



HEMANI INDUSTRIES LIMITED

(Formerly Hemani Intermediates Limited)

Our Company was incorporated as 'Hemani Intermediates Private Limited' a private limited company under the Companies Act, pursuant to a Certificate of Incorporation dated February 3, 1994 bearing registration number 11 – 76416 of 1994 issued by the Additional Registrar of Companies, Maharashtra, Mumbai. Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to 'Hemani Intermediates Limited' pursuant to a fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated April 15, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Thereafter, the name of our Company was changed to 'Hemani Industries Limited' pursuant to fresh certificate of incorporation consequent upon change of name dated May 3, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Our corporate identification number is U24114MH1994PLC076416. For further details of our Company, please refer to the chapters titled 'General Information' and 'History and Certain Corporate Matters' beginning on pages 10 and 90 respectively, of the Draft Red Herring Prospectus.

Registered Office: 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra, India

Tel. No.: +91 22 6140 7600; **Fax No.:** +91 22 2513 4483;

Company Secretary and Compliance Officer: Ms. Monali Wakalkar; **Email:** c.secretary@hemanigroup.com; **Website:** www.hemanigroup.com

PROMOTERS: MR. MOHAN DAMA AND MR. PREMJI HEMANI

PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH OF HEMANI INDUSTRIES LIMITED ("COMPANY") OR "ISSUER" FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ [●] LACS (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 30.76% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of any revision in the Price Band, the Bid / Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("SCSBs"), the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and at the terminals of the other members of the Syndicate.

This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of the Company, Equity Shares will be offered to the public for subscription in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"). The Issue is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). 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 QIB Bidders, including Mutual Funds, subject to valid Bids being received 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. All non-retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled 'Issue Procedure' beginning on page 191 of the Draft Red Herring Prospectus.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is ₹ 10. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined by our Company in consultation with the BRLM, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the chapter titled 'Basis for the Issue Price' beginning on page 41 the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

IPO GRADING

The Issue has been graded by [●], as [●] indicating [●]. The IPO grading is assigned on a scale of 1 to 5, with 'IPO Grade 5' indicating strong fundamentals and 'IPO Grade 1' indicating poor fundamentals. The Issue has not been graded by any other rating agency. For details regarding the grading of the Issue, please refer to the chapter titled 'General Information' beginning on page 10 of the Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares of our Company offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approval from the BSE pursuant to letter dated [●] and from the NSE pursuant to letter dated [●] for the listing of our Equity Shares. [●] shall be the Designated Stock Exchange for this Issue.

BOOK RUNNING LEAD MANAGER



Indbank Merchant Banking Services Limited

11, Varma Chambers, Homji Street,

Fort, Mumbai – 400 001,

Maharashtra

Tel No: +91 - 22 - 2263 4601

Fax No: +91 - 22 - 2265 8270

Website: www.indbankonline.com

Email: mumbai@indbankonline.com

Investor Grievance Id: investors@indbankonline.com

Contact Person: Mr. M. Srinivas/ Mr. Kishore Iyer

SEBI Registration No: INM000001394



Sharepro Services (India) Private Limited

13AB, Samhita Warehousing Complex,

Sakinaka Telephone Exchange Lane,

Off Andheri Kurla Road, Sakinaka,

Andheri (East), Mumbai - 400 072,

Maharashtra

Tel No: +91- 22- 6191 5402 / 5404

Fax No: +91- 22- 6191 5444

Website: www.shareproservices.com

Email: hemani.ipo@shareproservices.com

Contact Person: Mr. Subhash Dhingreja / Mr. Kumaresan V

SEBI Registration No: INR000001476

BID / ISSUE PROGRAMME

FOR ALL BIDDERS

BID / ISSUE OPENS ON [●]

FOR QIBS*

BID / ISSUE CLOSES ON [●]

FOR NON- INSTITUTIONAL AND RETAIL BIDDERS

BID / ISSUE CLOSES ON [●]

* Our Company may consider closing the Bidding by QIBs one day prior to the Bid / Issue Closing Date subject to the Bid / Issue Period being for a minimum of three Working days

INDEX

SECTION I – GENERAL	III
DEFINITIONS AND ABBREVIATIONS.....	III
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA.....	XII
FORWARD LOOKING STATEMENTS	XIII
SECTION II - RISK FACTORS	XV
SECTION III – INTRODUCTION	1
SUMMARY OF OUR INDUSTRY	1
SUMMARY OF OUR BUSINESS	4
SUMMARY OF OUR FINANCIAL INFORMATION	5
THE ISSUE	9
GENERAL INFORMATION	10
CAPITAL STRUCTURE	19
SECTION IV – OBJECTS OF THE ISSUE.....	30
OBJECTS OF THE ISSUE.....	30
BASIC TERMS OF THE ISSUE	38
BASIS FOR ISSUE PRICE	41
STATEMENT OF TAX BENEFITS.....	43
SECTION V – ABOUT THE COMPANY	50
INDUSTRY OVERVIEW	50
OUR BUSINESS	59
KEY REGULATIONS AND POLICIES	82
HISTORY AND CERTAIN CORPORATE MATTERS	90
OUR MANAGEMENT	95
OUR PROMOTERS AND PROMOTER GROUP	108
OUR GROUP ENTITIES.....	112
DIVIDEND POLICY	117
SECTION VI – FINANCIAL INFORMATION	118
FINANCIAL INFORMATION	118
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS	143
FINANCIAL INDEBTEDNESS	158
SECTION VII – LEGAL AND OTHER INFORMATION	164
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	164
GOVERNMENT AND OTHER APPROVALS	169
OTHER REGULATORY AND STATUTORY DISCLOSURES	175
SECTION VIII - ISSUE RELATED INFORMATION	186
TERMS OF THE ISSUE	186
ISSUE STRUCTURE	189
ISSUE PROCEDURE	191
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	226
SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION.....	227
SECTION X – OTHER INFORMATION.....	270
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	270
DECLARATION	272

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In the Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations stated hereunder shall have the meanings as assigned therewith as stated in this Section.

