Subscription:

Actual for one Club on yearly basis (No admission and life membership fees to be paid).

General:

- a Contribution to Provident Fund - 12% of the salary.
- b Contribution to Superannuation Fund: 15% of the salary
- c Gratuity : Gratuity payable shall not exceed one half month's salary for each completed year of service, or at the rate as may be modified from time to time as per the payment of the Gratuity Act, 1972.

- d. Earned/Privilege Leave: Earned/Privilege leave shall be allowed on full pay and allowances according to the rules of the Company but not more than one month's leave for every 11 months service. However, leave accumulated but not availed off will be allowed to be encashed.
- e. Provision of telephone at residence for use on Company's business will not be considered as perquisites.
- f. Company maintained car shall be provided for official and personal use.

Minimum remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Finance Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration by way of salary, bonus, perquisites and allowances as specified above as minimum remuneration.

The non-executive directors are paid a sitting fee of Rs. 5,000/-, besides reimbursement of actual out of pocket expenses. The sitting fees and conveyance expenses, paid to the independent directors for the year ended March 31, 2009 are as detailed below:

Name of the independent Director	Sitting fees	Conveyance Expenses
Mr. Sanjay Rathi	Rs. 15,000/-	Rs. 300/-
Mr. Ashesh Y. Garg	Rs. 15,000/-	Rs. 300/-
Dr. Venkatesh Joshi	Rs. 5,000/-	Rs. 100/-

Compliance with Corporate Governance Requirements:

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent applicable. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

Audit Committee

The Audit Committee was constituted at the Board meeting held on August 20, 2009. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Mr. Sanjay Rathi	Chairman	Non Executive and Independent
Ms. Rinku Appalwar	Member	Executive and Non- Independent
Mr. Ashesh Garg	Member	Non Executive and Independent
Mr. Venkatesh Joshi	Member	Non Executive and Independent

The role of the Committee has been defined to include the following activities:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - 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.
 - Qualifications in the draft audit report.
- (e) 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.
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (j) 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.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

There has been no meeting of the Audit Committee held, till date.

Remuneration Committee

The Remuneration Committee was constituted on March 31, 2004 and comprises the following directors of the Board.

Name of Director	Status in Committee	Nature of Directorship
Mr. Sanjay Rathi	Chairman	Non Executive and Independent
Mr. Ashesh Garg	Member	Non Executive and Independent
Mr. Venkatesh Joshi	Member	Non Executive and Independent

The terms of reference of the Remuneration Committee are as follows:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors.

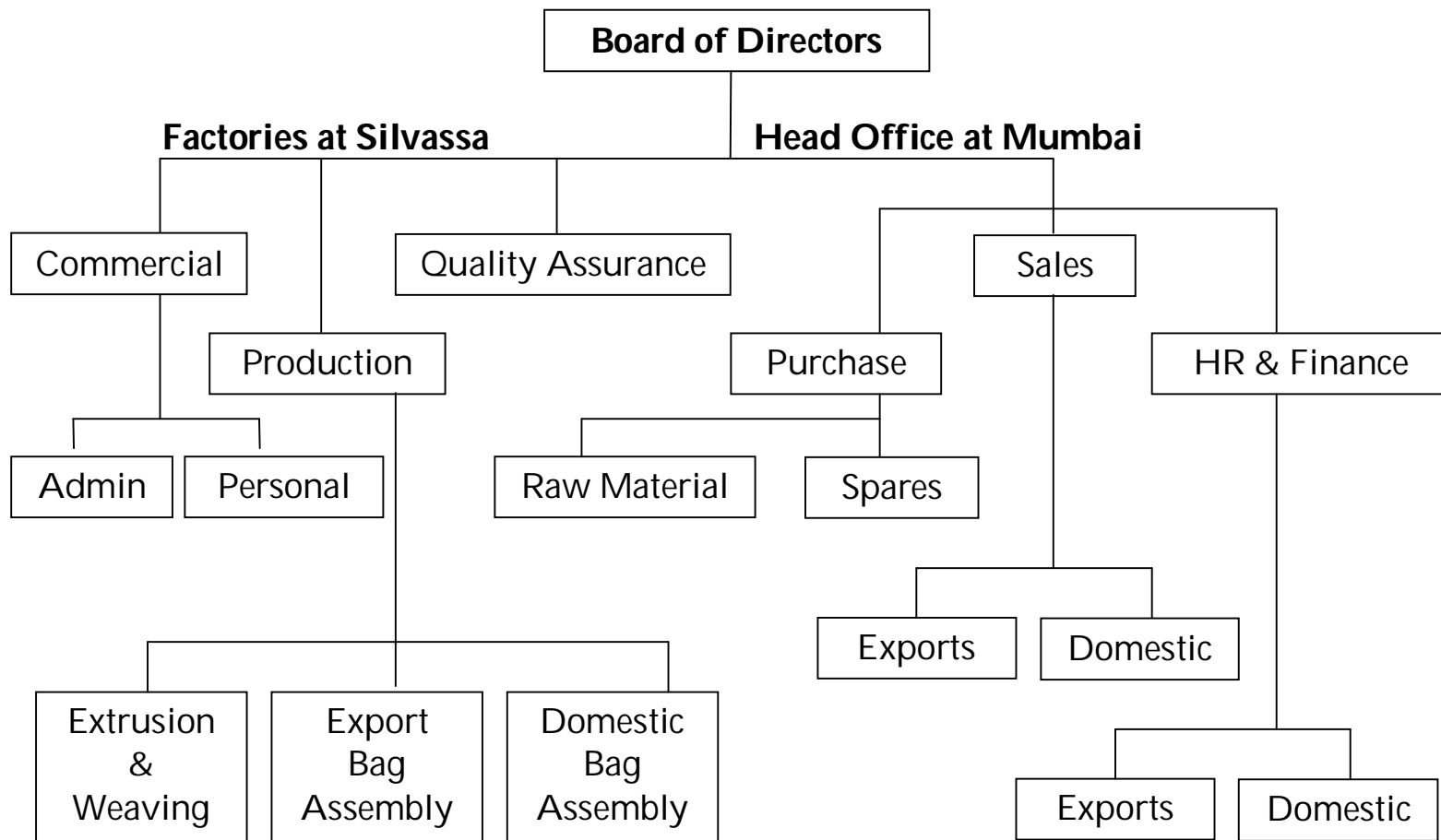
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- (c) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

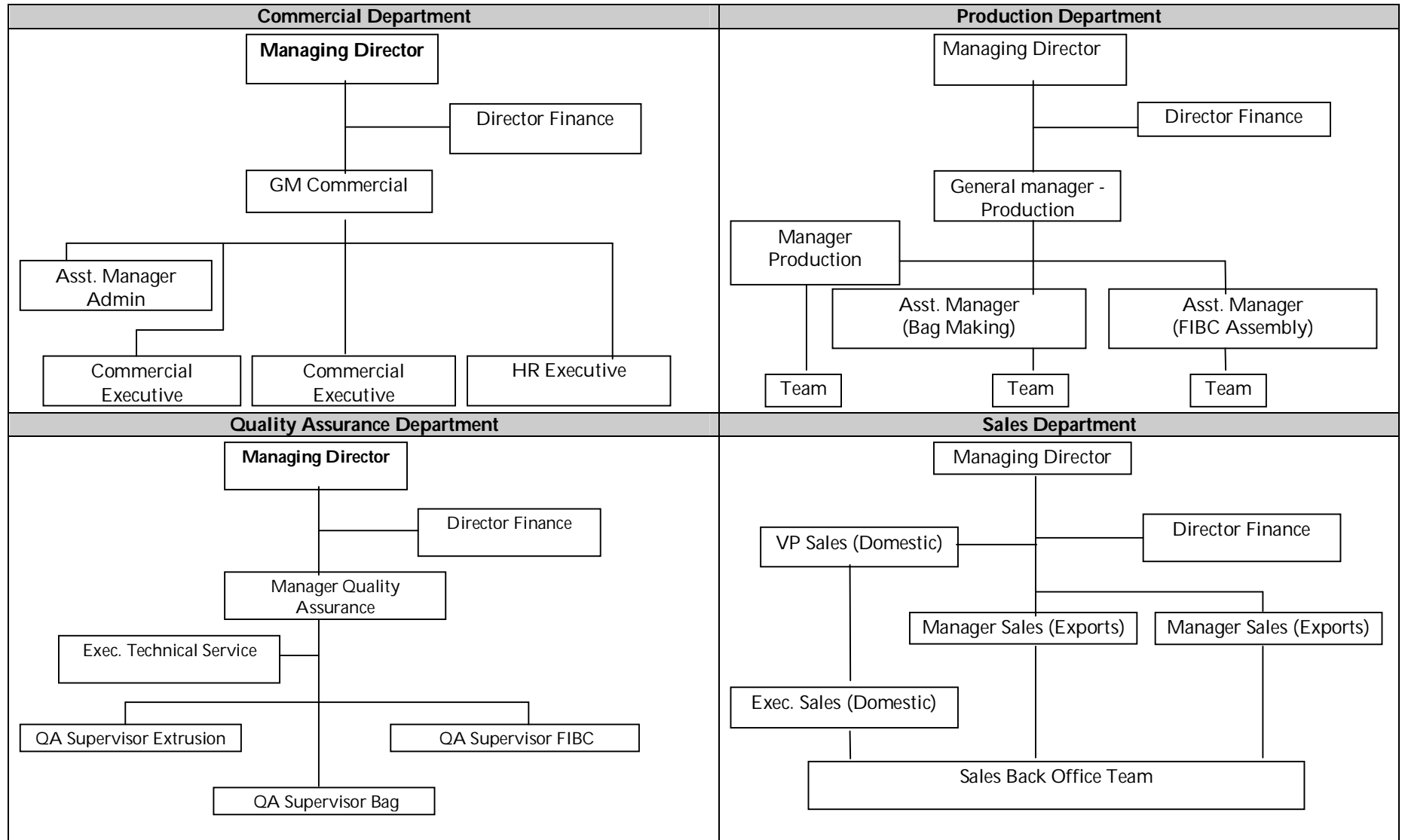
Shareholders'/ Investor Grievances Committee

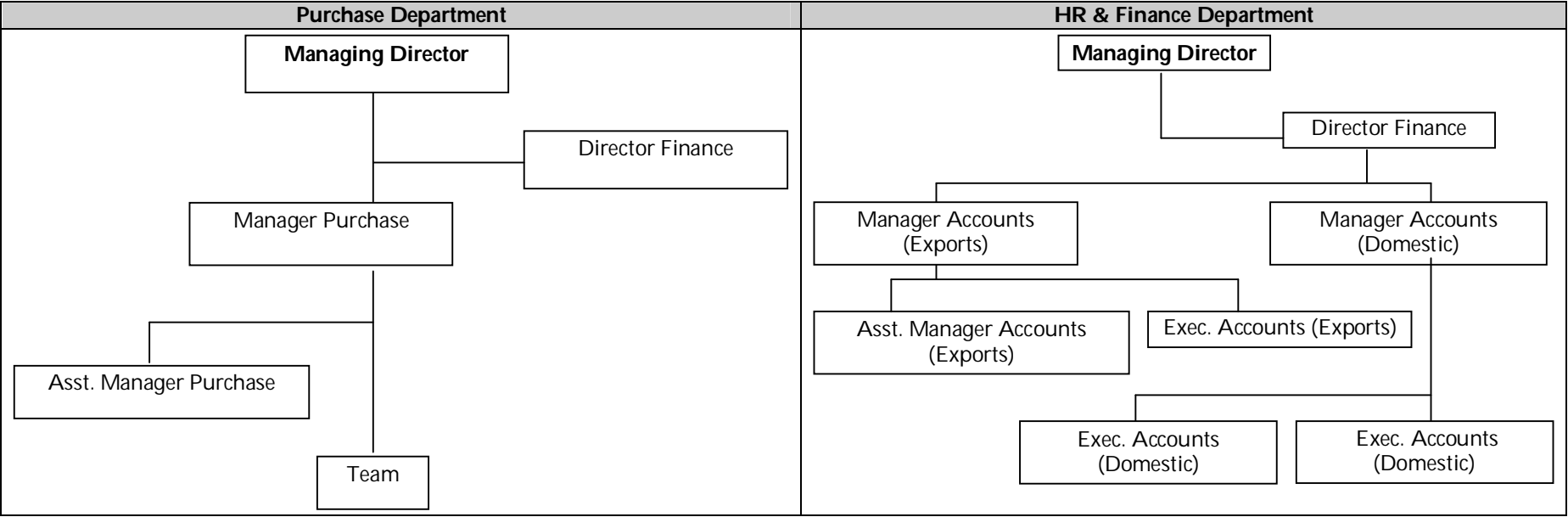
We have constituted the Shareholders and Investors Grievances Committee on August 20, 2009. The Committee consists of the following Directors.

Name of Director	Status in Committee	Nature of Directorship
Mr. Ashesh Garg	Chairman	Non Executive and Independent
Mr. Sanjay Rathi	Member	Non Executive and Independent
Ms. Rinku Appalwar	Member	Executive and Non- Independent

The scope and function of this committee is to consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

ORGANISATION CHART**DEPARTMENT WISE**





KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of Emmbi other than the Directors are as follows:

Sr. No	Name, Designation, Age, Qualification,	Date of appointment	Remuneration Per annum (Rs. in lacs)	Experience in the Company	Previous Company and Total Experience
1.	Mr. Anil Amonkar Vice President (Domestic) Age: 58 years Qualification: M. Sc (Organic Chemistry), Diploma in Food Technology, Packaging, Quality Management and Systems	May 19, 2008	4.80	1 year and 3 months	Hindustan Unilever Limited (29 Years)
2.	Mr. Mahesh Shastri General Manager (Commercial) Age: 38 Years Qualification: B. A	March 01, 1996	5.17	13 Years and 5 Months	Nil (13 Years and 5 Months)
3.	Mr. Vijay Bisne General Manager (Production) Age: 39 Years Qualification: B. Com	August 01, 1996	4.87	13 Years	Central Cable, Nagpur (15 Years)
4.	Mr. Jiten Goswami Manager (Finance & Exports) Age: 38 Years Qualification: B.Com & MBA (Finance)	November 20, 2009	3.75	2 months	Muller & Phipps Ind Ltd (17 Years)
5.	Mr. Prakash Sawant Manager (Quality Assurance) Age: 49 Years Qualification: B. Com	April 18, 2007	3.65	2 Years and 3 Months	Jai. Corp Limited (24 Years)
6.	Mr. Rajiv Gadekar Manager (Logistics- Exports) Age: 50 Years Qualification: B.Com, PGD-MSM	February 22, 2007	3.25	2 Years and 6 Months	Rallies India Limited (20 Years)
7.	Mr. Raju Pachare Manager (Production) Age: 39 Years Qualification: Diploma in Mechanical Engineering and Diploma in Marketing Management	February 02, 2007	3.36	2 Years and 6 Months	Bang Polypack (10 Years)
8.	Ms. Ashvini Godbole Company Secretary Age: 27 years Qualification: B.com & ACS	November 16, 2009	3.25	2 months	Nil (2 months)
9.	Mr. Bharat Mohite Manager(Purchase) Age: 38 Years Qualification: B.A.	December 25, 2005	3.12	3 years and 8 months	NOCIL (14 Years)

Sr. No	Name, Designation, Age, Qualification,	Date of appointment	Remuneration Per annum (Rs. in lacs)	Experience in the Company	Previous Company and Total Experience
10.	Ms. Nirmal Gawde Accounts Manager (Domestic) Age: 38 Years Qualification: B. Com	November 01, 2000	3.25	8 years and 9 months	Khatau Junkar Limited (17 years)
11.	Mr. Toyesh Garg Manager (Sales –Exports) Age: 40 Years Qualification: B.Com	December 01, 2008	3.00	8 Months	Family Business (18 Years)
12.	Mr. Piyush Kannurkar Asst. Manager (Sales- Exports) Age: 22 Years Qualification: B.Com, PGDM	July 13, 2009	3.00	1 Month	Softline Software (4 Months)

The above persons are on the rolls of the company as permanent employees

NUMBER OF SHARES HELD BY THE KEY MANAGERIAL PERSONNEL

None of the Key Managerial Personnel are holding any equity share in the Company.

RELATIONSHIP WITH DIRECTORS / PROMOTERS OF THE COMPANY

None of the key managerial personnel are related to the promoters, directors of Emmbi and other key managerial personals.

CHANGES IN THE KEY MANAGERIAL PERSONNEL OF THE COMPANY DURING LAST THREE YEARS

Name	Date of Change	Reason
Mr. C. P. Shukla <i>Manager (Production)</i>	February 01, 2006	Resignation
Mr. Raju Pachare <i>Manager (Production)</i>	February 02, 2007	Appointment
Mr. Raji Gadekar <i>Manager – Logistics</i>	February 22, 2007	Appointment
Mr. Madhusudhan Hanwar <i>Manager – Sales</i>	March 04, 2007	Resignation
Mr. Prakash Sawant <i>Manager Quality Assurance</i>	April 18, 2007	Appointment
Mr. Shivaji Walunj <i>Manager Quality Assurance</i>	April 30, 2007	Resignation
Mr. Anil Amonkar <i>Vice President (Domestic Operations)</i>	May 19, 2008	Appointment
Mr. Toyesh Garg <i>Manager (Sales Export)</i>	December 01, 2008	Appointment
Mr. Abhijit Deshpande <i>Manager (Finance & Export)</i>	June 05, 2006	Appointment
Ms. Sanhita Dey <i>Company Secretary</i>	July 03, 2009	Appointment

Name	Date of Change	Reason
Mr. Piyush Kannurkar <i>Asst Manager Sales -Export</i>	July 13, 2009	Appointment
Ms. Sanhita Dey <i>Company Secretary</i>	October 01, 2009	Resignation
Ms. Ashvini Godbole <i>Company Secretary</i>	November 16, 2009	Appointment
Mr. Jiten Goswami <i>Manager (Finance & Exports)</i>	November 20, 2009	Appointment
Mr Abhijit Deshpande <i>Manager (Finance & Exports)</i>	December 15, 2009	Resignation

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

Currently, we do not have a performance-linked bonus or a profit sharing scheme for key managerial personnel. However, key managerial personnel are entitled to bonus payable annually. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them, if any in our Company.

LOANS TO KEY MANAGERIAL PERSONNEL

Details of loans outstanding in the name of our key managerial personnel are as detailed below:

(Amount in Rupees)

Name of the Key Managerial Personnel	Date of Sanction	Amount of Loan Sanctioned	Out standing as on December 31, 2009
Mr. Vijay Bisne	15/05/2008	150000	1,30,000
Mr. Mahesh Shastri	15/07/2009	150000	1,00,000

The loans advanced to Key Managerial Personnel are interest free

EMPLOYEE STOCK OPTION SCHEMES

Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.


PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.


PROMOTERS/ PRINCIPAL SHAREHOLDERS

Our Promoters


1. Mr. Makrand Appalwar

	<p>Mr. Makrand Appalwar, (39 years) is the Promoter, Chairman & Managing Director of the Company. He completed his engineering graduation in Electronics & Telecommunication from Maharashtra Institute of Technology, Pune in the year 1992. He later started his marketing organization with Mrs. Rinku Appalwar to supply woven sacks to fertilizer and other industries. A enthusiast towards his work, he learnt the intricacies of a manufacturing organization and later started a contract manufacturing unit of products. He commenced his own manufacturing operation in Silvassa in the year 1997 with one extrusion line and allied equipments. In the span of twelve years, the company has increased its manufacturing capacity from 540 MT to 5000 MT. He has been awarded with Udhog Rattan award by Institute of Economic Studies (IES) in the year 2007.</p>
Identification Details	
Voter ID Number	MT/04/019/286406
Driving Licence Number	MH124/93/14974

2. Ms. Rinku Appalwar

	<p>Mrs. Rinku Appalwar, (38 years) the Finance Director of the Company is the first generation entrepreneurs. She is B.Sc. (Chemistry) and has done MBA in marketing from Mumbai University and had joined Mr. Makrand Appalwar in the marketing organization set by him. Presently, she tools full responsibility of finance, procurement and administration of the Company. She also plays an important role by arranging finances to meet the growth plans of the Company.</p>
Identification Details	
Voter ID Number	Not Available
Driving Licence Number	MH02 20070060029

3. Ms. Mitravinda Appalwar

	<p>Dr. (Mrs.) Mitravinda Appalwar, (64 years) completed her medical education in the year 1966 from Nagpur University. She has worked with government of Maharashtra in the capacity of Medical Officer at various hospitals and has also worked as private medical practitioner in Nagpur, Wardha and Mumbai. A keen learner, understanding of human behaviour and active participation has helped the company in achieve productivity and efficiency</p>
Identification Details	
Voter ID Number	MT/04/019/285126
Driving Licence Number	Not Available

The Permanent Account Number, Bank Account Number and Passport Number if any, of the Promoter/ Principal Shareholder has been submitted to BSE and NSE.

OTHER VENTURES OF THE PROMOTER

1. EMMBI Laboratories Private Limited (ELPL)

Corporate Information:

ELPL was incorporated on November 20, 1997. The registered office of the company is at 617, Sixth Floor, Laxmi Plaza Building, Laxmi Industrial Estate, New Link Road, Andheri West – 400053

CIN No. of the company is U99999MH1997PTC111985. ELPL is into the business of manufacturing Ayurvedic Medicines. Presently there has been no business activity in the company. The promoters of the Company are Mr. Makrand Appalwar, Ms. Rinku Appalwar and Mr. Moreshwar Appalwar.

Board of Directors of the company is as under

- Mr. Makrand Appalwar
- Ms. Rinku Appalwar
- Mr. Moreshwar Appalwar

Shareholding Pattern as on March 31, 2009

Particulars	No. of Equity Shares of Rs. 100/- each	% of total Equity holding
Mr. Makrand Appalwar	690	69.00
Ms. Rinku Appalwar	160	16.00
Mr. Moreshwar Appalwar	150	15.00
Grand Total	1,000	100.00

Preference shareholding

Particulars	No. of Preference Shares of Rs. 100/- each	% of total Equity holding
Mr. Vijay Kumar Prajapati	25,000	3.85
News pace Trading Co. Pvt Ltd	25,000	3.85
Mr. Santosh Kumar Panda	30,000	4.62
Gem Plasto- Chem Private Limited	1,08,000	16.62
Mr. Muneshwar Prajapati	1,52,000	23.38
Maithili Agrotech Private Limited	3,10,000	47.69
Grand Total	6,50,000	100.00

Financial Performance:

(Rs. in Lacs.)

Particulars as at	Financial Year Ended 31 st March		
	2008-09	2007-08	2006-07
Equity Share Capital of Rs. 100/- each	1.00	1.00	1.00
Preference Share application Money	-	65.00	65.00
Preference share Capital of Rs. 10/- each	65.00	-	-
Reserves & Surplus	0.06	0.10	0.13
Total Income	0.00	0.00	0.00
Profit/ (Loss) After Tax	(0.04)	(0.03)	(0.02)
Earning Per Share (Rs.) (Face Value Rs.100)	(4.70)	(3.16)	(1.18)
Net Asset Value (NAV)	88.95	93.35	96.51

ELPL has not made any capital issue during last three years. ELPL is not a Sick Industrial Company within the meaning of the SICA.

2. Maithili Agrotech Private Limited (MAPL)

Corporate Information:

MAPL was incorporated on December 19, 2005. The registered office of the company is at 617, Sixth Floor, Laxmi Plaza Building, Laxmi Industrial Estate, New Link Road, Andheri West – 400053

CIN No. of the company is U28932MH2005PTC158155. The company is engaged into trading of various plastic products. The promoters of the Company are Mr. Makrand Appalwar and Ms. Rinku Appalwar.

Board of Directors of the company is as under

- Mr. Makrand Appalwar
- Ms. Rinku Appalwar

Shareholding Pattern as on September 17, 2009

Name of the shareholder	No. of shares	% of total shareholding
Mr. Makrand Appalwar	2,05,000	47.67
Ms. Rinku Appalwar	2,25,000	52.33
Total	4,30,000	100.00

Financial Performance:

(Rs. in Lacs.)

Particulars as at	Financial Year Ended 31 st March		
	2008-09	2007-08	2006-07
Equity Share Capital	43.00	43.00	1.00
Equity share application money	-	-	42.00
Reserves & Surplus	10.28	4.21	-
Total Income	9.74	7.71	-
Profit After Tax	6.06	4.21	-
Earning Per Share (Rs.) (Face Value Rs.10)	1.41	42.15	-
Net Asset Value (NAV)	12.39	52.15	7.83

MAPL has not made any capital issue during last three years. MAPL is not a Sick Industrial Company within the meaning of the SICA.

Common Pursuits

There are no common pursuits amongst Emmbi and other group companies since, no other entity is engaged in the line of activity in which company is engaged.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Business interest amongst group companies

None of the group companies have any business interest in Emmbi.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above the promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company.

Related Party Transactions as per Financial Statements

The details of related party transactions please refer to page no. 115 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this RHP, all references to "Rupees" "Rs." are to the legal currency of India and all references to "U.S. Dollars", and "US\$" are to the legal currency of the United States.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this RHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Restated Financial Statements prepared as per Indian GAAP.

For the convenience of the Shareholders, as far as possible the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands).

DIVIDEND POLICY

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the members interim dividend if it considers justified by the profits generated by the company.

We have paid a dividend of 8% in for the Financial Year 1998-99.

PART III**SECTION IV: FINANCIAL STATEMENTS
AUDITORS' REPORT**

To,
The Board of Directors,
Emmbi Polyarns Limited,
Reg. office at: 309/310, 3rd Floor,
Kuber Complex, Village Oshiwara,
New Link Road, Andheri (West),
Mumbai- 400053.

Dear Sirs,

1. We have examined the Financial Information of EMMBI POLYARNs LIMITED (the Company) annexed to this report for the purpose of inclusion in the Red Herring Prospectus ('the RHP')/ Prospectus. The said Financial Information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part-II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI")-(Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulations"), as amended from time to time, issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act,1992 and related clarification and in accordance with the terms of our engagement letter dated 03.08.2009 issued in connection with its Proposed Initial Public Offer ('IPO') of equity shares. The Financial Information has been prepared by the Company and approved by the Board of Directors.

2. **Financial Information as per Audited Financial Statement:**

We have examined the attached 'Restated Statement of Assets and Liabilities' of the Company as at 30th September, 2009, 31st March 2009, 31st March 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005 (**Annexure I**) and the attached 'Restated Statement of Profit and Loss' (**Annexure II**) and the attached 'Restated Statement of Cash Flows' (**Annexure III**) for the six months period ended 30th September, 2009 and for years ended on 31st March 2009, 2008, 2007, 2006 and 2005 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the annual financial statements for the period ended 30th September, 2009 and for the years ended on 31st March 2009, 2008, 2007, 2006 and 2005 audited by us for those periods and have been adopted by the Board of Directors/ Members and examined by us based on our examination of these summary statements, we state that:

- i) The 'Restated Summary Statements' have to be read in conjunction with the significant accounting policies and notes forming part of accounts given in **Annexure IV**.
- ii) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 30th September, 2009.
- iii) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.
- iv) The extra ordinary item is disclosed separately in the Restated Summary Statements.
- v) While restating the account, the provision for gratuity and leave encashment not made during earlier years, has been considered.
- vi) The Company has not paid any dividend in last 5 financial years.

3. Other Financial Information

We have examined the following information relating to EMMBI POLYARNS LIMITED as at and for the period ended 30th September, 2009 and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005 of the Company, proposed to be included in the RHP/ Prospectus, as approved by the Board of Directors and annexed to this report:

- i. Significant Accounting Policies and Notes forming part of accounts (Annexure IV).
 - ii. Statement of Secured Loans as at 30th September, 2009 (Annexure V).
 - iii. Statement of Unsecured Loans as at 30th September, 2009, 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VI).
 - iv. Statement of Sundry Debtors as at 30th September, 2009, 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VII).
 - v. Statement of Loans and Advances as at 30th September, 2009 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VIII).
 - vi. Statement of Current liabilities and provisions as at 30th September, 2009, 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure IX).
 - vii. Statement of Investments as at 30th September, 2009, 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure X).
 - viii. Statement of Other Income for the period ended 30th September, 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XI).
 - ix. Statement of Tax Shelter (Annexure XII).
 - x. Capitalisation Statement (Annexure XIII).
 - xi. Statement of transaction with related Parties for the period ended 30th September, 2009, for the year ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XIV).
 - xii. Calculation of Accounting Ratios (Annexure XV).
4. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the period ended 30th September, 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 have been prepared in accordance with Part IIB of schedule II of the Act and the Regulations.
5. This report should not in any way be construed as a re-drafting of any of the previous audit report given by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
6. This report is intended solely for your information and for inclusion in the Red Herring Prospectus/ Prospectus in connection with the proposed IPO of the Company and not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Faithfully,

For K.J. SHAH & ASSOCIATES.
Chartered Accountants

Sd/-

(Kirti J. Shah)
Proprietor
Membership No. : 030784.

Place : Mumbai.

Date : 07.01.2010

ANNEXURE I**RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(Rs. In lacs)

Particulars	6 months ended on 30th September, 2009	As on 31st March				
		2009	2008	2007	2006	2005
FIXED ASSETS : (AT COST)						
Gross Block	1,743.68	1,718.10	1,568.40	1,397.91	1,199.75	415.72
Less: Depreciation	340.31	300.34	221.79	151.43	96.21	71.97
Net Block (A)	1,403.38	1,417.76	1,346.61	1,246.48	1,103.54	343.76
INVESTMENTS (B)	1.25	1.25	1.25	1.25	1.25	1.00
CURRENTS ASSETS LOANS AND ADVANCES :						
(a) Inventories	727.09	757.55	585.32	440.32	230.00	158.53
(b) Sundry Debtors	1306.27	705.23	611.28	391.55	208.69	142.81
(c) Cash and Bank Balances	61.83	50.20	28.81	20.93	18.41	8.05
(d) Loans and Advances	257.11	239.83	244.17	175.57	142.02	33.21
TOTAL (C)	2,352.29	1,752.80	1,469.59	1,028.38	599.12	342.61
LIABILITIES & PROVISIONS						
Secured Loans	2,001.85	1,897.45	1,746.24	1,476.55	977.02	347.83
Unsecured Loans	167.86	140.92	169.51	20.34	20.34	20.34
Current Liabilities & Provisions	606.04	278.20	205.68	164.40	198.57	57.35
Deferred Tax Liability	79.10	74.76	52.36	26.50	21.77	21.48
TOTAL (D)	2,854.85	2,391.33	2,173.79	1,687.80	1,217.70	447.00
NETWORTH (A+B+C-D)	902.07	780.48	643.66	588.31	486.21	240.36
REPRESENTED BY						
1. SHARE CAPITAL						
Equity Shares of Rs. 10/- fully paid up	783.26	313.30	262.30	262.30	49.99	49.99
Share Application Money	-	-	51.00	50.00	207.31	25.30
0% Preference shares of Rs. 10/- fully paid up	-	-	-	-	5.00	5.00
2. RESERVES	122.49	471.13	334.85	281.05	229.50	166.20
SUB TOTAL (E)	905.75	784.43	648.15	593.35	491.80	246.49
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) (F)	3.68	3.95	4.50	5.04	5.59	6.13
NETWORTH (E-F)	902.07	780.48	643.66	588.31	486.21	240.36

ANNEXURE II

RESTATED STATEMENT OF PROFIT AND LOSS

(Rs. In lacs)

Particulars	6 months ended on 30th September 2009	For the Year Ending 31st March				
		2009	2008	2007	2006	2005
INCOME						
Gross Sales - Domestic Sales	1,404.04	1,793.10	1,741.93	1,858.10	1,693.26	1,273.08
- Export Sales	1,022.87	2,249.00	1,496.33	690.43	-	-
Total Gross Sales	2,426.91	4,042.10	3,238.26	2,548.53	1,693.26	1,273.08
Less: Excise duty	105.16	215.22	274.68	257.64	249.97	178.34
Net sales	2,321.75	3,826.88	2,963.58	2,290.89	1,443.29	1,094.74
Other Income	0.43	0.78	0.71	1.00	0.35	6.44
TOTAL INCOME	2,322.17	3,827.66	2,964.29	2,291.89	1,443.64	1,101.17
EXPENDITURE						
Cost of Materials	1,432.91	2,254.23	1,830.27	1,488.94	1,004.00	790.77
Manufacturing Expenses & Other Expenses	305.23	503.32	398.00	280.94	163.46	117.09
Payment to and provisions for employees	104.25	192.59	158.00	168.49	80.32	49.63
Selling and administrative expenses	151.17	378.89	222.95	94.93	54.89	44.07
TOTAL EXPENDITURE	1,993.56	3,329.04	2,609.22	2,033.30	1,302.67	1,001.56
NET PROFIT BEFORE INTEREST, DEPRECIATION & TAX	328.62	498.62	355.06	258.59	140.97	99.62
Financial Expenses	103.34	238.06	182.03	134.25	46.01	33.17
Depreciation	42.10	78.55	70.36	60.87	24.24	18.42
NET PROFIT BEFORE TAX	183.17	182.01	102.67	63.47	70.72	48.03
Current Income Tax	58.27	33.77	11.63	7.12	5.95	3.77
Deferred Income Tax	4.34	22.40	25.86	4.73	0.29	10.74
MAT Credit	(0.74)	(13.08)	-	-	-	-
Provision For Gratuity	-	-	7.92	-	-	-
Provision For Leave encashment	-	-	1.40	-	-	-
Provision for fringe benefit tax	-	2.64	2.06	1.87	1.12	-
Income Tax for previous years	-	-	-	1.81	-	-
NET PROFIT AFTER TAX	121.31	136.28	53.81	51.55	63.36	33.53
Profit brought forward	471.13	334.85	281.05	229.50	166.20	132.67
Less : Appropriation						
Bonus Share allotted	469.95	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	0.06	-
BALANCE C/F TO BALANCE SHEET	122.49	471.13	334.85	281.05	229.50	166.20

ANNEXURE III**RESTATED STATEMENT OF CASH FLOW**

(Rs. In lacs)