Company Related Terms

Term	Description
“the Company”, “our Company”, “Issuer”, “Issuer Company”, “we”, “us”, “our”	Hemani Industries Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra
Articles or Articles of Association or AoA or our Articles	The Articles of Association of our Company, as amended from time to time
Board, Board of Directors or our Board	The Board of Directors of our Company, duly constituted from time to time, including any committee thereof
Director(s)	The Director(s) of our Company
Memorandum, our Memorandum or Memorandum of Association or MoA	The Memorandum of Association of our Company, as amended from time to time
Our Group Entities	Such entities as are included in the chapter titled ‘ <i>Our Group Entities</i> ’ beginning on page 112 of the Draft Red Herring Prospectus
Our Promoters	Mr. Mohan Dama and Mr. Premji Hemani
Registered and Corporate Office/ Registered Office	The registered and corporate office of our Company, situated at 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra
RoC / Registrar of Companies, Mumbai	The Registrar of Companies located at Everest Building, 100, Marine Drive, Mumbai – 400 002, Maharashtra
Scheme of Amalgamation	Scheme of amalgamation of Hemani Organics and Chemicals Private Limited with Hemani Intermediates Private Limited approved <i>vide</i> order of the High Court of Judicature at Bombay dated March 16, 2007 in Company Petition number 733 of 2006 connected with Company Application number 941 of 2006 and order of the High Court of Gujarat at Ahmedabad dated June 11, 2007 in Company Petition number 4 of 2007 connected with Company Application number 463 of 2006.
Statutory Auditors	The statutory auditors of our Company, being M/s. Haren Parekh & Company, Chartered Accountants

Issue Related Terms

Term	Description
“Issue” or “the Issue” or “this Issue”	Public Issue of 40,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lacs
“you”, “your” or “yours”	All such references are to the Bidders to the Issue, unless the context otherwise specifies
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to the successful Bidders
Allot / Allotted / Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful Bidders
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Allottee	A successful Bidder to whom the Equity Shares are Allotted pursuant to this Issue
Application Supported by	An application, whether physical or electronic, used by all Bidders to make a

Term	Description
Blocked Amount/ ASBA	Bid authorising a SCSBs to block the Bid Amount in a specified bank account maintained with the SCSBs
ASBA Account	Account maintained with a SCSBs which will be blocked by such SCSBs to the extent of the appropriate Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form.
ASBA Bid cum Application Form / ASBA Form	<p>The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid, which contains an authorisation to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms shall be made available for download from the respective websites of the Stock Exchange(s)</p>
ASBA Bidder(s)	<p>Any prospective investor(s) in this Issue who Bid/ apply through the ASBA process</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, non-retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Bids</p>
ASBA Revision Form	<p>The form, whether physical or electronic, used by an ASBA Bidder to modify the quantity of Equity Shares or the Bid Amount in any of his/her ASBA Bid cum Application Form or any previous ASBA Revision Form(s)</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms shall be made available for download from the respective websites of the Stock Exchange(s)</p>
Banker(s) to the Issue/ Escrow Collection Bank(s)	The bank(s) which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being [●]
Bankers to our Company	Such entities which are disclosed as Bankers to our Company in the chapter titled ' <i>General Information</i> ' beginning on page 10 of the Draft Red Herring Prospectus
Basis of Allotment / Basis of Allocation	The basis on which Equity Shares will be Allotted / Allocated to successful Bidders pursuant to the Issue and which is described under chapter titled ' <i>Issue Procedure</i> ' beginning on page 191 of the Draft Red Herring Prospectus
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue and in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form
Bid cum Application Form	The form used by a Bidder to make a Bid including the ASBA Bid cum Application Form (as applicable), which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid(s)	An indication to make an offer during the Bid / Issue Period by the Bidders, pursuant to submission of the Bid cum Application Form or ASBA Form as the case may be, to subscribe to the Equity Shares of our Company in this Issue at a price within the Price Band, including all revisions and modifications if any, made to such Bid(s)
Bid / Issue Closing Date	The date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be a date notified in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid / Issue Closing Date, which shall also be notified in the said advertisement in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated

Term	Description
Bid / Issue Opening Date	The date on which the members of the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be a date notified in two national daily newspapers (one each in English and in Hindi) of wide circulation and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated
Bid / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, both days inclusive, during which prospective Bidders and the ASBA Bidders can submit their Bids, including any revisions thereof
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form including an ASBA Bidder who Bids through an ASBA Bid cum Application Form
Book Building Process / Book Building Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Indbank Merchant Banking Services Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalised and above which no Bids will be accepted
Compliance Officer	The Company Secretary of our Company, being Ms. Monali Wakalkar
Controlling Branches	Such branches of the SCSBs which coordinate under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is available at http://www.sebi.gov.in/pmd/scsb/html
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the Book Running Lead Manager. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding ₹ 2 lacs. No other category of Bidders are entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Designated Branch	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders, a list of which is available at http://www.sebi.gov.in/pmd/scsb/html
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the ASBA Account specified by the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated June 19, 2011 issued in accordance with Section 60B of the Companies Act and SEBI ICDR Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares would be issued and the size of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Equity Shares	Equity shares of our Company of face value of ₹ 10 each, fully paid up, unless otherwise specified in the context thereof
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected from the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or