	Particulars	6 months Ended 30 th September 2009	For the year ended 31st March				
			2009	2008	2007	2006	2005
(A)	CASH FLOW FROM OPERATING ACTIVITIES						
	Net Profit Before Tax	183.17	182.01	102.67	63.47	70.72	48.03
	Depreciation	42.10	78.55	70.36	60.87	24.24	18.42
	Interest Paid :-						
	Term Loans	36.68	98.40	92.14	85.79	8.32	8.50
	Others	14.21	25.35	4.17	1.20	1.35	0.30
	Cash Credit Account	51.01	111.09	83.43	47.26	36.34	24.37
	Bank interest on L.C.	1.44	3.22	2.29	-	-	-
	Miscellaneous Expenditure	0.27	0.54	0.54	0.54	0.54	0.56
	20 %Advance expenses for Export	7.97	15.93	-	-	-	-
	Provision For Gratuity	6.64	6.15	-	-	-	-
	Provision For Leave Encashment	(1.36)	1.36	-	-	-	-
	Foreign Exchange Loss (Gain) on Closing Debtors	(8.49)	(12.47)	-	-	-	-
	Foreign Exchange Loss (Gain) on Sales	(5.78)	10.27	-	-	-	-
	Loss on Transfer of Office Premises	0.16					
	Loss on sale on vehicle	-	-	-	2.99	-	3.15
	Donations	1.06	1.31	0.48	0.82	-	0.42
		329.09	521.72	356.09	262.94	141.52	103.74
	Interest Received	(0.38)	(0.58)	(0.48)	(0.65)	-	(0.44)
	Dividend Received	(0.05)	(0.20)	(0.20)	(0.16)	(0.15)	(0.15)
	Depre. w/off on Machinery Returned	-	-	-	(0.04)	-	
		328.66	520.93	355.41	262.09	141.37	103.15
	Extraordinary Items :						
	Expenses of previous years		-	-	-	(0.06)	
	Donations	(1.06)	(1.31)	(0.48)	(0.82)	-	(0.42)
	Foreign Exchange Gain on Closing Debtors	8.49	12.47	-	-	-	
	Foreign Exchange Loss on Sales	5.78	(10.27)	-	-	-	
	Operating Profit Before Working Capital Changes	341.88	521.83	354.93	261.27	141.30	102.73
	Working Capital Changes :-						
	Increase / (Decrease) in Stock	30.46	(172.22)	(145.00)	(210.32)	(71.47)	(45.92)
	Increase / (Decrease) in Debtors	(601.03)	(93.95)	(219.74)	(182.86)	(65.88)	(5.28)

	Particulars	6 months Ended 30 th September 2009	For the year ended 31st March				
			2009	2008	2007	2006	2005
	Increase / (Decrease) in Loans & Advances	(8.70)	(2.91)	(53.90)	(23.96)	(101.25)	3.18
	Increase / (Decrease) in Current Liabilities	265.78	41.68	18.26	(41.35)	134.15	7.51
	CASH FLOW FROM OPERATIONS	28.38	294.43	(45.45)	(197.22)	36.86	62.22
	Income Tax Paid	(17.29)	(8.68)	(14.69)	(9.60)	(7.56)	(7.06)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	11.09	285.75	(60.14)	(206.82)	29.30	55.15
(B)	CASH FLOW FROM INVESTING ACTIVITIES						
	Purchase of Fixed Assets :-						
	Land : Freehold	-	-	-	(1.72)	(70.71)	-
	Building	(10.06)	(34.86)	(72.24)	(50.17)	(193.85)	(1.79)
	Office premises	-	(0.23)	-	(1.68)	(7.41)	0.04
	Plant and Machinery	(23.48)	(84.06)	(65.45)	(104.96)	(508.28)	(18.62)
	Electrical Installation	(0.60)	(3.60)	(6.32)	(11.34)	(16.67)	(0.85)
	Furniture & Fixtures	(2.89)	(7.57)	(9.69)	(24.00)	(6.73)	(1.00)
	Crates	-	-	-	(6.61)	(5.33)	-
	Office Equipment	(7.10)	(5.49)	(3.84)	-	-	(2.51)
	Vehicles	-	(13.89)	(12.93)	(9.78)	-	(16.40)
	Capital Work in Progress	-	-	-	-	-	(24.95)
	Miscellaneous Exp Capitalised	-	-	-	-	-	(5.06)
	Decrease in Fixed Assets :-						
	Sale of Vehicle	-	-	-	3.50	-	6.68
	Capital Work in Progress	-	-	-	-	24.95	-
	Transfer of Office Premises	1.25	-	-	-	-	-
	Dividend Received	0.05	0.20	0.20	0.16	0.15	0.44
	Interest Received	0.38	0.58	0.48	0.65	-	0.15
	Investment in Shares of Saraswati Co. Op. Bank		-	-	-	(0.25)	-
	NET CASH USED FOR INVESTING ACTIVITIES	(42.46)	(148.92)	(169.81)	(205.95)	(784.12)	(63.87)
	CASH FLOW FROM FINANCING ACTIVITIES						
	Increase in Share Capital (Application Money Recd.)	-	-	1.00	50.00	182.01	20.30
(C)	Increase in Term Loan	104.40	151.21	269.69	499.54	629.19	20.75
	Interest paid on Loan	(103.34)	(238.06)	(182.03)	(134.25)	(46.01)	(33.17)
	Increase / (Decrease) in Unsecured loan	41.94	(28.59)	149.17	-	-	-
	NET CASH GENERATED FROM FINANCING ACTIVITIES	43.00	(115.45)	237.83	415.29	765.18	7.88

	Particulars	6 months Ended 30 th September 2009	For the year ended 31st March				
			2009	2008	2007	2006	2005
	CASH GENERATED DURING THE YEAR	11.63	21.38	7.88	2.52	10.36	(0.83)
	Cash & Cash Equivalent at the beginning of the Year	50.19	28.81	20.93	18.41	8.05	8.89
	Cash & Cash Equivalent at the end of the Year	61.83	50.19	28.81	20.93	18.41	8.05

NOTES :-

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statement" issued by the ICAI.
2. Purchase of fixed assets and intangible assets includes movement of Capital WIP during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances.

ANNEXURE- IV**NATURE OF OPERATIONS:**

The Company is a manufacturer of various woven polymer based products. The products manufactured by the Company are used in packaging , automobiles, infrastructure and various other sectors.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:**A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of preparation of Financial Statements:-**

- (a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and as per the Accounting Standards referred to in Section 211(3C) of the Companies Act.
- (b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2. Fixed Assets:-

Fixed Assets are stated at cost less depreciation. The cost is inclusive of interest and incidental expenses incurred during construction period and is net of cenvet credit availed. The fixed assets are tested for impairment. There is no impairment loss.

3. Depreciation:-

Depreciation on all Tangible assets is provided on Straight Line Method (SLM) as per Section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets purchased or acquired during the year is provided on pro rata basis according to the period each asset was put to use during the year. No depreciation has been provided on Vat, Excise Duty, Education cess and Higher e.c. which has been claimed as MODVAT

4. Investments:-

Long term investments are carried at cost.

5. Valuation of Inventories:-

Items of inventories are valued at lower of cost or net realisable value. Cost of inventories comprise of all cost: purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Raw materials are valued at weighted average cost. Manufactured goods and process stock are valued at lower of cost of production and net realisable value whichever is lower Excise duty related to finished goods(domestic stock) is included under Schedule 15

6. Revenue Recognition:-

Revenue (Income) is recognised only when it is reasonably certain that the ultimate collection will be made. Revenue and Expenses are accounted on an accrual basis and at historical cost. Dividend income is accounted for when right to receive is established.

7. Sales:-

Sales are recognised on despatch of material to customers. Sales are not of trade discount, rebates and indirect taxes payable. Rebates and discounts are accounted for as and when determined.

8. Expenses:-

Material known liabilities are provided for on the basis of available information/estimates. Expenses are accounted on an accrual basis and at historical cost.

9. Contingent Liabilities:-

Contingent Liabilities are disclosed by way of Notes forming part of Accounts. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the Finalisation of accounts and having effect on the position stated in the Balance Sheet as at the year end.

10. Employee benefits:

The company has not provided for Gratuity and Leave encashment benefits till 31.03.2008. The retirement benefits were debited as and when paid. Due to accounting of Provision of Gratuity and Leave encashment according to AS 15 revised, the same is accounted on actuarial valuation from 31.03.2009.

11. Foreign Exchange Transactions:

- a) Transactions in Foreign Currency are accounted at the exchange rate prevailing on the date of Transactions. Exchange fluctuations between the transaction date and the settlement date in respect of Revenue Transactions are recognized in Profit & Loss A/c

- b) All export proceeds not realised at the yearend are restated at the rate prevailing at the year end. The exchange difference arising there from has been recognised as income / expenses in the Current Year's Profit & Loss A/c along with underlying transaction.
- c) The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

12. Borrowing Costs:-

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

13. Taxes on Income:-

Tax expense comprises both current and deferred tax. tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration benefits admissible under the provisions of the Income - Tax Act, 1961.

Deferred tax liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is not recognised unless, in the management judgement, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

14. Earnings per Share:

The Company reports and Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings per share".

B. NOTES FORMING PART OF ACCOUNTS:

- Corresponding figures of the previous year have been regrouped wherever necessary to conform to current year's figures.

2. Statement of Contingent Liabilities

(Rs. In lacs)

Particulars	6 months ended 30th September 2009	As at 31st March				
		2009	2008	2007	2006	2005
Guarantee given by the Company to Electricity Department	25.00	25.00	25.00	25.00	25.00	10.00
Guarantee given by the Company to B.G.,Nhavasheva JNPT	-	-	1.40	-	-	-

Particulars	6 months ended 30th September 2009	As at 31st March				
		2009	2008	2007	2006	2005
Income tax Penlaty demanded for A.Y. 2001-02 for which tribunal appeal is preferred	10.52	10.52	-	-	-	-
L.C. import	129.97	38.00	-	-	-	-
TOTAL	165.49	73.52	26.40	25.00	25.00	10.00

* Foreign D.A. Letter of credit for purchase of raw material in the F.Y. 2008-09 but was delivered

3. Auditors Remuneration

(Rs. In lacs)

Particulars	6 months ended 30th September 2009	As at 31st March				
		2009	2008	2007	2006	2005
Audit Fee	2.00	1.50	1.00	0.60	0.50	0.40
Tax audit work.	-	0.50	0.50	0.20	0.10	0.10
Others	-	0.47	-	-	-	-
TOTAL	2.00	2.47	1.50	0.80	0.60	0.50

4. Deferred Tax Asset and Liability

(Rs. In lacs)

Particulars	As at 30.09.09	As at 31.03.09
Deferred Tax Liability on Account of :-		
Difference between book and tax depreciation	7.28	28.12
Deferred Tax Liability	7.28	28.12
Deferred Tax Asset on Account of :-		
Provisions for Gratuity	2.41	4.78
Provisions for Leave Encashment	0.48	0.94
Loss on transfer of Office Premises	0.06	
Bonus Disallowed u/s 43B for the A.Y. 2008-09	-	2.21
Deferred Tax Asset	2.94	7.93
Deferred Tax Liability (Net)	4.34	20.19
Add :- Reversal of Deferred Tax Asset		
Bonus Disallowed u/s 43B for the A.Y. 2008-09	-	2.21
Amount of Deferred Tax Liability to be charged in P & L A/c.	4.34	22.40

5. Additional information pursuant to the provisions of Paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956:

For the months ended 30th September, 2009.

(I) "Information in respect of Capacities and Production":-

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		30.09.2009	2009	30.09.2009	2009	30.09.2009	2009
HDPE Based finished Products & P.P.Based finished Products	MT	N.A.	N.A.	5,000	5,000	2363.74	3857.01

* Installed capacity is as certified by the management.

(II) Sales and Stocks :-

Particulars	6 months period ended on 30.09.2009		2009	
	Quantity / MTS	Value / (Rs. In lacs)	Quantity / MTS.	Value / (Rs. In lacs)
SALES :-				
HDPE Based finished Products	1072.364	2235.58	1265.80	4018.80
PP based finished Products	1168.62	184.61	2237.74	2.70
HDPE/ PP based'B' class finished Products	114.775	6.72	197.46	20.61
Total	2355.759	2,426.91	3,701.00	4,042.10

Particulars	6 months period ended on 30.09.2009		2009	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS.	value / (Rs. In lacs)
OPENING STOCK				
HDPE / PP Based finished Products (No.s)	1,60,700	22.90	1,74,900	24.22
PP based FIBC finished Products(No.s)	17,045	25.69	28,118	36.35
HDPE/ PP based'B' class finished Products (Kg.s)	34,689	20.80	54,127.80	39.51
CLOSING STOCK				
HDPE / PP Based finished Products (No.s)	2,45,100	28.80	1,60,700	22.90
PP based FIBC finished Products (No.s)	95,196	61.49	17,045	25.69
HDPE/ PP based'B' class finished Products (Kg.s)	42,672	23.55	34,689	20.80

(III) Raw Materials Consumed:-

Particulars	6 months period ended on 30.09.2009		2009	
	Quantity / MTS.	value / (Rs. In lacs)	Quantity / MTS.	value / (Rs. In lacs)
HDPE/PP Plastic granuals,				
LDPE/LLDPE/MB/HMHDPE	22,89,300	1,393.17	3,929.84	2,444.65
Total	22,89,300	1,397.93	3,929.84	2,444.65

(IV) Indigenous and imported Raw Materials, components and spares consumed:-

Particulars	6 months period ended on 30.09.2009		2009	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	15.37	216.37	1.01	23.51
Indigenous	84.63	1181.56	98.99	2,421.13
Total	100.00	1397.93	100.00	2,444.64
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100	47.40	100	117.30
Total	100	47.40	100	117.30

"For the year ended 31st March, 2009"

(I) "Information in respect of Capacities and Production "

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		2009	2008	2009	2008	2009	2008
HDPE Based finished Products, & PP Based finished Products,	MT	N.A.	N.A.	5,000	5,000	3857.01	3,376.10

* Installed capacity is as certified by the management.

(II) Sales and Stocks :-

Particulars	2009		2008	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
SALES :-				
HDPE Based finished Products	1265.80	4,018.8	1,468.65	2,756.24
PP based finished Products	2237.74	2.70	1,838.23	452.98
HDPE/ PP based 'B' class finished Products	197.46	20.61	229.26	29.05
Total	3,701.00	4,042.10	3,536.13	3,238.3

Particulars	2009		2008	
	Quantity	value / (Rs. In lacs)	Quantity	value / (Rs. In lacs)
OPENING STOCK				
HDPE / PP Based finished Products(No.s)	1,74,900	24.22	45,000	5.29
PP based FIBC finished Products(No.s)	28,118	36.35	2,783	3.40
HDPE/ PP based'B' class finished Products (Kg.s)	54,127.80	39.51	7,294.50	3.84
CLOSING STOCK				
HDPE / PP Based finished Products(No.s)	1,60,700	22.90	1,74,900	24.22
PP based FIBC finished Products(No.s)	17,045	25.69	28,118	36.35
HDPE/ PP based'B' class finished Products(Kg.s)	34,689	20.80	54,127.80	39.51

(III) Raw Materials Consumed:-

Particulars	2009		2008	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
HDPE/PP Plastic Granuals,				
LDPE/LLDPE/MB/HMHDPE	3,929.84	2,444.65	3,335.28	1,964.49
Total	3,929.84	2,444.65	3,335.28	1,964.5

(IV) Indigenous and imported Raw Materials , components and spares consumed :-

Particulars	2009		2008	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	1.01	23.51	NIL	NIL
Indigenous	98.99	2,421.13	100.00	1,964.49
Total	100.00	2,444.64	100.00	1,964.5
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	117.30	100.00	84.58
Total	100.00	117.30	100.00	84.58

For the year ended 31st March, 2008

(I) Information in respect of Capacities and Production :-

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		2008	2007	2008	2007	2008	2007
HDPE Based finished Products, & PP Based finished Products,	MT	N.A.	N.A.	5,000	5,000	3376.10	2990.95

(II) Sales and Stocks :-

Particulars	2008		2007	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
SALES :				
HDPE Based finished Products	1468.65	2,756.24	1,465.55	2,134.84
PP based finished Products	1838.23	452.98	1,150.89	398.22
HDPE/ PP based 'B' class finished Products	229.26	29.05	220.32	15.48
Total	3,536.13	3,238.26	2,836.76	2,548.5

Particulars	2008		2007	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
OPENING STOCK :				
HDPE / PP Based finished Products (No.s)	45,000	5.29	84,100	9.78
PP based FIBC finished Products(No.s)	2,783	3.40	-	-
HDPE/ PP based 'B' class finished Products (Kg.s)	7,294.50	3.84	3,133	1.42
CLOSING STOCK :	1,74,900	24.22	45,000	5.29
HDPE / PP Based finished Products(No.s)	28,118	36.35	2,783	3.40
PP based FIBC finished Products (No.s)				
HDPE/ PP based 'B' class finished Products(Kg.s)	54,127.80	39.51	7,294.50	3.84

(III) Raw Materials Consumed:-

Particulars	2008		2007	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
HDPE/PP Plastic granuals, LDPE/ LLDPE/MB/HMHDPE	3,335.28	1,964.49	2,905.89	1,684.93
Total	3,335.28	1,964.49	2905.89	1684.93

(IV) Indigenous and imported Raw Materials , components and spares consumed :-**Raw material**

Particulars	2008		2007	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	NIL	NIL	0.83	13.93
Indigenous	100.00	1,964.69	99.17	1,671.00
Total	100.00	1964.69	100.00	1684.93
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	84.58	100.00	69.54
Total	100.00	84.58	100.00	69.54

For the year ended 31st March, 2007

(I) Information in respect of Capacities and Production :-

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		2007	2006	2007	2006	2007	2006
HDPE Based finished Products, & PP Based finished Products,	MT	N.A.	N.A.	5,000	5,000	2,990.95	2134.74

* Installed capacity is as certified by the management.

(II) Sales and Stocks :-

Particulars	2007		2006	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
SALES :-				
HDPE Based finished Products	1,465.55	2,134.84	1,631.96	1,397.13
PP based finished Products	1,150.89	398.22	374.59	292.43
HDPE/ PP based 'B' class finished Products	220.32	15.48	46.78	3.18
Granual	-	-	4.69	0.52
Total	2,836.76	2,548.53	2,058.02	1,693.3

Particulars	2007		2006	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
OPENING STOCK				
HDPE / PP Based finished Products(No.s)	84,100	9.78	40,100	4.66
HDPE/ PP based'B' class finished Products (Kg.s)	3,133	1.42	4,422	1.52
CLOSING STOCK				
HDPE / PP Based finished Products(No.s)	45,000	5.29	84,100	9.78
PP based FIBC finished Products(No.s)	2,783	3.40	-	-
HDPE/ PP based'B' class finished Products(Kg.s)	7,294.50	3.84	3,133	1.42

(III) Raw Materials Consumed:-

Particulars	2007		2006	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
HDPE/PP Plastic granuals,				
LDPE/LLDPE/MB/HMHDPE	2,905.89	1,684.93	2,091.61	1,037.7
Total	2,905.89	1,684.93	2,091.61	1,037.7

(IV) Indigenous and imported Raw Materials , components and spares consumed :-**Raw material**

Particulars	2007		2006	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	0.83	13.93	NIL	NIL
Indigenous	99.17	1,671.00	100.00	1,037.7
Total	100.00	1,684.93	100.00	1,037.7
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	69.54	100.00	16.85
Total	100.00	69.54	100.00	16.85

For the year ended 31st March, 2006

(I) "Information in respect of Capacities and Production :-"

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		2006	2005	2006	2005	2006	2005
HDPE Based finished Products, & PP Based finished Products,	MT	N.A.	N.A.	5,000	1,920	2134.75	1580.11

* Installed capacity is as certified by the management.

(II) Sales and Stocks :-

Particulars	2006		2005	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
SALES :-				
HDPE Based finished Products	1,631.96	1,397.13	1,514.43	1,269.70
PP based finished Products	374.59	292.43	-	-
HDPE/ PP based 'B' class finished Products	46.78	3.18	51.51	3.38
Granual	4.69	0.52	-	-
Total	2,058.01	1,693.26	1,565.94	1,273.1

Particulars	2006		2005	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
OPENING STOCK				
HDPE / PP Based finished Products(No.s)	40,100	4.66	1,34,200.00	11.74
HDPE/ PP based 'B' class finished Products (Kg.s)	4,422	1.52	-	-
CLOSING STOCK				
HDPE / PP Based finished Products(No.s)	84,100	9.78	40,100	4.66
PP based FIBC finished Products(No.s)				
HDPE/ PP based 'B' class finished Products(Kg.s)	3,133	1.42	4,422	1.52

(III) Raw Materials Consumed:-

Particulars	2006		2005	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
HDPE/PP Plastic granuals, LDPE/LLDPE/MB/HMHDPE	2091.61	1,037.74	1,586.65	815.49
Total	2,091.61	1,037.74	1,586.65	815.49

(IV) Details of indigenous and imported Raw Materials , components and spares consumed :-**Raw material**

Particulars	2006		2005	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	-	100.00	-
TOTAL	100.00	1037.74	100.00	815.49
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	16.85	100.00	8.93
TOTAL	100.00	16.85	100.00	8.93

For the year ended 31st March, 2005

(I) Information in respect of Capacities and Production :-

Particulars	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual Production	
		2005	2004	2005	2004	2005	2004
HDPE Based finished Products, & PP Based finished Products,	MT	N.A.	N.A.	1920.00	1848.00	1580.11	1355.99

* Installed capacity is as certified by the management.

(II) Sales and Stocks :-

Particulars	2005		2004	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
SALES :-				
HDPE Based finished Products	1,514.43	1,269.70	1,267.53	936.77
HDPE/ PP based'B' class finished Products	51.51	3.38	53.45	3.10
Granual			-	-
Total	1,565.94	1,273.08	1,320.98	939.87

Particulars	2005		2004	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
OPENING STOCK				
HDPE / PP Based finished Products(No.s)	1,34,200	11.74	20,500.00	1.79
CLOSING STOCK				
HDPE / PP Based finished Products(No.s)	40,100	4.66	1,34,200.00	11.74
HDPE/ PP based'B' class finished Products(Kg.s)	4,422	1.52	-	-

(III) Raw Materials Consumed:-

Particulars	2005		2004	
	Quantity / MTS	value / (Rs. In lacs)	Quantity / MTS	value / (Rs. In lacs)
HDPE/PP Plastic granuals, LDPE/LLDPE/ MB/HMHDPE	1586.65	815.49	1,338.38	545.28
Total	1,586.65	815.49	1338.38	545.28

(IV) Details of indigenous and imported Raw Materials , components and spares consumed :-**Raw material**

Particulars	2005		2004	
	% of total consumption	value / (Rs. In lacs)	% of total consumption	value / (Rs. In lacs)
Raw material				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	-	100.00	-
Total	100.00	815.49	100.00	545.28
Components and spare parts :				
Imported	NIL	NIL	NIL	NIL
Indigenous	100.00	8.93	100.00	15.23
Total	100.00	8.93	100.00	15.23

6. Dealings in Foreign Currency**(Rs. in Lacs)**

Particulars	6 months ended on 30th Sep-09	For the year ended 31st March				
		2009	2008	2007	2006	2005
Expenditure in foreign currency :	3.50	7.03	4.86	2.02	-	5.00
CIF Value of imports :						
Raw Material	216.37	24.52	Nil	13.93	Nil	Nil
Capital Goods	Nil	Nil	5.76	Nil	Nil	Nil
Total	216.37	24.52	5.76	13.93	-	-
Earning in Foreign Exchange :	1,017.55	2,249.00	1,496.33	506.46	Nil	Nil

7. Directors remuneration :**(Rs. in Lacs)**

Particulars	6 months ended on 30th Sep-09	For the year ended 31st March....				
		2009	2008	2007	2006	2005
Makrand Appalwar	15.00	17.10	13.20	9.90	7.80	5.02
Rinku Appalwar	13.50	14.25	10.80	7.95	5.20	4.03

8. Sundry Creditors include dues to small and medium scale industrial undertaking -

"There are no dues to Micro, Small and Medium Enterprises which are outstanding for more than 30 days as at the Balance sheet Date. The above information regarding Small Scale undertaking has been

determined to the extent such parties have been identified on the basis of information available with the Company, and have been relied upon by the Auditors. "

9. Since Company operates in only one segment i.e.manufacture of HDPE/ PP/ raffia products and hence no need for separate disclosure of segment information as per AS - 17 issued by ICAI.
10. Balances in sundry debtors, including advances given and taken, and creditors (including creditors for expenses) in some cases require reconciliation / confirmation.
11. Exchange gain on Export debtors works out to Rs. 8.49 and Exchange Loss on Forward Contract is Nil net of which has been credited to Profit & Loss A/c. Exchange gain on sale is credited to Sales Rs. 5.78 lacs. Exchange loss on sale of Previous year is deducted from Sales Rs. (Rs. 10.27) lacs

12. Post employment benefits

The provision for Gratuity and Leave encashment benefits are made as per Actuarial certificate and according to Accounting Standard-15 (Revised) Employee benefits as issued by ICAI .

13. 46,99,530 Equity Shares of Rs. 10 Each fully paid up were allotted during the period ended Sept. 30, 2009, by way of bonus shares by capitalising free reserves of the company.
14. The shares have been subdivided into Rs. 10/- per share from Rs .100/- per share on 02/01/2009.
15. As per the statements of adjustments to audited profit & loss a/c, profits of 31st March, 2008 Rs. 63.13 lacs and 31st March, 2009 Rs. 126.96 are restated due to provisions of gratuity and leave encashment to Rs. 53.81 lacs and 136.28 lacs respectively appears as follows :

Statements of adjustments to audited Profit & Loss a/c

(Rs. in Lacs)

Particulars	6 months ended on 30th Sep-09	For the year ended 31st March				
		2009	2008	2007	2006	2005
PAT and Extra ordinary items (as per audited a/c)	121.31	126.96	63.13	51.55	63.36	33.53
Adjustments (increase/ Decrease) :						
1) Prior Period Items	-	-	-	-	0.06	-
2) Audit Qualification : Provisions of Gratuity & Leave Encashments	-	-	(9.32)	-	-	-
3) Reversal of Provisions of last year Gratuity & Leave Encashments	-	9.32	-	-	-	-
4) Change in accounting policy (Deferred tax)	-	-	-	-	-	-
5) Net Total (Decrease) / Increase due to Adjustments	-	9.32	(9.32)	-	0.06424	-
Profits after adjustments, tax & extra-ordinary items as per restatements	121.31	136.28	53.81	51.55	63.30	33.53

Notes : The above adjustments have been made to comply with the mandatory accounting standard (AS-22) issued by ICAI.

ANNEXURE V**Secured Loans**

(Rs. in lacs)

Name of the Bank	Nature of Loan	Loan Sanctioned	Loan Outstanding on 30.09.2009	Loan Outstanding on 31.03.2009	Rate of Interest	Repayment Schedule	Security Offered
Punjab National Bank Ltd.	Term loans	39.00	18.50	22.94	11.00%	53 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	50.00	1.70	10.26	11.00%	36 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	350.00	220.16	243.20	11.00%	74 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	10.00	2.31	4.01	11.00%	36 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	315.00	196.38	218.54	11.00%	72 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	12.00	4.35	5.66	11.00%	60 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	77.57	50.48	58.41	11.00%	60 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	150.00	129.33	135.15	11.00%	60 monthly installment	Factory Bldg; Plant and machinery
Punjab National Bank Ltd.	Term loans	22.00	0.62	-	11.00%	60 monthly installment	Factory Bldg; Plant and machinery
Reliance Capital Machinery	Term loans	12.00	11.44	-	15.17%	48 months	Machinery
Term loans for Vehicles							
Zorastrian Cooperative Bank Ltd.-Staff Loan	Term loans	2.00	-	0.09	10.75%	36 months	Scooter
Loan from The Saraswat Co-op Bank Ltd Car Loan	Term loans	5.98	1.10	2.19	10.50%	36 months	Alto
Loan from Kotak Ltd mahindra Prime Car Loan	Term loans	9.16	-	2.26	9.10%	36 months	Innova car
The Saraswat Co-op Loan Bank Ltd Car Skoda	Term loans	9.00	7.25	8.59	11.50%	36 months	Skoda car

Working Capital Facilities

Name of the Bank	Nature of Loan	Loan Sanctioned (Rs. in Lacs)	Loan outstanding as on 30.9.2009 (Rs. in lacs)	Loan outstanding as on 31.3.2009	Rate of Interest	Repayment Schedule	Security Offered
Punjab National Bank Ltd. 1756005411201FOBC	Packing Credit	700	19.33	17.62 *	7.00%	-	Hypothecation of Stocks of Raw Materials, stocks in
Punjab National Bank Ltd. 175600UD00000015	Packing Credit		821.36	686.25 *	7.00%	-	process, finished goods consumable and spares
Punjab National Bank Ltd.	Cash Credit	500	517.52	482.29	11.50%	-	Hypothecation of entire Book Debts arising out of genuine transaction
			2,001.85	1,897.45			

* Note: The Working Capital Loan Outstanding as on 31st March 2009 is within the limit as Certified by the Bank vide their letter dated 15th April 2009, in view of export proceeds received but not credited.

ANNEXURE VI**STATEMENT OF UNSECURED LOAN****(Rs. in Lacs)**

Particulars	For the month ended 30th Sep-09	For the year ended 31st March				
		2009	2008	2007	2006	2005
From Directors *	0.44	15.44	15.44	15.44	15.44	15.44
From Banks	92.42	65.49	92.33	-	-	-
From Others	75.00	59.99	61.74	4.90	4.90	4.90
Total	167.86	140.92	169.51	20.34	20.34	20.34

*Loan from directors are Interest free and are long term loans

Unsecured Loans from Banks

Name of the Bank	Loan Sanctioned (Rs. in Lacs)	Loan Outstanding as on 30.9.2009 (Rs. in Lacs)	Loan Outstanding as on 31.3.2009 (Rs. in Lacs)	Rate of Interest	Repayment Schedule
Barclays bank PLC	35.00	18.74	24.35	17.00%	36 months
HDFC Bank Ltd. Loan	20.00	25.00	13.88	17.00%	36 months
Kotak Mahindra Bank- Loan	25.00	12.74	16.78	18.00%	36 months
Yes bank Loan	15.00	8.08	10.48	18.00%	36 months
Standard Chartered Bank	30.00	27.86	-	18.50%	36 months
	Total	92.42	65.49		

Name of the Bank	Loan Sanctioned (Rs. in Lacs)	Loan Outstanding as on 30.9.2009 (Rs. in Lacs)	Loan Outstanding as on 31.3.2009 (Rs. in Lacs)	Rate of Interest	Repayment Schedule
Unsecured Loans from Others					
Indiabulls Financial Services Ltd	20.00	11.41	14.54	19.00%	36 months
Cholamandalam DBC Finance Ltd.	7.50	4.42	5.60	17.00%	36 months
Reliance Capital Ltd. Loan	30.00	16.17	20.97	18.00%	36 months
Bajaj Finance	15.00	13.10	13.98	21.00%	36 months
Magma Finance Limited	25.00	25.00	-	17.50%	36 months
Maithili Appalwar #	-	0.50	0.50	-	-
M. B. Appalwar HUF #	-	1.90	1.90	-	-
Rasila Shah *	-	1.00	1.00	-	-
Subodh Shah *	-	1.50	1.50	-	-
	Total	75.00	59.99		

* Interest Free Loan and Payable on demand

Interest free Loans

ANNEXURE VII

STATEMENT OF SUNDRY DEBTORS

(Unsecured and considered good)

Particulars	6 month ended on 30th Sep-09	(Rs. in Lacs)				
		For the year ended 31st March				
		2009	2008	2007	2006	2005
Sundry Debtors						
Debts Outstanding for more than six months	13.00	2.47	0.30	-	-	3.12
other debts	1293.27	702.77	610.98	391.55	208.69	139.69
Total	1,306.27	705.23	611.28	391.55	208.69	142.81

ANNEXURE VIII

STATEMENT OF LOANS AND ADVANCES

(Unsecured and considered good - Recoverable in cash or in kind or value to be received)

Particulars	6 month ended on 30th Sep-09	(Rs. in Lacs)				
		For the year ended 31st March				
		2009	2008	2007	2006	2005
Sundry Deposits	8.61	7.53	2.26	2.26	1.74	2.86
Balance with Central Excise Authorities	40.10	50.97	73.89	95.62	64.71	2.75
Prepaid Expenses	17.50	10.48	9.23	7.71	3.99	4.65
Advances recoverable in cash or in kind or for value to be received :	64.10	52.63	33.32	4.09	1.17	8.93

Particulars	6 month ended on 30th Sep-09	For the year ended 31st March				
		2009	2008	2007	2006	2005
VAT refund receivable		-	-	20.18	11.32	-
Advances for Expansion at Rakholi	-	-	-	14.58	37.55	-
Interest receivable on Bank F.D.	-	-	-	-	-	0.05
Advance expenses for Export 07-08	52.16	59.62	74.52	-	-	-
Advance Knowledge development expenses 07-08	3.40	3.89	4.86	-	-	-
Advance Brand development expenses 07-08	0.19	0.22	0.28	-	-	-
MAT Credit balance	-	0.74	13.82	-	-	-
Advance Income Tax	62.70	46.11	26.63	28.13	20.41	13.97
Advance Fringe benefit Tax	8.34	7.65	5.37	3.00	1.12	-
Total	257.11	239.83	244.17	175.57	142.02	33.21

ANNEXURE IX**STATEMENT OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In lacs)

Particulars	6 month ended on 30th Sep-09	For the year ended 31st March....				
		2009	2008	2007	2006	2005
(A) CURRENT LIABILITIES						
Sundry Creditors - Raw Materials	289.24	22.42	50.21	58.77	86.83	18.38
Sundry Creditors - Others material	23.44	32.57	63.91	38.01	65.20	19.67
Sundry Creditors-Capital Goods Material	18.21	29.98	-	-	-	-
Sundry Creditors - SSI Unit	-	-	-	14.10	12.62	-
Trade Deposits	47.81	47.81	-	-	-	-
Other Liabilities	88.40	68.54	45.52	30.50	18.08	10.53
(B) PROVISIONS:						
Provision for Employee Benefit	22.12	16.83	-	-	-	-
Provision for Income Tax	109.13	52.35	31.66	20.03	14.72	8.77
Provision for Fringe Benefit tax	7.69	7.69	5.05	3.00	1.12	-
Provision For Gratuity	-	-	7.92	-	-	-
Provision For Leave encashment	-	-	1.40	-	-	-
Total	606.04	278.20	205.68	164.40	198.57	57.35