Term	Description
	Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Issue Agreement	The agreement dated May 26, 2011 entered into by our Company and the BRLM, pursuant to which certain arrangements are agreed to, in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Proceeds	Proceeds from the Issue that will be available to our Company, being ₹ [●] lacs
Listing Agreement	Equity listing agreements to be entered into by our Company with the Stock Exchange(s)
Mutual Fund Portion	5% of the QIB Portion or 1,00,000 Equity Shares available for allocation to Mutual Funds, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue related expenses, please refer to the chapter titled ' <i>Objects of the Issue</i> ' beginning on page 30 of the Draft Red Herring Prospectus
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Non-Institutional Bidders	As defined in the SEBI ICDR Regulations and includes all Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for a cumulative amount more than ₹ 2 lacs (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue, consisting of 6,00,000 Equity Shares, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price
NR / Non-Resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
NRI(s) / Non Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended)
OCB(s) / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in-Period / Pay-in Period	The period commencing on the Bid / Issue Opening Date and continuing till the Bid / Issue Closing Date
Payment through electronic transfer of funds	Payment made through NECS, Direct Credit or NEFT, as applicable
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised at least two Working Days prior to the Bid / Issue Opening Date, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper, of wide circulation, where the Registered Office of our Company is situated
Pricing Date	The date on which our Company in consultation with the BRLM, finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other

Term	Description
	additional information
Public Issue Account	Account opened with the Bankers to the Issue by our Company to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
QIB Portion	The portion of the Issue being not more than 50% of the Issue, consisting of not more than 20,00,000 Equity Shares, available for Allocation to QIBs, subject to receipt of valid Bids at or above the Issue Price.
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2,500 lacs, pension fund with minimum corpus of ₹ 2,500 lacs, NIF and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India
Red Herring Prospectus / RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	No-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred and from which refunds of the whole or part of the Bid Amount (excluding that of the ASBA Bidders), if any, shall be made.
Refund Bank (s) / Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the chapter titled 'Issue Procedure' beginning on page 191 of the Draft Red Herring Prospectus
Refunds through electronic transfer of funds	Refunds made through ECS / NECS, Direct Credit, NEFT or the ASBA process, as applicable
Registrar to the Issue	Registrar to this Issue, being Sharepro Services (India) Private Limited
Resident Retail Individual Bidder / Resident Retail Individual Investor	A Retail Individual Bidder who is a "person resident in India" (as defined in FEMA).
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than ₹ 2 lacs in any of the bidding options in the Issue (includes HUFs applying through their Karta and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 35% of the Issue, consisting of 14,00,000 Equity Shares, available for Allocation to Retail Individual Bidders on a proportionate basis.
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)
SCSB Agreement	The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue and our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the Public Issue Account.
Self Certified Syndicate Bank or SCSBs	Self Certified Syndicate Bank is a Banker to an Issue registered with SEBI which offers the facility of making a Applications Supported by Blocked Amount and recognised as such by SEBI, a list of which is available at http://www.sebi.gov.in/pmd/scsb/html
Stock Exchanges	The BSE and the NSE
Sub Syndicate Member	A SEBI registered member of BSE and / or NSE appointed by the BRLM and / or Syndicate Member to act as a Sub Syndicate Member in the Issue
Syndicate	Jointly, the BRLM, the Syndicate Members and the Sub Syndicate Members

Term	Description
Syndicate Agreement	The agreement to be entered into between the BRLM along with the Syndicate Members and our Company in relation to the collection of Bids (excluding Bids by ASBA Bidders) in this Issue
Syndicate Member(s)	An intermediary registered with the SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [•]
Transaction Registration Slip / TRS	The slip or document issued by member of the Syndicate or the SCSBs (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into, on or after the Pricing Date
Working Day	Unless the context otherwise requires: (i) Till the Bid / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post the Bid / Issue closing date: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Technical / Industry Related Terms / Abbreviations

Term	Description
Agrochemicals	Chemicals normally used in agriculture, including fertilizers, pesticides, herbicides, fungicides and growth regulants
API	Active Pharmaceutical Ingredients
CAGR	Compounded Annual Growth Rate
D.G.	Diesel Generator
DM	De-Mineralized
EOU	Export Oriented Unit
ETP	Effluent Treatment Plant
FDI	Foreign Direct Investment
FIFO	First in First Out
GOI	Government of India
GIDC	Gujarat Industrial Development Corporation
HCL	Hydro Chloric Acid
HDPE	High Density Polyethylene
HP	Horse Power
IEM	Industrial Entrepreneurs Memorandum
JNPT	Jawaharlal Nehru Port Trust
Kcal	Kilo Calories
Kg	Kilograms
KL	Kilo Litres
KVA	Kilo Volt Ampere
KW	Kilo Watt
KWh	Kilo Watt Hour
LDO	Light Diesel Oil
Ltrs	Litres
MBA	Meta Bromo Anisole
MW	Mega Watt
MPB	Meta Phenoxy Benzaldehyde
MTPA	Metric Tonnes Per Annum
OH Groups	Oxygen- Hydrogen Group
pH	Potential of Hydrogen (A measure of the degree of the acidity or the alkalinity of a solution as measured on a scale of 0-14)
R&D	Research & Development
RPM	Rotations Per Minute
SSI	Small Scale Industries

Term	Description
T.G.	Turbine Generator
TPM	Tonnes Per Month
TPA	Tonnes Per Annum
QA	Quality Assurance
QC	Quality Control
R&D	Research & Development
UNIDO	United Nations Industrial Development Organisation
UNDP	United Nations Development Programme
3,3 DCB	3,3 Dichloro Benzidine Di-hydrochloride