ANNEXURE X**STATEMENT OF INVESTMENTS**

(Rs. In lacs)

Particulars	6 month ended on 30th Sep-09	For the year ended 31st March....				
		2009	2008	2007	2006	2005
Unquoted :						
Zorastrian Coop Bank Ltd. -Share A/c 10000 shares of Rs 10/- each	1.00	1.00	1.00	1.00	1.00	1.00
Saraswati Co-op Bank Ltd.-Share A/c 2500 shares of Rs 10/- each	0.25	0.25	0.25	0.25	0.25	-
Total	1.25	1.25	1.25	1.25	1.25	1.00

ANNEXURE XI**STATEMENT OF OTHER INCOME**

(Rs. In lacs)

Particulars	6 month ended on 30th Sep-09	For the year ended 31st March....				
		2009	2008	2007	2006	2005
Interest *	0.38	0.58	0.48	0.65	0.20	0.44
Dividend on shares *	0.05	0.20	0.20	0.16	0.15	0.15
Miscellaneous Receipt	-	-	0.03	0.15	0.00	0.001
Depreciation Reduced on Machinery return	-	-	-	0.04	-	-
Insurance claim	-	-	-	-	-	5.84
Total	0.43	0.78	0.71	1.00	0.35	6.44

Note:

* Recurring in nature. Remaining are non recurring in nature

ANNEXURE XII**STATEMENT OF TAX SHELTER**

As per certificate dated 07.01.2010 given by K.J. SHAH & ASSOCIATES, Chartered Accountants and Statutory Auditors of the Company the taxation statement is as follows;

(Rs. In lacs)

Previous year	30.09.2009	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Assessment year	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Profits / (Loss) as per books of accounts	183.17	182.01	102.67	63.47	70.72	48.03
Tax rates- Normal (Including surcharge)	33.99%	33.99%	30.90%	33.66%	33.66%	36.593%
Tax rates- MAT (Including surcharge)	11.33%	11.33%	11.33%	11.22%	8.415%	7.8413%
Notional Tax Payable (A)	62.26	61.86	31.73	21.36	23.81	17.57
Adjustments						
Permanent Differences						

Previous year	30.09.2009	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Assessment year	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Exempted Income	0.05	0.20	0.20	0.16	-	0.15
Donations net of deduction U/s 80G	(1.06)	(1.26)	(0.48)	(0.82)	(0.36)	(0.42)
Penalty	-	(0.04)	-	-	-	-
Provision for Gratuity	(7.10)	(14.08)	-	-	-	-
Provision for Leave encashment	(1.40)	(2.76)	-	-	-	-
Profit taxable under other heads	-	-	-	-	-	-
Bonus of A.Y. 2008-09 paid	-	6.50	(6.50)	-	-	-
Statutory liabilities unpaid :						
Grampanchayat tax	-	-	-	(0.45)	-	-
Interest on income tax	-	-	-	-	-	(0.54)
U/s 80 I B :- Manufacturing unit at Silvasa.(Eighth year)	-	-	-	-	-	0.66
Total Permanent Differences (B)	(9.51)	(11.43)	(6.79)	(1.11)	(0.36)	(0.15)
Timing Differences						
1. Timing Difference between tax depreciation and book depreciation	21.42	82.74	74.68	79.31	55.70	32.49
2. Loss on sale of Fixed Assets(Car)	-	-	-	(2.99)	-	(3.15)
3. Loss on sale of Office Premises	(0.16)	-	-	-	-	-
Total of Timing Differences (C)	21.26	82.74	74.68	76.33	55.70	29.34
Net of adjustments (B+C)	11.75	71.30	67.89	75.22	55.33	29.19
Tax (savings)/increase there on	3.99	24.24	20.98	25.32	18.63	10.68
Tax on Business profits	58.27	33.77	10.75	0.00	5.18	6.89
Tax on other heads of income	-	-	0.00	0.00	0.00	0.00
Brought forward Losses	-	-	11.75	0.00	0.00	16.87
Tax effects due to brought forward Losses	-	-	3.63	-	-	6.17
Net Tax for the year / period	58.27	33.77	7.12	-	5.18	0.72
Tax as per MAT	20.75	19.24	11.63	7.12	5.95	3.77
Tax provided in the books	58.27	33.77	11.63	7.12	5.95	3.77

Notes : The aforesaid statement Tax Shelters has been prepared as per audited accounts of the company for the year ended 31st March of the respected financial year under the income tax Act, 1961 and it is not based on profit as per statement of profit and loss as restated.

ANNEXURE XIII

CAPITALISATION STATEMENT

(Rs. In lacs)

Particulars	Pre-issue on 30th September, 2009	As Adjusted for issue *
A. Short Term Debts **	1360.71	1360.71
B. Long Term Debts	809.00	809.00
Total Debts	2169.71	2169.71
Shareholders Fund		

Particulars	Pre-issue on 30th September, 2009	As Adjusted for issue *
a. Equity Shares Capital	783.26	[•]
b. Reserves & Surplus (Incl. Share Premium)	122.49	[•]
Total	905.75	[•]
Long Term Debts / Equity	0.89 : 1	[•]

* Share Capital and reserves and total shareholders' Funds would be calculated on conclusion of the Book Building process

** Short term debts are debts repayable within one year from the date of above statement .

ANNEXURE XIV

STATEMENT OF TRANSACTION WITH RELATED PARTIES

Sr. No.	Particulars	Name of Party	Relationships
A)	Key Management Personnel (KMP)	Makrand Appalwar	Managing Director
		Rinku Appalwar	Finance Director
B)	Relatives of KMP	Maithili Appalwar	Relative
		M.B.Appalwar HUF	Relative
		Moreshwar Appalwar	Relative
C)	Enterprises over which Key Managerial Personnel (KMP) and their relatives have substantial interest	Emmbi Laboratories Pvt.Ltd	Associate Company
		Maithili Agrotech Pvt. Ltd	Associate Company
D)	Where control exists	-----	-----

DETAILS OF RELATED PARTY TRANSACTIONS

(Rs. In lacs)

Sr.	Party Nature of transactions	6 months ended 30th September, 2009	2009	2008	2007	2006	2005
A	Makrand Appalwar :-						
	Remuneration	15.00	17.10	13.20	9.90	7.80	5.02
	Share Application Money	-	-	51.00	50.00	15.01	15.00
	Payable for Remuneration	3.54	1.14	0.59	0.13	-	0.32
	Purchase office premises	6.25					
B	Rinku Appalwar :-						
	Remuneration	13.50	14.25	10.80	7.95	5.20	4.03
	Share Application Money	-	-	-	-	60.00	4.30
	Payable for Remuneration	2.39	1.17	0.76	1.12	-	0.27
	Purchase office premises	10.00					
C	Emmbi Laboratories Pvt. Ltd :-	-	-	-	-	65.00	-
	Share Application Money						
D	Maithili Agrotech Pvt. Ltd :-						

Sr.	Party Nature of transactions	6 months ended 30th September, 2009	2009	2008	2007	2006	2005
	Share Application Money	-	-	-	-	42.00	-
E	Maithili Appalwar :-						
	Share Application Money	-	-	-	-	-	1.00
F	Moreshwar Appalwar :- (Consultancy Fees)	0.83	1.65	1.65	1.65	1.65	1.65

ANNEXURE XV**CALCULATION OF ACCOUNTING RATIOS**

	Particulars	30th Sep 09	2008-09	2007-08	2006-07	2005-06	2004-05
1	EARNINGS PER SHARE						
	Earnings	121.31	136.28	53.81	51.55	63.36	33.53
	No. of Equity Shares (in lacs)	78.33	31.33	26.23	26.23	5.00	5.00
	E.P.S. (Rs.)	1.55	4.35	2.05	1.97	12.67	6.71
2	RETURN ON NETWORTH						
	Earnings	121.31	136.28	53.81	51.55	63.36	33.53
	Networth *	902.06	780.48	643.66	588.31	486.21	240.36
	Return on Networth (%)	13.45%	17.46%	8.36%	8.76%	13.03%	13.95%
3	NET ASSET VALUE PER SHARE						
	Net Asset *	902.06	780.48	643.66	588.31	486.21	240.36
	No. of Equity Shares (in lacs)	78.33	31.33	26.23	26.23	5.00	5.00
	Net Asset Per Share (Rs.)	11.52	24.91	24.54	22.43	97.26	48.07

(* Networth = Share Capital + Reserves - Miscellaneous Expenditure)

The ratios have been computed as below :

- Earning Per Equity Share:** The company reports earnings per equity share in accordance with Accounting Standard -20, Earnings Per share issued by the Institute of Chartered Accountants of India. Net Profits as restated attributable to Equity Shareholders / Weighted average number of Equity Shares outstanding at the end of the year/period.
- Return on Net Worth:** Net Profit after tax as restated / Equity Share Holder's Funds after reduction of revaluation reserve and Miscellaneous Expenses at the year/period.
- Net asset Value per share:** Net Worth excluding revaluation reserves and miscellaneous expenditure at the end of the shares outstanding at the end period/year of equity/ Number of the year / period.

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There are no changes in accounting policies of the Company in the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

a. Overview of our Business:

We are presently engaged into manufacturing of a wide range of woven polyethylene and polypropylene bags. We have our manufacturing unit at Silvassa.

b. Significant Development Subsequent to Last Financial Period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the RHP which materially or adversely affect or is likely to affect the manufacturing or profitability of our company, or the value of our assets, or our ability to pay liabilities within next twelve months.

c. Factors that may affect Results of Operations

Except as otherwise stated in this Offer Document, the Risk Factors given in this Offer Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **General economic and business conditions;**

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of its operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

- **Our ability to successfully implement its strategy and its growth and expansion plans;**

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of its strategy and its growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

- **Factors affecting industrial activity;**

Any change in the factors such as industrial policies, tariffs, excise duties etc which may affect the activities of the Plastic/polymer/FIBC industry may also affect our results of operation.

- **Increasing competition in the industry;**

Our competitors in the domestic market are, Shankar Packaging in Baroda, Flexituff in Indore, KCP Karur in Chennai, JumboBags in Chennai and Jai Corp etc. We also face competition in overseas market. In Europe there are companies like Ishbir, Unsa, Sunjut, Storesack, etc. In US there is Bagcorp. These companies are having size anywhere from \$200 million to over \$1 billion. We are facing competition from these entities which is normal in nature.

- **Cyclical or seasonal fluctuations in the operating results;**

Cyclical or seasonal fluctuations in the operating results of the Company may affect the enduring financial performance at large.

- **Changes in laws and regulations that apply to the industry;**

There are some laws and regulations applicable to the industry in which we operate, which we have to comply/ follow. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals our business may be affected.

- **Changes in fiscal, economic or political conditions in India;**

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

- **Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;**

Factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our performance. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain our ability to do business.

- **Changes in the foreign exchange control regulations, interest rates and tax laws in India.**

Any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India affects the liquidity of cash in the market which in turn affects the purchasing power of the economy.

d. Overview of Our Results of Operations

The following discussion of the financial condition and results of operations for the financial year ending March 31, 2009, 2008, 2007 & 2006 respectively including the notes thereto and the reports thereon which appear in this Offer Document.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

Particulars	(Rs. In Lacs)			
	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Net Sales	3,826.88	2,963.58	2,290.89	1,443.29
Other Income	0.78	0.71	1.00	0.35
Total Income	3,827.66	2,964.29	2,291.89	1,443.64
Total expenses	3,329.04	2,609.22	2,033.30	1,302.67
Total Expenses as a % of Net Sales	86.99	88.04	88.76	90.26
Depreciation	78.55	70.36	60.87	24.24
Depreciation as % of Sales	2.05	2.37	2.66	1.68
Finance Cost	238.06	182.03	134.25	46.01
Finance Cost as % of Net Sales	6.22	6.14	5.86	3.19
Profit / (loss) before Tax	182.01	102.67	63.47	70.72
Profit / (loss) before Tax as % of Net Sales	4.76	3.46	2.77	4.90
Profit / (loss) after tax and extra ordinary items	136.28	53.81	51.55	63.36
Profit / (loss) after tax as % of Net Sales	3.56	1.82	2.25	4.39

Note: Figures have been regrouped wherever necessary to make the data comparable

e. Comparison of Recent Financial Years / Periods with Previous Financial Years / Periods

Financial performance for FY 2008-09 vs. FY 2007-08

Total Gross Sales:

The net sales of the Company increased from Rs. 2963.58 lacs in the Financial Year 2007-08 to Rs. 3826.88 lacs in the Financial Year 2008-09. The increase of Rs. 863.33 lacs (i.e. a growth of almost 25%) in the sales was on account of increase in the export sales. Export sales increased by Rs. 752.67 lacs in the Financial Years under comparison which formed about 93.63% of the increase in gross sales.

Total Expense:

Total expenses increased from Rs. 2,609.22 Lacs in the Financial Year 2007-08 to Rs. 3,329.04 Lacs for the Financial Year 2008-09 on account of increase in business turnover. The same is evident from a marginal decrease of just 1.05% in the percentage of total expenses to net sales in the financial year 2008-09 as compared to financial year 2007-08. The reduction in the expenses could not show its impact due to the increase in financial cost. Further, the selling and administrative expenses of the company increased from Rs. 222.95 lacs to Rs.378.89 lacs in the financial year 2008-09, the higher spend in the sales and marketing expenses was a well thought move in order to counter the global recession. This also proved very useful to company in the F.Y. 2008-09 as we could add eight international and three domestic customers to our list. Lots of efforts and resources were put in developing international suppliers of the raw material which will help company in longer run to control the buying cost.

Depreciation:

The company charges depreciation on Straight Line Method. It has increased by 11.64% in Financial year 2008-09 over Financial year 2007-08. The depreciation has increased on account of addition to fixed assets during the year.

Net Profit:

During the Financial year 2008-09, the company has reported a profit after tax of Rs. 136.28 lacs. The increase in profit for the period is 153.26% as compared to the previous period under comparison, which is due to higher sales revenue as well as improved efficiency. As a percentage of Total Income also, net profit has increased from 1.82% to 3.56%.

Financial performance for the FY 2007-08 vs. Financial Year 2006-07

Total Gross Sales:

The sales of the Company increased from Rs. 2548.53 lacs in the Financial Year 2006-07 to Rs. 3238.26 lacs in the Financial Year 2007-08. The increase of Rs. 689.73 lacs (i.e. a growth of 21.30%) in the sales was on account of increase in export sales by 116.73% compared to the previous year under comparison.

Total Expense:

Total expenses for the Financial Year increased to Rs. 2609.22 lacs in the Financial Year 2006-07 from Rs. 2033.30 lacs in the Financial Year 2007-08. the said increase was majorly on account of increase in selling and administration expenses. The selling and administrative expenses of the company increased from Rs. 94.93 lacs to Rs. 222.95 lacs in the financial year 2007-08. The increase in the expenses was due to increase in expenditure on Rent and freight forwarding charges paid on export sales.

Depreciation:

Depreciation has increased by almost 14% in Financial year 2007-08 over Financial year 2006-07. The depreciation has increased on account of depreciation charged on the additional fixed assets bought by the Company during the year under comparison to the tune of Rs. 221.26 lacs.

Net Profit:

The profit before tax for the Financial year 2007-08 increased by 61.76% as compared to the previous year under comparison. However for the Financial year 2007-08, Emmbi reported a profit after tax of Rs.53.81 lacs for the Financial year 2007-08 i.e; a marginal increase of 4.20% as compared to the previous year under comparison which was due to increase in Deferred Income tax from Rs. 4.73 lacs to Rs. 25.86 lacs for the years under comparison.

Financial performance for the FY 2006-07 vs. FY 2005-06**Total Gross Sales:**

In the financial year 2006-07 Emmbi explored the export market for the first time by exporting its products to Europe and USA to the tune of Rs. 690.43 lacs. Total exports for the year accounted to 30.14% of the total sales of the Company. Total sales of the Company hence increased from Rs. 1693.26 lacs in the Financial Year 2005-06 to Rs. 2548.53 lacs in the Financial Year 2006-07 i.e; an increase of Rs. 855.27 lacs (i.e. a growth of almost 34%).

Total Expenses

Total Expenses of Emmbi for the Financial Year 2006-07 increased by Rs. 730.63 lacs to Rs. 2,033.30 due to increased turnover leading to an increased manufacturing expenses by 71.87% and an increase in selling and administrative expenses from Rs. 54.89 lacs to Rs. 94.93 lacs for the years under comparison. The increase in selling and administrative expenses was due to an increased effort by the management for marketing its product to increase its exports and simultaneously increase/retain its position in the domestic market.

Depreciation:

Depreciation increased by almost 61% in Financial year 2006-07 over Financial year 2005-06. The depreciation has increased on account of addition to fixed assets during the year.

Net Profit:

During the Financial year 2006-07, EPL reported a profit after tax of Rs.51.55 lacs. There was drop in net profit i.e. of 6% as compared to the previous year ended 31/03/2006. This is on account of increase in cost of raw materials and skilled labour procured for export bag making. The payment to employees also doubled during this year.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this Offer Document, which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Increase in the cost of the products in which the Company deals, will affect the profitability of the company. Further, the company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase / decrease in turnover is only on account of increase in sales prices and volume.