Conventional/General Terms / Abbreviations

Abbreviation/Acronym	Description
A/c	Account
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year; the period of twelve months commencing from the 1 st day of April every year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
Companies Act	The Companies Act, 1956, as amended from time to time
CRR	Cash Reserve Ratio
Depositories Act	The Depositories Act, 1996, as amended from time to time
DIN	Director's identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP	A Depository Participant as defined under the Depositories Act
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortisation and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ESIC	Employee State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise
FIPB	Foreign Investment Promotion Board
FVCI	Foreign venture capital investor as defined in and registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GER	Gross Enrolment Ratio
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time

Abbreviation/Acronym	Description
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer
IT	Information technology
Key Managerial Personnel / KMP	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer Company and other persons whom the Issuer has declared as a Key Managerial Personnel and as mentioned in the chapter titled ' <i>Our Management</i> ' beginning on page 95 of the Draft Red Herring Prospectus
Ltd.	Limited
MCX	Multi Commodity Exchange of India Limited
MCX-SX	MCX Stock Exchange Limited, a subsidiary of MCX
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time
MICR	Magnetic Ink Character Recognition
MNC	Multi National Company
MOU	Memorandum of Understanding
N.A.	Not Applicable
NAV	Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued Equity Shares outstanding at the end of the Fiscal.
NBFC	Non-Banking Finance Company
NCDEX	National Commodity & Derivatives Exchange Limited
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NIFTY	National Stock Exchange Sensitive Index
NMCE	National Multi-Commodity Exchange of India Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSEL	National Spot Exchange Limited
NSSO	National Sample Survey Office
NTA	Net Tangible Assets
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoNW	Return on Net Worth
Rs./ ₹ / INR/Rupees	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time
SEBI ICDR Regulations / ICDR Regulations / SEBI ICDR / ICDR	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

Abbreviation/Acronym	Description
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by it from time to time.
SEBI Takeover Regulations/ Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
Sec.	Section
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sq.ft.	Square feet
sq.mtrs.	Square meters
Sub-account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended.
TDS	Tax Deducted at Source
U.S. or US or U. S. A.	The United States of America
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations

Notwithstanding the foregoing:

1. In the section titled '*Main Provisions of the Articles of Association*' beginning on page 227 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
2. In the chapters titled '*Summary of Business*' and '*Our Business*' beginning on pages 4 and 59 respectively, of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
3. In the section titled '*Risk Factors*' beginning on page xv of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
4. In the chapter titled '*Statement of Tax Benefits*' beginning on page 43 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
5. In the chapter titled '*Management's Discussion and Analysis of Financial Conditions and Results of Operation*' beginning on page 143 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to 'India' in the Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions, all references to the 'US', the 'USA', the 'United States' or the 'U.S.' are to the United States of America, together with its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited financial statements for the Fiscals 2007, 2008, 2009, 2010 and for the nine months period ended December 31, 2010 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP which are included in the Draft Red Herring Prospectus, and set out in the section titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus. Our Fiscal commences on April 1 and ends on March 31 of the following year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year. In the Draft Red Herring Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections / chapters titled '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on pages xv, 59 and 143 respectively, of the Draft Red Herring Prospectus and elsewhere in the Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP.

Currency and units of presentation

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to;

- 'Rupees' or '₹' or 'Rs.' are to Indian rupees, the official currency of the Republic of India.
- 'US Dollars' or 'US\$' or 'USD' or '\$' are to United States Dollars, the official currency of the United States of America.

All references to the word 'Lakh' or 'Lac', means 'One hundred thousand' and the word 'Million' means 'Ten Lacs' and the word 'Crore' means 'Ten Million' and the word 'Billion' means 'One thousand Million'.

Industry and Market Data

Unless stated otherwise, industry data used throughout the Draft Red Herring Prospectus has been obtained from industry publications and publicly available government documents. 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. Similarly while information contained in the publicly available government documents that is relied upon for the purposes of the Draft Red Herring Prospectus is believed to be complete and reliable, there can be no assurance of the same. Accordingly, no investment decisions should be made based on such information. The extent to which the market and industry data used in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Further, the extent to which the industry and market data presented in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Red Herring Prospectus that are not statements of historical fact constitute 'forward-looking statements'. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'project', 'may', 'might', 'will', 'will continue', 'will pursue' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

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

1. Implementation risks involved in our projects;
2. Significant changes in the exchange rates;
3. Increase in freight, interest rates, etc.;
4. Competition from existing players;
5. Working capital arrangements;
6. Growth of unorganized sector and threat from national/regional players;
7. Changes in laws and regulations relating to the industry in which we operate;
8. Disruption in supply of raw materials;
9. Changes in political and social conditions in India, the monetary and interest rate policies in India and / or other countries, inflation, deflation, anticipated turbulence in interest rates, equity prices or other rates or prices;
10. Imposition of any anti- dumping duties in the Industry in which we operate;
11. Our ability to successfully implement our strategy, growth and expansion plans;
12. The outcome of legal or regulatory proceedings that we are or might become involved in;
13. Contingent liabilities, environmental problems and uninsured losses;
14. Changes in government policies and regulatory actions that apply to or affect our business;
15. Developments affecting the Indian economy;
16. Ability to retain appropriate personnel;
17. Uncertainty in global financial markets; and
18. Occurrence of natural disasters or calamities affecting the areas in which our Company has its operations.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer sections / chapter titled '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on pages xv, 59 and 143 respectively, of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements reflects views as of the date of the Draft Red Herring Prospectus and not a guarantee of future performance. Neither our Company, our Directors and officers and the BRLM nor any of the Syndicate Members nor any of their respective affiliates has any obligation to, and do not intend to, update or

otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages 59 and 143 respectively, of the Draft Red Herring Prospectus as well as the other financial and statistical information contained in the Draft Red Herring Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled 'Financial Information' beginning on page 118 of the Draft Red Herring Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP.