6. Total turnover of each major industry segment in which the Company operated

The Company operates significantly in only one Industry Segment. The production figures of the industry are as detailed below:

Products	2007-08	
	Quantity (in MT)	Value (Rupees in Crores)
Polyolefin Woven Sacks (excluding FIBC)	0.641 million	6,725
FIBC	0.175 Million	1,750
Leno bags	5,400	57

(Source: Baseline survey of the technical textile industry in India; November 2008 - Office of the Textile Commissioner)

Any increase / decrease in the turnover of the industry may affect our performance.

7. Status of any publicly announced new product

We have not publicly announced any new products. However, we are in the process of entering new Technical Textile applications consisting of geotextiles, pond liners, canal liners, flexi-tanks, etc. these value-added products are well accepted in the western world and offer good realizations and margins as compared to its PP-based woven packaging products. We believe there is a good potential for our concept products like rain water pond and woven PP canal liner in India, at the backdrop of water scarcity, drought etc..

8. The extent to which the business is Seasonal

Our business is not seasonal and no major cyclical trends are observed in this industry.

9. Competitive conditions

Our competitors in the domestic market are, Shanker Packaging in Baroda, Flexituff in Indore, KCP Karur in Chennai, JumboBags in Chennai and Jai Corp are our competitors. We also face competition in overseas market. In Europe there are companies like Ishbir, Unsa, Sunjut, Storesack, etc. In US there is Bagcorp. These companies are having size anywhere from \$200 million to over \$1 billion.

SECTION V - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

I. Contingent liabilities not provided for:

The contingent liabilities not provided for as on 30/09/2009 are as follows:

Particulars	Amount (Rs. in Lacs)
Guarantee given by the Company to Electricity Department	25.00
Income tax Penalty demanded for A.Y. 2001-02 for which tribunal appeal is preferred	10.52
L.C. import	129.97
TOTAL	165.49

II. Outstanding Litigations involving Emmbi Polyarns Limited:

The Issuer Company certifies that except as stated herein there are no:

- Pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and there business ventures.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Prospectus and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.

a. Outstanding Litigations involving Promoters/ Directors of Company

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been

awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoters and director of the Company.

b. Outstanding Litigations involving Promoters and Group Companies:

There are no outstanding litigation, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoter group companies.

Litigations involving Emmbi Polyarns Limited

Sr No.	Reference to case number	Where pending	Jist of the case
1.	<p>Appeal No. 881 of 2007</p> <p>The Commissioner of Incometax -8, Mumbai</p> <p>Vs</p> <p>EMMBI Polyarns Ltd.</p>	In the High Court of Judicature at Bombay	<p>The Commissioner of Income Tax -8, Mumbai is the Appellant in the appeal, while the Company is the Respondent.</p> <p>The Company has filed the return of income for the Assessment Year 1998 -00, declaring 'NIL' income. In the return, the Company had not claimed depreciation in respect of fixed assets. The Assessing Officer, by his order dated 27.11.2000, compulsorily computed a depreciation of Rs. 25,06,950/- while allowing admissible deduction under section 80 1A A of the Income Tax Act.</p> <p>Aggrieved by the order of the Assessing Officer, the Company preferred an appeal before the Commissioner of Income tax (Appeal). The CIT (A), by his order dated 17.1.2002, confirmed the order of the Assessing Officer and dismissed the appeal of the assessee. The Company filed an appeal before the Income Tax Appellate Tribunal against the order of CIT(A). The Tribunal, by its order dated 21.11.2002, allowed the appeal of the Company Against the order of the Tribunal, the Commissioner of Income Tax filed the present appeal before the Hon'ble High Court.</p> <p>The issue involved in the appeal is whether the deduction under section 80 IA of the Income Tax Act, is to be computed after allowing current year's depreciation or not, when the assessee has not claimed depreciation.</p> <p>As per the Memorandum of Appeal, the disputed claim in the appeal is Rs. 8,77,436.</p> <p>The Hon'ble High Court vide its order dated</p>

Sr No.	Reference to case number	Where pending	Jist of the case
			30.11.2009 disposed the appeal in favor of the Commissioner of Income tax, Mumbai and against Emmbi Polyarns Ltd. The Company intends to file an appeal before the Supreme Court of India against the order of the Hon'ble High Court.
2.	Income-tax Appeal No. 950 of 2008	High Court of Judicature at Bombay	<p>The Company is the Appellant in the appeal. The appeal has been filed against the order dated 7.2.2008 passed by the Income Tax Appellate Tribunal, Mumbai, allowing the appeal of the Income Tax Department against the order dated 10.3.2000 passed by the Commissioner of Income Tax (Appeal), Mumbai.</p> <p><u>Facts of the case</u> During the assessment year 2001 – 2002, the Appellant's profit and loss account reflected a profit of Rs. 37,61,434/- before claiming depreciation. The Appellant filed its return declaring the total income of NIL, as the entire income of the Appellant was eligible for deduction under section 801B of the Income Tax Act ("the Act"). The return of income was accompanied by Tax Audit Report under section 44AB of the Act. As in the earlier years, during the year under reference, the Appellant had not claimed any depreciation in the computation of income and offered the entire profit of Rs. 37,61,434/- before depreciation as its gross total income.</p> <p>During the course assessment proceedings the Assessing Officer observed that the Appellant had not claimed depreciation and asked for explanation from the Appellant for not claiming depreciation.</p> <p>The Appellant explained that in view of the various decisions of tribunal and those of the Hon'ble High Court, the depreciation could not be enforced. In its reply the Appellant also brought to the notice of the Assessing Officer that in terms the relevant provisions of Finance Act 2001, with effect from 1.4.2002, depreciation should be allowed to the assessee, whether or not it has been claimed by the assessee and hence depreciation cannot be thrust upon the Appellant for the relevant Assessment Year.</p> <p>The Assessing Officer completed the assessment on 25.3.2004, determining an income of Rs. 30,02,020/-. The Assessing Officer, while completing the</p>

Sr No.	Reference to case number	Where pending	Jist of the case
			<p>assessment amongst the other disallowances, thrust a depreciation of Rs. 24,73,297/- and thus reduced the income of the Appellant by the amount of such depreciation. The Assessing Officer held that depreciation is to be allowed compulsorily, before any deduction under Chapter VIA of the Act.</p> <p>Aggrieved by the order dated 25.3.2004 passed by the Assessing Officer, the Appellant filed an appeal before the Commissioner of Income Tax (Appeals), who by his order dated 1.12.2004 allowed the appeal of the Appellant on the issue and held that depreciation could not be thrust upon the Appellant and directed the Assessing Officer to work out the amount admissible to the Appellant as deduction under section 801B of the Act, without taking into consideration the depreciation amount.</p> <p>The Assessing Officer filed an appeal before the Income Tax Appellate Tribunal, against the order of CIT (Appeals). The Tribunal, by its order 7.2.2008, allowed the appeal of the Assessing Officer, holding that depreciation had to be thrust upon the Appellant in allowing deduction under section 801B of the Act.</p> <p>The present appeal has been filed by the Appellant before the Hon'ble High Court, against the order dated 7.2.2008 passed by the Income Tax Appellate Tribunal.</p> <p>The appeal has not yet been listed for hearing.</p>
3.	Notice of Demand under section 156 of Income Tax Act, 1961 (No. Pen/49/168/2008-09)	Income Tax	<p>Subsequent to the passing of the order dated 7.2.2008 by the ITAT (against which the Company has filed the before the High Court), the Income tax Officer, initiated penalty proceedings against the Company under section 271 (1) of the Income Tax Act for the Assessment Year 2001- 2002 and the Company filed its reply. The hearing of the penalty proceedings was fixed on 22.8.2008. Since by then the appeal before the High Court had been filed, the Company did not respond to the hearing fixed for 22.8.2008. The Assistant Commissioner of Income tax had passed an order based on the materials available on record and on the merits of the case. After analyzing the records and the case law on the point and on being satisfied that it was a fit case for levying penalty, the Assistant Commissioner of Income tax by his order dated 29.08.2008 passed an</p>

Sr No.	Reference to case number	Where pending	Jist of the case
			order imposing on the Company a penalty of Rs. 10,52,242/

MATERIAL DEVELOPMENTS

Significant development since the last audited balance sheet as on March 31, 2009 till the date of Red Herring Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

We have opted necessary approvals and registrations from various authorities in relation to its business activities; which include:

1. Certificate of Incorporation bearing No. 11 – 83322 of 1996 dated 29th November 1994 issued by the Registrar of Companies, Maharashtra, in the name of EMMBI Polyarns Private Limited.
2. Fresh Certificate of Incorporation bearing No. 11- 83322 dated 1st April 1999 issued by the Registrar of Companies, Maharashtra, in the name of EMMBI Polyarns Limited, consequent to the conversion of the company from a private company in to a public company.
3. Permanent Account Number issued by Income Tax department under the Income Tax Act 1961: AAACE3423G.
4. TAN No. under Incometax Act: MUME02122B, issued by the Commissioner of Income tax, Mumbai.
5. TIN (Taxpayers Identification) Number under the Maharashtra Maharashtra Value Added Tax Act, 2002 is 27120738289V w.e.f 15/12/2009 and under the Central Sales Tax Act 1956 is 27120738289C w.e.f 15/12/2009.
6. Certificate of Registration bearing No. 760035972/Commercial IT/Ward KW dated 30th January 2008, issued under the Bombay Shops and Establishments Act, 1948. Valid till 31.12.2009
7. Certificate of Registration bearing No. 1/1/29/22599 dated 10.2.2003, issued under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 with the endorsement dated 04.09.2009 for change of address.
8. Certificate of registration bearing No. 03/1/307/20081205 dated 5.12.2008 issued by Zonal Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India, Mumbai, according the status of Export House for a period of one year from 1.4.2008 to 31.3.2009. Subsequently validity is extended upto 31.03.2013.

Unit at:

99/21, Madhuban Industrial Estate
 Madhuban Dam Road
 Rakholi Silvassa
 Dadra - 396 230.

Sr. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Allotment of Service Tax Code	AAACE3423GST002	Deputy Commissioner of Central Excise, Division III. , Silvassa	Until Cancelled

Sr. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
2	Tax Deduction Account Number under Income Tax Act, 1961	MUME02122B	Commissioner of Income tax, Mumbai	Until Cancelled
3	Registration under Rule 9 of the Central Excise Rules, 2002	AAACE3423GXM002	Deputy Commissioner of Central Excise, Division III., Silvassa	Until Cancelled
4	Registration under the Factories Act	<p>Registration No.: 2182 Licence No.: 2182 <u>Items of manufacture</u> HDDE/PP Woven sacks, Plastic bags and woven fabric (on circular) excluding items reserved for SSI sector</p> <p><u>Conditions of licence</u></p> <p><u>Factory can employ not more than 100 persons on any one day during the year</u></p> <p><u>Power to be used not to exceed 600 KVA</u></p>	Chief Inspector of Factories, & Boilers Administration of Dadra and Nagar Haveli Silvassa	31.12.2010
5.	Consent from the Pollution Control Committee, Daman & Diu and Dadra & Nagar Haveli, Daman 396 220.	<p>Registration No.PCC/DDD/G-4362/RK/WA-06-07/04 dated 2.4.2008</p> <p><u>Products covered</u></p> <p>HDPE/PP Sacks, Plastic Bag and woven fabrics on circular woven looms, 5000 MT/Yr, by extrusion</p>	Pollution Control Committee, Daman & Diu and Dadra & Nagar Haveli, Fort Area , Moti Daman Daman 396 220	Valid upto 31.05.2010.
6.	Registration under Employees' Provident Fund and Miscellaneous Provisions Act, 1952.	GJ/SRT/31508/EIII /169 dated 17.4.1998.	Regional Provident Fund Commissioner, Surat.	Until cancelled
7	Transfer of electricity from the name of Gem Plasto Chem Pvt. Ltd. to	Letter No.7-8(174)/ELE/95/1262 Dated 3.5.2006	Executive Engineer, Electricity Department	Until cancelled

Sr. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
	the name of EMMBI Polyarns Ltd. for a contract demand of 600 KVA		Dadra and Nagar Haveli Silvassa	
8.	Acknowledgement of Industrial Entrepreneur Memorandum	Acknowledgement No 66/SIA/IMO/2006 dated 4.1.2006 <u>Products</u> HDPE/PP Woven sacks, Plastic Bags and Woven Fabric <u>Capacity</u> 6000 MT	Secretariat for Industrial Assistance Government of India Ministry of Commerce & Industry New Delhi	Until cancelled
9.	In principle clearance from Department of Industry	Letter No. DIC/1(695)NOC/96 /29 Dated 6.1.2006 <u>Items of manufacture</u> HDPE/PP Woven Sacks, plastic bags and woven fabric (on circular), excluding items reserved for SSI sector.	General Manager, District Industries Centre Dadra & Nagar Haveli Silvassa	-

Unit at:

191/2/4, Masat Village

Meghwad Road

Union Territory of Dadra & Nagarhaveli

Silvassa - 396 230.

S. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Allotment of Service Tax Code	AAACE3423GST001	Deputy Commissioner of Central Excise, Division III. , Silvassa	Until Cancelled
2	Tax Deduction Account Number under Income Tax Act, 1961	MUME02122B	Commissioner of Income Tax, Mumbai	Until Cancelled

S. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
3	Registration under Rule 9 of the Central Excise Rules, 2002	AAACE3423GXM001	Assistant Commissioner of Central Excise, Division II. , Silvassa	Until Cancelled
4	Registration under the Factories Act	<p>Registration No.: 570 Licence No.: 570</p> <p><u>Items of manufacture</u> Circular Woven Sacks.</p> <p><u>Conditions of licence</u> Factory can employ not more than 50 persons on any one day during the year</p> <p><u>Power to be used not to exceed 200 KVA</u></p>	Chief Inspector of Factories, & Boilers Administration of Dadra and Nagar Haveli Silvassa	31.12.2010
5.	Consent from the Pollution Control Committee, Daman & Diu and Dadra & Nagar Haveli, Daman 396 220.	<p>Registration No.PCC/DDD/G-4362/RK/WA-06-07/04 dated 2.4.2008</p> <p><u>Products covered</u> HDPE/PP Sacks, Plastic Bag and woven fabrics on circular woven looms, 5000 MT/Yr, by extrusion</p>	Pollution Control Committee, Daman & Diu and Dadra & Nagar Haveli, Fort Area , Moti Daman Daman 396 220	Valid upto 30.04.2011.
6.	Registration under Employees' Provident Fund and Miscellaneous Provisions Act, 1952.	GJ/SRT/31508/EIII /169 dated 17.4.1998.	Regional Provident Fund Commissioner, Surat.	Until cancelled
7.	In principle clearance from Department of Industry	<p>Letter No. DIC/1(695)NOC/96 /29 Dated 6.1.2006</p> <p><u>Items of manufacture</u> Circular Woven Sacks.</p>	General Manager, District Industries Centre Dadra & Nagar Haveli Silvassa	-

S. No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
9.	Entitlement Certificate	N0.26000001969	Assistant Commissioner (VAT), Dadra and Nagar Haveli, Silvassa.	Exemption valid upto 01.08.2012 for Circlar Woven Sacks.

Details of Trade Marks for which applications have been filed

Specification of goods in respect of which the applications have been made are the same in all the applications viz. HDPE/PP Woven Fabrics, Sacks Bags, Laminated and Unlaminated with HDPE/LD/LLD/MHDP/PP Liner Bags, Polypropylene Bags, HDPE Bags, Woven Fabrics and other Woven Sacks Product, Wrapping Fabrics, PP Woven Fabrics.

Sr. No.	Application No.	Date of Application	Trade Mark Name	Class in respect of which application has been made	Present status of the application
1..	1853032	21.08.2009	Emmbi Jumbo	22	Pending
2.	1853033	21.08.2009	Emmbi Box	22	Pending
3.	1853034	21.08.2009	Emmbi	22	Pending
4.	1853035	21.08.2009	Emmbi Twist	22	Pending
5.	1853036	21.08.2009	Emmbi Shild	22	Pending
6.	1853037	21.08.2009	Emmbi Flat	22	Pending

OTHER REGULATORY AND STATUTORY DISCLOSURES

A) AUTHORITY FOR THE PRESENT ISSUE

The shareholders of Emmbi Polyarns Limited have authorized the Issue by a resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Annual General Meeting held on 20/08/2009.