If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Red Herring Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

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

These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

Materiality

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

1. Some events may not be material individually but may be material when considered collectively.
2. Some events may have an impact which is qualitative though not quantitative.
3. Some events may not be material at present but may have a material impact in the future.

Project related and internal risks

1. **Our Company and certain of our Group Entities are involved in certain legal proceedings. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our / their business and results of operations.**

Our Company and certain of our Group Entities are involved in certain legal proceedings and claims in relation to certain civil and tax matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us / them liable to liabilities / penalties and may adversely affect our / their business and results of operations. A classification of these legal and other proceedings are given in the following table:

Entity involved in the litigation	Civil cases	Tax cases	Financial implications (₹ in lacs)*	Potential Litigations	Financial implication (₹ in lacs)*
Our Company					
Litigations against our Company	4	-	6.19	-	-
Litigations by our Company	1	-	Cannot be ascertained	-	-
Our Group Entities					

Entity involved in the litigation	Civil cases	Tax cases	Financial implications (₹ in lacs)*	Potential Litigations	Financial implication (₹ in lacs)*
Litigations filed against our Group Entities	10	1	46.80	-	-
Litigations filed by our Group Entities	-	-	-	1	10.00

*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court / Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the court / tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is / are pending.

For further details regarding these legal proceedings, please refer to the chapter titled 'Outstanding Litigations and Material Developments' beginning on page 164 of the Draft Red Herring Prospectus.

- Our Company is involved in a litigation pertaining to an invention titled 'the process for preparation of 3,3 Dichloro Benzedine Hydrochloride'. In case any adverse decision is passed against our Company, it may have an adverse material effect on our business and results of operations.**

Sajan India Limited had applied for grant of patent in respect of an invention titled 'the process for preparation of 3,3 Dichloro Benzedine Hydrochloride' before Controller of Patent & Designs, Mumbai on January 31, 2006 and Controller of Patent & Designs, Mumbai had granted a patent in respect to the said invention to Sajan India Limited for 20 years effective from January 31, 2006. Our Company filed post grant opposition against the said Patent number 213318 under section 25(2) of the Patents Act, 1970 on the basis that invention has been used in India before the said date of grant. The Assistant Controller of Patents & Design, Mumbai vide its order dated April 12, 2010 revoked the said Patent number 213318. Sajan India Limited has filed an appeal before the Intellectual Property Appellate Board, Chennai against the said order of the Assistant Controller of Patents & Design, Mumbai. 3,3 Dichloro Benzedine Hydrochloride is a major product from our Unit – I at Vapi and this unit contributed 40.44%, 50.77% and 51.71% to our total net sales for the 9 months period ended December 2010, fiscal 2010 and fiscal 2009 respectively. In case any adverse decision is passed against our Company, it may adversely affect our business and results of operations. For further details regarding these legal proceedings, please refer to the chapter titled 'Outstanding Litigations and Material Developments' beginning on page 164 of the Draft Red Herring Prospectus.

- Our Company had negative cash flows in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

	(₹ in lacs)					
Cash flow from	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	December 31, 2010
Operating activities	1,426.84	(501.33)	473.05	1,096.96	1,111.85	1,258.39
Investing activities	(601.29)	(534.92)	(581.49)	(971.77)	(2,457.21)	(1,329.22)
Financing activities	(254.34)	757.01	(10.87)	(252.38)	1584.97	16.04

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to the section titled 'Financial Information' and chapter titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements' beginning on pages 118 and 143 respectively, of the Draft Red Herring Prospectus.

- We have certain contingent liabilities that have not been provided for in our Company's financials, which if realised, could adversely affect our financial condition.**

Our contingent liabilities as at December 31, 2010, were as follows:

Contingent Liabilities	As at December 31, 2010
Corporate Guarantee given to banks for loans availed by Hemani Chemi Organics Private Limited	1,710.00

Contingent Liabilities	As at December 31, 2010
Claim against companies not acknowledged as debt	5.19
Estimate amount of contracts remaining to be executed on Capital Account	116.67
Guarantee given to GPCB	1.00
LC Outstanding	569.61
The Penalty if any payable for a negligence causing accident in the factory resulting in workers death.	1.00
Total	2,403.47

We cannot assure you that any or all of these contingent liabilities will not become direct liabilities. In the event any or all of these contingent liabilities become direct liabilities, it may have an adverse effect on our financial condition and results of operations.

5. *The property used by our Company for our registered is not owned by us and we have only rights as a licensee over the same. Any adverse impact on the title / ownership rights of the owner or breach of the terms / non renewal of the license agreement may impede our effective operations and thus adversely affect our profitability.*

Our registered office situated at 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra, is not owned by our Company and is taken on a license basis from Mr. Mohan Dama and Ms. Minal Dama for a period of two years commencing from May 1, 2011. Any adverse impact on the title / ownership rights of the owner, from whose premises we operate our registered office, or breach of the terms / non renewal of the license agreement may cause disruption in our corporate affairs and business and impede our effective operations and thus adversely affect our profitability.

6. *Our operations are subject to environmental, workers' health and safety and employee laws and regulations. We may incur material costs to comply with, or suffer material liabilities or other adverse consequences as a result of, environmental laws and regulations which may have a material adverse affect on our business, financial condition and results of operations.*

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environmental Protection Act, 1986, as amended (the "Environment Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act"), the Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act") and other regulations promulgated by the MoEF and various statutory and regulatory authorities and agencies in India. The agro chemical intermediates industry is subject to strict regulations with respect to a range of environmental matters including limitations on land use, including forest land, licensing requirements; management of materials used in manufacturing activities; the storage of inflammable and hazardous substances and associated risks; the storage, treatment and disposal of wastes; remediation of contaminated soil and groundwater; air quality standards; water pollution; and discharge of hazardous materials into the environment. The discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions.

The impact of these laws and regulations, or any changes to such laws or regulations, may be significant and may delay the commencement of, or cause interruptions to, our operations. We may not have complied with all such applicable environmental laws and regulations in the past and in the future may not comply with applicable laws and regulations. Our manufacturing units are being inspected on regular basis by the Gujarat Pollution Control Board and we have been receiving notices from such regulating authorities for contravention of the provisions of the Air Act / Water Act. Though, we have been complying with / rectifying such lapses on regular basis we may incur, and expect to continue to incur, significant capital and operating costs to comply with these requirements, including various provisions made for environmental related expenditure.

There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have become increasingly stringent, and it is possible that they will become significantly more stringent in the future. If any of our units or the operations of such units are shut down, we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which may continue even

if the facility is closed. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional compliance requirements and additional investment in environmental protection equipment, either of which could adversely affect our business, financial condition or prospects.

- 7. *We are receiving certain export benefits, which may not be available to us in the future. Loss of these benefits in the future may result in a decrease in our margins, which could in turn result in a material adverse effect on our business, financial condition and results of operations.***

We benefit from several export promotion schemes of the central Government, including the Duty Entitlement Pass Book, which provide certain incentives such as neutralisation of custom duties levied on imported content of export product by way of credits against export products used to manufacture export products. Further these credits can be transferred to other importers for a consideration. Incomes from such sources constitute a substantial portion of our income from other sources. There can be no assurance that these incentives will continue in the future. The non-availability of these incentives could adversely affect our business, financial condition, results of operations and prospects.

- 8. *Our Promoters and Directors have indirect interest in certain of our Group Entities, which are engaged in similar businesses, which may create a conflict of interest. Further we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with such Group Entities.***

Our Promoters and Directors are promoters / directors of our Group Companies namely, Hemani Chemiorganic Private Limited and Hemani Agro Chem Private Limited which are engaged in the business, *inter alia*, of manufacturing pigments and agrochemical intermediates, agrochemicals, organic and inorganic chemicals, colours pigments and their intermediates which are similar to the business of our Company. Also our Promoters and Directors are partners in M/s. Ideal Dye Chem Industries, M/s. Pramoni International Eximp, M/s. Yogeshwar Chemical, the partnership firms which are also engaged in the business, *inter alia*, of manufacturing and dealing in pigments, agrochemical intermediates, dyes and dyes intermediate which is similar to the business of our Company. Further, Mr. Mohan Dama is the proprietor of M/s. Hemani International which is also engaged in the business *inter alia* of exporting dyes and intermediates which is similar to the business of our Company. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Group Entities. For further details please refer to the chapters titled 'Our Promoters and Promoter Group' and 'Our Group Entities' beginning on page 108 and 112 respectively of the Red Herring Prospectus.

- 9. *Our Company does not have long-term agreements with any of our customers for purchasing its products and is subject to uncertainties in demand. There is no assurance that these customers will continue to purchase our products from us or that they will not scale down their orders. This could impact financial performance of our Company.***

Our Company has been dealing with some of our customers for several years, we do not have any long term agreements with majority of our customers. As a result, our customers can terminate their relationships with us due to a change in preference or any other reason upon relatively short notice, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the level of service that our Company provides, fluctuation in demand for our Company's products, customer's inventory management, amongst others.

Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction by the top management with the customers, any change in the buying pattern of buyers can adversely affect the business of our Company.

- 10. *Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and / or surplus of products, which could harm our business.***

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability / surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply

of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

11. *Quality concerns and negative publicity if any, would adversely affect the value of our brand, and our sales*

Our business is dependent on the trust our customers have in the quality of our products as well as on our ability to protect our brand value. Any negative publicity regarding our Company, brand, or products, including those arising from a drop in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

12. *We operate in an unorganized industry and face significant competition. Our inability to compete effectively, market our products relative to our competitors may lead to lower market share, and adversely affect our operations and profitability.*

Our Company sells its products in highly competitive markets and faces competition; however it is not possible to compute the present market share of our Company since the Indian agrochemical industry is largely an unorganised industry and there are no reliable source / report which carries this data on market share. Further, the competition in these markets is based primarily on demand creation and as a result, to remain competitive in our markets, we must continuously strive to effectively market our products. In each of our markets, we face competition primarily from the unorganized market and MNCs. In the event of price competition from our competitors, we may be required to reduce the price of our products while maintaining quality standards and our Company may not always be able to do so. Some of our competitors may have greater financial resources, generate higher revenues, and therefore, be able to better respond to market changes and shifts in consumer spending patterns and changes in consumer sentiments and tastes. They also may be in a better position than us to sustain losses in revenue due to pricing pressures. Accordingly, we cannot be certain that we will be able to compete effectively with these competitors or that we will not lose customers to these competitors. If we are not able to compete effectively, our business, results of operations and financial condition could be adversely affected.

13. *Many of the materials produced at our factories are hazardous in nature. In the event of any accidents involving any such hazardous materials and substances, our Company may be held liable for subsequent damages and litigations.*

Improper or negligent handling while manufacturing and/or storing hazardous material and/or substances at our units may cause personal injury or loss of life and may further lead to severe damage or destruction to property or equipment and environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. Further, we depend on third party carriers' capability to transport these hazardous materials/substances. Any mishandling of hazardous substances by these carriers could affect our business adversely and may impose liabilities on our Company. Liabilities incurred as a result of these events have the potential to adversely impact our financial position.