B) PROHIBITION BY SEBI

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

C) Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of the (Issue of Capital and Disclosure Requirements) as confirmed by the Auditors of The Company, M/s K.J. Shah & Associates, Chartered Accountants, dated 08/01/2010 as explained under:

- Emmbi has a net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Emmbi has a pre-Issue net worth of at least Rs. 1 crore in each of the three preceding full years (of 12 months each);
- Emmbi has a track record of distributable profits as per Section 205 of Companies Act , 1956, for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth;
- Emmbi has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the restated unconsolidated financial statements are as under:

Particulars	6 months ended 30/09/2009	(In Rs. lacs) For the Financial Year Ended March 31				
		2009	2008	2007	2006	2005
Distributable Profits(1)	121.31	136.28	53.81	51.55	63.36	33.53
Net Worth (2)	902.07	780.48	643.66	588.31	486.21	240.36
Net Tangible Assets (3)	3,150.88	2893.61	2611.78	2111.71	1505.34	630.01
Monetary Assets(4)	61.83	50.20	28.81	20.93	18.41	8.05
Monetary Assets as a % of Net Tangible Assets	1.96	1.73	1.10	0.99	1.22	1.28

Note:

- (1) *Distributable profits have been defined in terms of section 205 of the Companies Act.*
- (2) *Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.*
- (3) *Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.*
- (4) *Monetary assets comprise of cash and bank balances, public deposit account with the Government.*

The Company satisfies all the eligibility criterias, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulation. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters, the company, directors of Emmbi are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

Emmbi undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

D) DISCLAIMER CLAUSE (SEBI)

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 21/09/2009 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION, 1992, WHICH READS AS FOLLOWS:

- (1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER 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 THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- (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 THE BOARD 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 THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE

THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (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/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
 - (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 THE BOARD FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD 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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF

COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The promoter / director of Emmbi Polyarns Limited, Mr. Makrand Appalwar, Ms. Rinku Appalwar, Dr. Mitravinda Appalwar, Dr. Venkatesh Joshi, Mr. Sanjay Rathi and Mr. Ashesh Garg confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

E) DISCLAIMER STATEMENT FROM THE COMPANY AND THE BRLM

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.emmbi.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 21/09/2009 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

F) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds). This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra 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 this Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE):

"Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated November 10, 2009 permission to the Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/125588-6 dated December 11, 2009 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of Credit Analysis & Research Ltd. (CARE) IPO Grading Agency

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the “**CARE IPO Grade 2**” indicating Poor Fundamentals, through its letter dated January 19, 2010. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals.

Disclaimer clause: CARE’s IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE’s IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

H) FILING

A copy of this RHP has been filed with SEBI at Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Maharashtra, Mumbai.

I) LISTING

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. NSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

J) 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."

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, Bankers to the Issue, BRLM and the Registrar to the Issue, Appraising Agency, Syndicate Member, to act in their respective capacities, have been obtained and will 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 have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

K.J.Shah & Associates, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this RHP.

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

M) EXPENSES OF THE ISSUE

The Management estimates an expense or Rs. [•]Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in Lacs)				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[•]	[•]	[•]
2.	Advertising and Marketing Expenses	[•]	[•]	[•]
3.	Printing and Stationery	[•]	[•]	[•]
4.	Others (Registrar's Fee, Legal Fee, etc.)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* Will be incorporated after finalisation of Issue Price

N) DETAILS OF FEE PAYABLE

Book Running Lead Manager to the Issue

The total fees payable to the Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Manager will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 12/08/2009.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/ under certificate of posting.

O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 15 of this RHP.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the ten years preceding the date of this RHP.

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

We have issued 46,99,530 equity shares of Rs. 10 each as bonus in the ratio of 3 shares for every 2 shares on 20/08/2009 by capitalizing free reserves, other than this we have not issued any equity shares for consideration otherwise than for cash.

R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

S) CAPITAL ISSUE DURING THE LAST THREE YEARS

Emmbi Polyarns Limited and its group companies have not made any capital issue during the last three years.

T) PROMISE VIS-A-VIS PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this RHP.

V) STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the

applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Datamatics Financial Services Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Ashvini Godbole, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Ms. Ashvini Godbole
 Company Secretary & Compliance Officer
Emmbi Polyarns Limited
 309-310 Kuber Complex,
 Opp. Laxmi Industrial Estate,
 New Link Road, Andheri [West],
 Mumbai- 400 053;
Tel.: +91-022-6784 5555; **Fax :** +91-022- 6784 5506
E-mail: ashvini.godbole@emmbi.com.

X) CHANGES IN AUDITORS

There has been no change in the auditor of the Company since past three years.

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Our company has issued 46,99,530 Equity Shares in the ratio of 3 equity shares for every 2 equity shares held (3:2), on 20/08/2009 by capitalizing reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.

SECTION VI - OFFERING INFORMATION

A) TERMS OF THE ISSUE

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

RANKING OF EQUITY SHARES

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

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 40/- and the Cap Price is Rs. 45/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 150 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the 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. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our 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, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Net Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

B. ISSUE STRUCTURE

Public Issue of 95,74,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.[●] per Equity Share, aggregating Rs. [●]Lacs (hereinafter referred to as the "Issue"). Up to 50,000 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price and a Net Issue of 95,24,000 Equity Shares of Rs. 10/- each. The Issue would constitute 55.00% of the post Issue paid-up capital of the Company and the Net Issue will constitute 54.72% of the post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process:

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 50,000 equity shares	Upto 47,62,000 Equity Shares will be allotted to QIBs.	Not less than 14,28,600 Equity Shares shall be available for allocation.	Not less than 33,33,400 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto 0.52% of the Issue size.	Upto 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) 2,38,100 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 45,23,900 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	150 Equity Shares and in multiples of 150 Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 150 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 150 Equity Shares thereafter.	150 Equity Shares and in multiples of 150 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder ****	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees of the Company	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance	Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs.100,000 in value.

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		with applicable law.		
Terms of Payment	Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate. ***	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.***
Margin Amount	Full Bid Amount on Bidding.	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Regulations.

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

*** Resident Retail Individual Investor and Non-Institutional Bidders are eligible to apply through ASBA process also, for details please refer Section "ASBA Process" on page 175 of this Red Herring Prospectus.

**** If the aggregate demand in this category is less than or equal to 50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.

If the aggregate demand by Mutual Funds is less than 2,38,100 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the 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.

Bidding/Issue Programme

BID/ISSUE OPENS ON	MONDAY, FEBRUARY 01, 2010
BID/ISSUE CLOSES ON	WEDNESDAY, FEBRUARY 03, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

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 the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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

C) ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all 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. Further up to 50,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
Eligible employees applying in the Employee Reservation Portion	Pink
ASBA Form	ASBA - White

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- 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 authorized to invest in the 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, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI,
- Multilateral and Bilateral development financial institutions
- 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 authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Eligible Employees (as defined in the section "Definitions and Abbreviations" beginning on page ii of the Red Herring Prospectus.)

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM and Syndicate Members

The BRLM and 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 Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Eligible Employees

Reservation to Eligible employees has been provided in this issue, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009. Eligible Employee shall mean a permanent and full-time employee or a Director of the

Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoters and the Promoter Group. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., pink color form).
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/First Bidder should be Eligible Employees as defined above. In case the Bid-cum- Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum- Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,38,100 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in 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 capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

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. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Sebi Registered Venture Capital Funds And Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer section “ASBA Process” in this Red Herring Prospectus.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of 150 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-Off’.

- c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter. Eligible Employees, whose Bid Amount does not exceed Rs.100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds Rs.100,000 may not Bid at Cut-off Price. A single applicant applying under the Employee Reservation portion may make an application for a number of specified securities which exceeds the reservation i.e; 50,000 equity shares. However, allocation shall be made on a proportionate basis provided that the value of allotment to any employee in pursuance of the employee reservation, shall not exceed Rs. 1,00,000.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi). The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at least two working days before the opening of the bid, by way of an

announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.

3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.
8. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
9. The Price Band has been fixed at Rs. 40/- to Rs. 45/- per Equity Share of Rs. 10 each, Rs. 40/- being the lower end of the Price Band and Rs. 45/- being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One)
10. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Regulations. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
11. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
12. The Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 154 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple 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 "Bids at Different Price Levels and Revision of Bids" on page 154 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
4. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 160 of this Red Herring Prospectus.
6. For ASBA Process, please refer section "ASBA Process" on page no. 175 of this Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders or Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders and Bidders in Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in Employee Reservation Portion who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Bidders in Employee Reservation portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the

number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion 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.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 150 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. Revision option is also available to ASBA investor. For details, please refer section "ASBA Process" in this Red Herring Prospectus.
7. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
8. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
9. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
10. 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.
11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will

subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form
 - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page 164 of this Red Herring Prospectus.
8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRIs and FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

3. For Retail Individual Bidders, the Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 150 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 150 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
10. Revision option is also available to ASBA investors. For details, please refer section "ASBA Process" in the Red Herring Prospectus.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form (White in colour) or Non Resident Bid cum Application Form (Blue in colour);
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the 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.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f) Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, bidder in Employee Reservation Portion, for bid amount in excess of Rs. 100,000);
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate. For ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. 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 or the Registrar or the Escrow Collection Banks nor the Bank 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company

reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

For ASBA Process, please refer section "ASBA Process" on page no. 175 of this Red Herring Prospectus.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation portion shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page 160

of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 144 of this Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in -Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: "Escrow Account – Emmbi – QIB - R"
 - (b) In case of Non Resident QIB Bidders: "Escrow Account – Emmbi – QIB - NR"
 - (c) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account – Emmbi - R"
 - (d) In case of Non Resident Retail and Non-Institutional Bidders: "Escrow Account – Emmbi - NR"
 - (e) In case of Eligible Employees: "Escrow Account – EMP - Emmbi - R"
4. In case of Bids by Eligible NRI's applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the 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 or FCNR Account.
5. In case of Bids by NRI's applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. 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.
7. Where a Bidder has been allocated/ Allotted 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/Allotted will be refunded to the Bidder from the Refund Account.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the

Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

9. For ASBA Process, please refer section “ASBA Process” on page no. 175 of this Red Herring Prospectus.

Submission of Bid cum Application Form

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account to be blocked, is maintained. For further details pertaining to ASBA process, please refer section “ASBA Process” in this Red Herring Prospectus.

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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric

characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional

Bidders, Retail Individual Bidders and Bids under the Employee Reservation portion, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- i. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- ii. Bank account details (for refund) are not given;
- iii. Age of First Bidder not given;
- iv. 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;
- v. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- vi. PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - PAN or GIR Number" beginning on page 163 of this Red Herring Prospectus;
- vii. GIR number furnished instead of PAN;
- viii. Bids for lower number of Equity Shares than specified for that category of investors;
- ix. Bids at a price less than lower end of the Price Band;
- x. Bids at a price more than the higher end of the Price Band;
- xi. Bids at Cut-off Price by Non-Institutional, QIB Bidders and Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.100,000;
- xii. Bids for number of Equity Shares, which are not in multiples of 150;
- xiii. Category not ticked;
- xiv. Multiple Bids as defined in this Red Herring Prospectus;
- xv. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- xvi. Bids accompanied by Stockinvest/ money order/postal order/cash;
- xvii. Signature of sole and/or joint Bidders missing;
- xviii. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- xix. Bid cum Application Form does not have the Bidder's depository account details;
- xx. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- xxi. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- xxii. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- xxiii. Bids by QIBs not submitted through members of the Syndicate;
- xxiv. Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- xxv. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- xxvi. Bids by OCBs;

- xxvii. Bids by employees or directors of the Company or its subsidiaries who are not eligible to apply in the Employee Reservation Portion;
- xxviii. Bids by U.S. persons, other than “qualified institutional buyers” as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- xxix. Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- xxx. Bids through ASBA process by QIB Bidders

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 2,38,100 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, 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 and the Selling Shareholder, in consultation with the BRLM and the Designated Stock Exchange. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.

Under-subscription, if any, in any category, would be met with spill over from other categories at our sole discretion in consultation with the BRLM.

5. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The

Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated newspapers (one each in English & Hindi).

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for Retail Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM or the members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all Allotted to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical

book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid cum Applications Forms may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of 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.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated December 31, 2009 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated January 08, 2010 with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.

- c) 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 or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The 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 within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched 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 within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges,

and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 working days from the Bid/Issue Closing Date.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 33,33,400 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 33,33,400 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 150 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail 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 14,28,600 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 14,28,600 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 150 Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The 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 QIB Portion shall be determined as follows:
- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance, Allotment to all QIBs shall be determined as follows:
- (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

➤ The aggregate Allotment to QIB Bidders shall be upto 47,62,000 Equity Shares.

D. Employee Reservation Portion

- The allotment procedure and basis of allotment shall be on the basis of Regulation 50 of SEBI (ICDR) Regulations, 2009.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.
- If the aggregate demand in this category is greater than 50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50,000 Equity Shares up to a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

Under-subscription, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company 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 basis of allotment is finalized in a fair and proper manner in accordance with the allotment procedure specified Schedule XV of SEBI (ICDR) Regulations 2009.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (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 150 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 portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 150 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 150 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (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.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

- I. **ECS** - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram

(managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.

- II. **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 the Bank.
- III. **RTGS** – Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever 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.
- V. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company

shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 15 day time prescribed above.

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 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.

Mode of making refunds for Applications Supported by Blocked Amount

Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant bank accounts.

UNDERTAKINGS BY THE COMPANY

We undertake that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund.
- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time and

- That the adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The 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 Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company incase such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of our company.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this RHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

The reach of ASBA has now been extended to all categories of investors except Qualified Institutional Buyers. The bidders bidding through ASBA facility shall be herein after called ASBA Bidders which are Non-QIB Investors.

A Non-QIB Investor shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (**ASBA Account**) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank

account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. 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 bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM

ASBA Form

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. 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 form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA 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. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

In accordance with the SEBI Regulations, an "ASBA investor", i.e., all investors other than QIBs can submit their application through ASBA process to bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter.

Information for the ASBA Bidders:

- The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.

- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's 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 accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA investors have the right to revise the bid. Suitable provisions in this regard shall be provided in the ASBA application form.

Method and Process of Bidding

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- The Designated Branches of the SCSB's shall give an acknowledgment by giving the counter foil or specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (.TRS.). The TRS shall be furnished to the ASBA Bidder on request.

- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSB's

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless it has received the ASBA in a physical or electronic form; and it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

- At the time of registering each Bid, the Designated Branches of the SCSB's shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder's beneficiary account.
 - In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Non-QIB Investors applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory

advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a Check if you are eligible to Bid under ASBA process.
- b Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c Read all the instructions carefully and complete the ASBA form .
- d Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- e Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM.

- f Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- g Ensure that you have mentioned the correct bank account No. in the ASBA form.
- h Ensure that you have sufficient funds as may be required for the number of Equity Shares Bided in the issue, are available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- i Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- j Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- k Ensure that you have mentioned your Permanent Account Number (PAN) allotted under the I.T. Act.
- l Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- m Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a Do not submit an ASBA Bid if you are not a QIB Bidder.
- b Do not Bid for lower than the minimum Bid size.
- c Do not Bid on another ASBA or Non-ASBA form after you have submitted
- d Submit the Bid to a Designated Branch of the SCSB.
- e Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- f Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- g Do not mention the GIR number instead of the PAN Number.
- h Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.

- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA 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 ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, (Demographic Details.). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is 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. CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application

Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful 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. 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 ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and 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.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Right to Reject ASBA Bids

The Designated Branches of the SCSB's shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

GROUNDNS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection. on page no. 164 of this RHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bid made by QIB Investors;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
5. PAN not stated, or GIR number furnished instead of PAN. See 'Issue Procedure' - PAN or GIR Number on page no. 163;
6. Bids for number of Equity Shares, which are not in multiples of 150;
7. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
8. Multiple Bids as defined in the Red Herring Prospectus;
9. In case of Bid under power of attorney, relevant documents are not submitted;
10. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
11. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
12. ASBA form does not have the Bidder's depository account details;
13. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
14. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
16. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the

required information from the SCSB's 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. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to other Bidders. For details, see section **Issue Procedure- Basis of Allotment** on page no. 169 of this RHP.

SECTION VII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

SHARES AND CERTIFICATES

- 1) The Company shall cause to be kept a Register and Index of Members in accordance with the applicable provisions of the Act. The Company shall be entitled to keep in any state or country outside India a Branch Register of Members resident in that state or country.
- 2) The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner herein before 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.

FURTHER ISSUE OF SHARES

- 3) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued Share Capital or out of increased Share Capital, then such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit to the capital paid-up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. The amount to be paid-up on application and allotment on the shares so offered shall be equal in all respect for all the share-holders. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
- 4) Notwithstanding anything contained in the immediately preceding clause, the Company may:
 - a) by a Special Resolution; or
 - b) where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled 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 in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person and such person need not be at the date of such offer, a holder of equity shares.
 - c) Notwithstanding anything contained in the above para, but subject, however to the applicable provisions of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

DISPOSAL OF SHARES

- 5) Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may issue and allot or otherwise dispose off the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction by the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company (subject to applicable provisions of the Act) at a premium or at a discount and such option being exercisable for such time and for such consideration as the

Directors may think fit. The Board shall cause to be filed the prescribed return as to such allotment(s).

- 6) In addition to and without derogating from the powers for that purpose conferred on the Board under the foregoing provisions, the Company in General Meeting may, subject to the applicable provisions 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 at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.
- 7) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member.
- 8) The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- 9) Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time, in accordance with the Company's regulation require or fix for the payment thereof.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

- 10) Every Member or allottee of shares shall be entitled without payment, to receive one or more certificates in the prescribed standard/marketable lot specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board or a Committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, or such other document issued by Company; save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or person acting on behalf of the Director 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 authorised person shall sign the share certificate. Particulars of every share certificate issued shall be entered in the register of members against the name of the person(s) to whom it has been issued, indicating the date of issue.
- 11) Any two or more joint allottees of the share shall, for the purpose of this Article, be treated as the single Member, and the certificate of any share, which may be the subject to joint ownership, may be delivered to any one of such joint ownership 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 Rupees Two. The Company shall comply with section 113 and/or other applicable provisions of the Act.
- 12) 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.