14. *Fluctuations in the availability and quality of raw materials could cause delay and increase costs.*

The availability of raw materials such as ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride may fluctuate significantly, depending on many factors including transportation and weather patterns. Though we cover purchases on a monthly basis, we are still exposed to and will have to absorb any fluctuations in the prices including that of crude oil. We do not and will not have control over the factors affecting prices for crude oil. Historically, international prices for crude oil have been volatile and have fluctuated widely in response to changes in many factors. Such fluctuations in the prices of crude oil may result in fluctuations in the cost of our raw materials which in turn may have a material adverse effect on our results of operations.

Any material shortage or interruption in the supply or decrease in the quality of raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

Further, our suppliers of other raw materials may allocate their resources to service other clients ahead of us. While we believe that we could find additional vendors to procure other raw materials, any failure of our suppliers to deliver such raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and

our ability to deliver orders on time and at the desired level of quality. As a result, we may lose customers, which could have a material adverse effect on our business, financial condition and results of operations.

15. *Raw materials constitute a significant percentage of our Company's total expenses. Particularly, any increase in ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride prices and any decrease in the supply of ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride would materially adversely affect our Company's business*

Raw materials constitute a significant percentage of the total expenses of our Company. The primary raw materials used by our Company are ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride. The cost of total raw materials accounted for 58.04%, 58.58%, 54.13% and 60.02% of total expenditure in each of the Financial Years 2008, 2009 and 2010 and for the nine months period ended December 31, 2010, respectively. Any increase in the price of ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride prices, which our Company is unable to pass on the impact of, would have a material adverse effect on our Company's business. Any material shortage or interruption in the domestic and international supply or decrease in the quality of ONCB, benzaldehyde, aluminium chloride, acrylo nitrile and carbon tetrachloride due to natural causes or other factors could result in increased production costs that our Company may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our Company's business.

16. *We are a labour intensive industry and hence may face labour disruptions and other planned and unplanned outages that would interfere with our operations.*

Our Company's activities are labour intensive. Strikes and other labour action may have an adverse impact on our operations, though we have not experienced any such labour disruption in the past. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, the third-party suppliers of raw materials, which we use may experience strikes or other industrial action. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. For further details, please refer to the paragraph titled 'Manpower' under chapter titled 'Our Business' beginning on page 59 of the Draft Red Herring Prospectus. In addition, work stoppages, refurbishments, installation of new plants, accidents or sustained bad weather at our operations could result in production losses and delays in delivery of our products, which may adversely affect our operations and profitability. Production may also fall below historic or estimated levels as a result of unplanned outages.

17. *The loss resulting from shutdown of operations at any of our units could have an adverse effect on our Company.*

Our units 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, natural disasters, industrial accidents. Our units use complex equipment and machinery, and the breakdown or failure of equipment or machinery may result in us having to make repairs or procure replacements which may require considerable time and expense. Although our Company have not had such incident in the past and while we have insurance cover for both our facilities, including for loss of profit due to accidental shut down, the same may not be adequate to cover the loss in business. Although we take precautions to minimise the risk of any significant operational problems at our units they could have adverse effect on our financial performance.

18. *Our business is dependent on our manufacturing facilities, the majority of which are geographically located in one area, Gujarat. Any loss or shutdown of operations at any of our manufacturing facilities in Gujarat may have an adverse effect on our business and results of operations.*

All our manufacturing facilities are based in Gujarat. As a result, if there is any localised social unrest, natural disaster or breakdown of services and utilities in Gujarat, it may affect our business adversely. Further our manufacturing activities are subject to operating risks, such as 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 etc. We have not experienced any of these operating risks in the past. Although we have contingency plans to meet most of our operating risks we cannot assure you about the adequacy of such plans will be adequate to meet all of our operating risks.

19. Under-utilisation of our manufacturing unit, which our Company proposes to expand may adversely impact our financial performance.

Our Company intends to expand its production capacities based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilized thereby adversely impacting our financial performance.

20. Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of our products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations

Our Company uses third party transportation providers for the supply of most of our raw materials and delivery of our products to our domestic customers. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse affect on the supplies from our suppliers and deliveries to our customers. These transportation facilities may not be adequate to support our existing and future operations. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our products to our customers may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair our ability to supply our products to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

21. Our Company may not be able to maintain or further develop its distribution network; the same can adversely affect our revenues.

We sell our products with the help of a wide distribution network of branches, C & F agents and various dealers / distributors across India. In case we are not able to maintain our existing distribution network or to expand it further, can adversely affect our growth and revenues. In case we are not able to market our products or cater to our customers' requirements in a timely manner, it may affect our results of operation and financial condition adversely.

22. Our business is dependent on our key customers and the loss of any significant customer could adversely affect our financial results.

For the financial year ended March 31, 2010, our five largest customers accounted for approximately 55.18 % of our net sales. The loss of a significant customer or customers would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these customers or that we will be able to replace these customers in case we lose any of them. Further the business with customers is based on regular requirements and orders, rather than yearly contracts.

Sr. No.	Financial Year	% of Net Sales Contribution from Top 5 customers
1.	FY 2008-2009	49.23
2.	FY 2009-2010	55.18
3.	9 months period ended Dec 31, 2010	54.63

23. Our business and profitability will suffer if we fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in customer preferences and the industry on which we focus.

The agrochemical business is characterized by constant product innovation due to rapid technological change, evolving industry standards. Creativity is one of the key attributes for success in our industry. To compete successfully in the industry, we must be able to identify and respond to changing demands and preferences, as well as operate within substantial production and delivery constraints. Changes in product mix impacts our operating results and our margins. We cannot assure you that our products will always gain buyer acceptance and we will always be able to achieve internationally competitive products to meet

customer expectations. Failure to identify and respond to changes in consumer preferences could, among other things, limit our ability to differentiate our products, adversely affect consumer acceptance of our products, and lower sales and gross margins. Further, products, that are developed by our competitors may render our offerings non-competitive or force us to reduce prices, thereby adversely affecting our margins. Any of these factors could have a material adverse effect on our business and results of operations.