- 13) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued, is surrendered to the Company. The Company shall be entitled to charge (but not bound for the same) such fee, not exceeding Rupees Five per certificate, issued on splitting or consolidation of share certificates or any replacement of share certificates that are torn or defaced, as the Board thinks fit. The Company has Permission for sub-division/consolidation of share certificates.
- 14) When a new share certificate has been issued in pursuance of sub-clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. ---- sub-divided/replaced/on consolidation of shares".
- 15) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees Two as the Board may from time to time fix, and on such terms if any, as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- 16) When a new share certificate has been issued in pursuance of sub-clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Duplicate issued in lieu of share certificate No. The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
- 17) Where a new share certificate has been issued in pursuance of sub-clause (a) or sub-clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.
- 18) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such form shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- 19) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-clause (f).
- 20) If any share stands in the name of two or more persons, the person first named in the Register of Members shall, as regards 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 the sole holder thereof but the joint-holders of a share shall be severally, as well as jointly, liable for the payment of all instalments and calls due in respect of such share and for all incidentals thereof according to the Company's regulations.
- 21) Except as ordered by a Court of competent jurisdiction or as required by Law, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly 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 their sole discretion to register any share in the joint names of any two or more persons or the survivors of them.

- 22) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own shares or other securities, (i.e. buy-back) whether or not redeemable, from out of the sources as permissible under the Law. As regard to the financing for subscribing or investing in its own shares or securities by the Company, the statutory provisions for the time being applicable to the Company shall be observed.

23) **DIRECTORS MAY REFUSE TO REGISTER TRANSFER:**

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

24) **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.

25) **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST.**

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.

- 26) 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.

- 27) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

28) **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.

41) UNPAID OR UNCLAIMED DIVIDEND.

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank to be called "_____ Unpaid Dividend Account."

The company shall transfer any money transferred to the unpaid dividend Account of a 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.

That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law; otherwise agreed, the registration of a shares shall operate as a waiver of the Company's lien, if any, on such shares.

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

The net proceeds of any such sale shall be received by the Company and applied in or towards payment, of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

45) FORFEITURE OF SHARES

If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and express as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

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, at any time thereafter, but before payment of all calls

or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys paid before the forfeiture.

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Any share so forfeited shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board think fit.

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, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture until payment, at such as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale be in damages only and against the Company exclusively.

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, 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 persons or persons entitled thereto.

The Board may at any time before any share so forfeited shall have been so sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions, as it thinks fit.

46) TRANSFER AND TRANSMISSION OF SHARES

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

That a common form of transfer shall be used.

The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

The instrument of transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situate to close the transfer books, the Register of Members or the Register of holders of any other security, at such time or times and for such period or periods, as may be prescribed by the Act or any statutory authority.

Subject to the applicable statutory provisions of the Act, the Board of Directors may refuse whether in pursuance of any power of the Company under the Articles or otherwise to register the transfer of, or the transmission by operation of law or the right to any shares or interest of a member in, or any security of the Company, the Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any person or persons is indebted to the Company on any account whatsoever, except the outstanding allotment/call money/any interest on the same.

Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of the Act.

In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

The executors or administrators or holders of a succession certificate or the legal representative of a deceased member (not being one of two or more joint-holders) shall be the only persons registered by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a appropriate Court; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or letters of administration or succession certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under the circumstances described elsewhere in this Article, register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member, as a member.

No share shall in any circumstances be subscribed for by or transfer to, any insolvent or person of unsound mind.

Subject to the provisions of these presents, any person becoming entitled to shares in consequence of death, lunacy, bankruptcy, or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be

under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or such title, as the Board thinks sufficient, either be registered himself as the holders of the shares or elect to have some person nominated by him as approved by the Board registered as such holder; provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee as instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

The Board shall have the same right to refuse to register a person entitled by transmission to any shares or his nominees as if he were the transferee named in the case of a transfer of shares presented for registration.

Every Holder of Shares in or holder of other security of a Company may at any time, nominate, in the prescribed manner, a person to whom all the rights in the shares or such other security of the Company shall vest in the event of his death. Where the shares in, or debenture of, a Company shall vest in the event of death of all the joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or other security of the Company, where a nomination made in the prescribed manner purports to confer such rights on the nominee, upon death of the share holder or joint share holder as the case may be, he shall be vested with same rights as the original share holder or as a joint holder, which the original shareholder held vis-à-vis other joint holders, if any, and the Company shall not be required to recognise other persons.

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividend or money as herein provided, be entitled to receive, and may give a discharge for any dividend or money as herein provided, be entitled to receive, and may give a discharge for any dividend or other moneys payable in respect of such share.

- 47) No fee shall be charged for the registration of a transfer or transmission of any share.
- 48) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company; and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereof, if the Board shall so think fit.

49) **Dematerialization / Rematerialization of Securities**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such Securities.

Options for investors

Every person subscribing to securities offered by the company shall have the option to receive security certificated or to hold the securities with a depository, such a person who is the beneficial owner of the securities can opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If 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 information, the depository shall enter in the records, the name of the allottee as the beneficial owner of the securities.

Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialized and shall be in fungible form. No Certificate shall be issued for the securities held by the depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Transfer of Securities

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt within a Depository

Notwithstanding anything contained in the Act, or these Articles, where a depository deals within or the securities, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.

Distinctive Nos. of Securities held in a Depository

Notwithstanding in the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall not apply to securities held with a depository.

Register and Index of beneficial owners

The Register and index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purpose of these Articles.

Right of Depositories and beneficial owners

- (a) Notwithstanding anything contained in the Provisions of the Companies Act, 1956 and these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the company. The beneficial owners of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities, which are held by the depository.

BORROWING POWERS

- 50) Subject to the provisions of Section 58A, 292, 293 and other applicable provisions of the Act, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board,

accept deposits from Members, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company.

- 51) Subject to the provisions of these presents, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, by resolution passed at the meeting of the Board (but not by circulation) and in particular, by the issue of bonds, debentures, debenture stock or other security of the Company either unsecured or secured by a mortgage or charge over all or any part of the property of the Company (both present or future) including its uncalled capital for the time being, and debentures, debenture-stock, bonds and other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.
- 52) Any debentures, debenture-stock, loan stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meeting, appointment of Director and otherwise. Debenture with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.
- 53) The Board shall cause a proper Register to be kept in accordance with the provisions of the Act, of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the statutory requirements of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board.
- 54) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holder in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of debenture-holders resident in that state or country.
- 55) Debenture, debenture stock and other securities of the Company shall be transferable, transmitted and consolidated in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of shares in the Company and the provision contained in these Articles of Association relating to transfer and transmission, split and consolidation of shares, shall apply mutatis mutandis, to the transfer and transmission, split and consolidation of debentures and debenture-stock.

MEETINGS OF THE MEMBERS

- 56) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year. All General Meetings other than Annual General Meeting shall be called Extra-Ordinary General Meetings. An Annual General Meeting shall be held within six months after the expiry of each Financial Year. Provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at such place as is permissible by the Act and as the Board may determine. The notice calling the meeting shall specify it as the Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited statement of Accounts) and the Register of Directors' Shareholdings which register shall remain open and accessible during the continuance of the Meeting.

- 57) The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting and it shall do so upon a requisition in writing by Member or Members holding in the aggregate not less than the prescribed proportion of the paid-up Capital as at that carries the right of voting in regard to the matter in respect of which the requisition has been made.
- 58) Any valid requisition so made by Member or Members must state the object or objects of the Meeting proposed to deposit at the office PROVIDED that such requisition may consist of several documents in like form, each signed by one or more requisitionists.
- 59) Upon receipt of any such requisition, the Board shall forthwith call an Extra-Ordinary General Meeting, and if they do not proceed within 21 days from the date of the requisition being deposited at the Office, to cause meeting to be so called on a day not latter than forty-five days from the date of deposit of the requisition the requisitionist, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid.
- 60) Any Meeting called under the foregoing Articles by the requisitionist shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.
- 61) Twenty-one days' notice at the least of every General Meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other Meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of special business relates to, or affects any other Company, of every Director, and the Manager, if any, of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid-up share capital of that other Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
- 62) The accidental omission to give any such notice as aforesaid to any of the Members or other person to whom it should be given, or the no-receipt thereof, shall not invalidate any resolution passed at any such meeting.
- 63) No General Meeting, Annual or Extra-Ordinary, shall be competent to enter upon, discuss or transact any business, which has not been mentioned in the notices upon which it was convened.
- 64) Five Members present in person shall be quorum for a General Meeting.
- 65) 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.
- 66) If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members,

shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday, until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum and may transact the business for which the meeting was called.

- 67) The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extra- Ordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be 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 select one of them to be Chairman.
- 68) No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.
- 69) 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.
- 70) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company to the extent prescribed.
- 71) The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Unless a poll is demanded, a declaration by the chairman that a resolution has on a show of hands, been carried or carried unanimously or by a particular majority, or lost and on entry to that effect in the Minute Book of the Company shall be conclusive evidence recorded in favour of or against that resolution.
- 72) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
- 73) If a poll is demanded as aforesaid, the same shall, subject to any provisions of these presents, be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
- 74) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereto, to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- 75) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith.
- 76) 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.

VOTES OF MEMBERS

- 77) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meetings of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
- 78) Subject to the provisions 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, who is not otherwise disqualified, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, 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, a preference Shareholder of the Company, save as provided in clause (b) of sub-section (2) of Section 87 or other applicable provisions of the Act, shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.
- 79) 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.
- 80) A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and any such committee or guardian may, on poll vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute, by the Chairman of the meeting.
- 81) If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint-holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register of Members 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 shares stand shall for the purpose of these Articles be, deemed joint-holders thereof.
- 82) Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with the provisions of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.
- 83) Any person entitled to any share upon transmission or nomination 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, 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.
- 84) Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointor or his attorney, or if such appointor is a Corporation, under the common seal of such Corporation, or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

- 85) An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
- 86) A Member present by proxy shall be entitled to vote only on a poll.
- 87) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarised certified copy of that power of authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- 88) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in the Act.
- 89) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.
- 90) 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.
- 91) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
 - a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
 - b) Each page of every such book shall be initialled or signed and the last page of the records of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the time prescribed by the Act., or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.
 - c) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
 - d) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.
 - e) All appointments of officers made at any meeting aforesaid shall be included in minutes of the meeting.
 - f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting is or could reasonable be regarded as defamatory of any person, or is irrelevant or immaterial to the proceedings or is detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non inclusion of any matter in the minutes on the aforesaid grounds.
 - g) Any such minutes shall be a conclusive evidence of the proceedings recorded therein.
 - h) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be kept open during business hours, for such periods not being less,

in the aggregate, than two hours in each hours in each day, as the Directors determine, to the inspection of any Member without charge.

DIVIDENDS

- 92) The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles, and subject to the provisions of the Act and of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.
- 93) The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
- 94) No dividend shall be declared or paid otherwise than out of profits of the Financial year arrived at after providing for the depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both.

Provided that:

- a. If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year, or out of the profits of any other previous year or years.
 - b. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years, whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
 - c. Notwithstanding anything contained herein, no dividend shall be declared or paid by the Company for any financial year out of profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act, except after the transfer to the reserves of the Company of such percentage of its profits for that year, not exceeding ten percent , as may be prescribed. Provided that nothing in this sub-clause shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to the reserves in accordance with the prescribed rules in this behalf.
 - d. Where, owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend 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 prescribed rules in this behalf, and, where any such declaration is not in accordance with the prescribed rules, such declaration shall not be made except with the previous approval of the appropriate authority.
- 95) Subject to the provisions of the Act, the Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.
 - 96) Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
 - 97) 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.

- 98) Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any person is under any provisions of these presents is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
- 99) Any one of several persons who are registered as the joint holders of any share may give effectual receipt for all dividends or bonus and payments on account of dividends or bonus or other moneys in respect of such shares.
- 100) No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, while any money may be due owing from him to the Company in respect of such share or otherwise, howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any Member all sums of moneys so due from him to the Company.
- 101) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
- 102) Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall:
 - a. transfer the dividend in relation to such shares to the Special Account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer and
 - b. keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205 of the Act.
- 103) Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of the cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register of members in respect of joint-holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.
- 104) Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.
- 105) Where a dividend has been declared by the Company but has not been paid or claimed within forty-two (42) days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall deal with the same in the manner as directed by the Act.
- 106) In the above para, the expression "dividend which remains unpaid" shall mean any dividend the warrant in respect whereof has not been encashed or which has otherwise not been paid or claimed.
- 107) Any General Meeting declaring a dividend may, on the recommendation of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, to set off against the calls.

DOCUMENTS AND NOTICES

- 108) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India, supplied by him to the company for serving documents or notices on him, or in any other manner as may be permitted by the law from time to time.
- 109) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member and such service shall be deemed to have been effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the documents or notice is posted and in any other case, at the time at the which the letter would be delivered in the ordinary course of post.
- 110) A document or notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address within India for the service of documents on or the sending of notices to him.
- 111) A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the register of Members in respect of the share.
- 112) A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such as address has been so supplied) be serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
- 113) Documents or notices of every General Meeting shall be served or given in same manner herein before authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member (c) the Auditor or Auditors for the time being of the Company; and (d) any other person, who by provision of the Act, is entitled to receive the same.
- 114) Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such share.
- 115) Any document or notice to be served by the Company may be signed by a Director or some person duly authorised by the Board for such purpose and the signatures thereto may be written, printed or lithographed.
- 116) All documents or notices to be served or given by Members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

WINDING UP

- 117) The liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share

capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidator, with like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

- 118) Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under section 633 or other applicable provisions of the Act in which relief is granted to him by the Court or other Appropriate Authority.

INSPECTION OF REGISTERS ETC.

- 119) Where under any provisions of the Act any person, whether a Member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors may determine.

SECRECY CLAUSE

120)

- a. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customer and the state of the accounts with individuals and in matters relating thereto, and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions as these presents contained.
- b. No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION VIII - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this RHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this RHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company between 9:30 am to 5:30 pm on any working day from the date of this RHP until the date of closure of the subscription List.

Material contracts

1. Memorandum of Understanding dated 21/09/2009 entered into between the Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated 12/08/2009 entered into between the Company and Datamatics Financial Services Limited, Registrar to the Issue.
3. Escrow Agreement dated [●], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated 08/01/2010 entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated 31/12/2009 entered into between the Company, NSDL and Registrar to the Issue.

Material Documents

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Shareholders' resolutions dated 20/08/2009 in relation to this Issue.
3. Resolutions of the general body meeting dated 25/07/2009 for appointment and remuneration of Mr. Makrand Appalwar & Ms. Rinku Appalwar.
4. Audited Balance sheets and Profit and Loss Accounts of the Company for the financial years ending on March 31, 2009, 2008, 2007, 2006 and 2005.
5. Consents of Auditors, Bankers to the Company, Bankers to the Issue, BRLM, Registrar to the Issue, Directors of our Company, Legal Advisor to the Issue, Appraising Agency, Syndicate Member, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. Legal Due Diligence Report dated 21/09/2009 by Corporate Law Chambers India, Advocates, Legal Advisor to the Issue and copy of their letter dated 09/01/2010 pertaining to the developments in their Due Diligence Report.

7. Copy of certificate dated 07/01/2010 issued by K. J. Shah & Associates, Chartered Accountant and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
8. Copy of certificate dated 19/08/2009 issued by K. J. Shah & Associates, Chartered Accountant and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
9. Copy of Certificate dated 08/01/2010 issued by K. J. Shah & Associates, Chartered Accountant and Statutory Auditors of the Company stating that all the accounting policies adopted by the Company in preparation of financial statements are in compliance with the applicable Accounting Standards.
10. Copy of appraisal note dated 04/01/2010 by PNB Investement Services Limited, an appraising arm of Punjab National Bank for the accessing the Techno Economic Viability (TEV) of the Company for its future expansion.
11. Copy of certificate dated 08/01/2010 received from K. J. Shah & Associates, Chartered Accountant and Statutory Auditors of the Company regarding sources and deployment of funds.
12. Undertakings by the Company.
13. IPO grading report dated January 19, 2010 issued by Credit Analysis and Research Limited (CARE), a credit rating agency registered with SEBI.
14. Copy of In-principle approval received from BSE vide their letter no. DCS/IPO/SI/IPO-IP/877/2009-10 dated November 10, 2009 for listing of the securities offered through this Offer Document at BSE.
15. Copy of In-principle approval received from NSE vide their letter no. NSE/LIST/125588-6 dated December 11, 2009 for listing of the securities offered through this Offer Document at NSE.
16. SEBI Observation Letter No. CFD/DIL/ISSUES/SK/VT/189070/2009 dated December 30, 2009 issued by the Securities and Exchange Board of India and reply to the observation by Keynote Corporate Services Limited (Book Running Lead Manager) vide their letter no. Emmbi/CL/Jw(01) dated January 09, 2010.

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.

PART III DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Sd/-

Makrand Appalwar
Chairman & Managing Director

Sd/-

Rinku Appalwar
Director

Sd/-

Mitravinda Appalwar
Director

Sd/-

Venkatesh Joshi
Director

Sd/-

Sanjay Rathi
Director

Sd/-

Ashesh Garg
Director

Signed by the Company Secretary and Compliance Officer

Sd/-

Ashvini Godbole
Company Secretary & Compliance Officer

Date:
Place: Mumbai