24. *Product innovation and research and development (R&D) activities are an integral part of our business model. If our research and product development efforts are not successful, our business may be restricted which may in turn have an adverse effect on our business and financial condition.*

Product Innovation and Research and Development (R&D) activities are an integral part of our business model. Our Company needs to introduce new products and further expand into additional areas to remain successful in the future. Our Company's plans to introduce new products into markets and diversify the areas in which it operates may not be successful. Any material adverse developments with respect to the sale or use of our products, failure to successfully introduce new products or implement our expansion strategies, could have a material adverse effect on the business and financial condition of our Company. Further, new products currently under development, if and when fully developed and tested, may not perform as per our expectations and our Company may not be able to successfully and profitably produce and market such products, which may consequently restrict our business and affect our financial condition.

25. *We are subject to risks arising from foreign exchange rate movements.*

Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables etc. We have significant revenues and expenditures in foreign currencies especially US\$. The foreign exchange fluctuation affects both the revenues and expenditures in absolute terms when converted into Indian rupees. To this extent, the revenues and expenditures will be higher or lower depending on the depreciation or appreciation of Indian Rupee in foreign currency terms.

Foreign Exchange gain / loss, to Profit and Loss Account for the Fiscal 2008, 2009 and 2010 and for the nine months period ended December 31, 2010 were gain of ₹ 139.93, gain of ₹ 81.61 lacs, loss of ₹ 364.74 lacs and gain of ₹ 42.16 lacs respectively, which represented 1.03%, 0.44%, 2.32% and 0.28% of our total revenues, respectively.

The exchange rate between the Indian Rupee and the United States Dollar has been volatile in recent years and may fluctuate in the future. Therefore, changes in the exchange rate between the Indian Rupee and the US\$ may have a material adverse effect on our revenues, other income, operating costs and net income, which may in turn have a negative impact on our business, operating results and financial condition.


For further details please refer to the paragraph titled 'Foreign Exchange Risk' under the chapter titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page 143 of the Draft Red Herring Prospectus.

26. *Our Company have in the past entered into related party transactions with our Promoters and Promoter Group Entities and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.*

Our Company has entered into related party transactions with our Promoters and Promoter Group Entities in the past. While our Company believe that all such transactions have been conducted on an arm's length basis and are accounted as per Accounting Standard 18, however there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.


For further details please refer to the section titled 'Financial Information' beginning on page 118 of the Draft Red Herring Prospectus.

27. *Our Company does not have intellectual property rights over its trade names and its corporate logo.*

We operate in an extremely competitive environment, where generating brand recognition is a significant element of our business strategy. Currently, our corporate logo  is not registered with any certifying

authority and therefore we do not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to register the logo or our other trademarks or that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill.

- 28. *Our Company has made application for registration of trademark, which is under process of registration. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate.***

We have made application for registration of trademark '' , and the registration for the said trademark in our name is important to retain our brand equity. If our application for registration is not accepted or if the oppositions filed against our trademark application if any, are successful, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademark. Further, we cannot assure that our pending application would be granted registration or will not be challenged or if granted registration, will not be invalidated or circumvented or will offer us any meaningful protection. Further, the laws of some countries in which we may market our products may not protect our intellectual property rights adequately. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate.

For further details please refer to the chapter titled 'Government and Other Approvals' beginning on page 169 of the Draft Red Herring Prospectus

- 29. *Our success depends largely upon the services of our Promoters, Executive Directors and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our Chairman and Managing Director, Mr. Mohan Dama and our whole time Director Mr. Premji Hemani have over the years built relations with suppliers, customers and other persons who are connected with us. Further, most of the Key Managerial Personnel of our Company have been known to us for many years. Our success is substantially dependent on the expertise and services of our Directors and our Key Managerial Personnel. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

- 30. *Our agreements with various financial institutions for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for short term and long term borrowings with certain financial institutions. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as to obtain either the prior written consent of such financial institutions or require us to give prior written intimation to such lenders, prior to, amongst other circumstances, creating further encumbrances on our assets, disposing of assets outside the ordinary course of business, paying dividends to our shareholders, undertaking guarantee obligations, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, undertaking any merger, amalgamation, restructuring or changes in management. Our ability to execute business plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consents from our lenders for the Issue, we cannot assure you that we will be able to receive such consents in future.

For further details, please refer to the section 'Financial Indebtedness' beginning on page 158 of the Draft Red Herring Prospectus.

- 31. *We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment***

of any or all of our business development plans and this may have an adverse effect on our business and results of operations.

We may require additional funds in connection with future business expansion and development initiatives. In addition to the net proceeds of this offering and our internally generated cash flow, we may need other sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the issuance of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financing could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of any or all of our business development plans and this may have an adverse effect on our business and results of operations.

32. Members of our Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

After the completion of this Issue, our Promoter and Promoter Group will continue to hold 69.24% of the paid up Equity Share capital of our Company. As a result, our Promoter will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot assure you that our Promoter and members of our Promoter Group will act in our interest while exercising their rights in such entities, which may in turn materially and adversely affect our business and results of operations. We cannot assure you that our Promoter will act to resolve any conflicts of interest in our favour. If our Promoter sells a substantial number of the Equity Shares in the public market, or if there is a perception that such sale or distribution could occur, the market price of the Equity Shares could be adversely affected. No assurance can be given that such Equity Shares that are held by the Promoter will not be sold any time after the Issue, which could cause the price of the Equity Shares to decline.

33. Our Company has unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition of our Company.

As on December 31, 2010, our Company has unsecured loans aggregating to ₹ 2,367.04 lacs which are repayable on demand. For further details of these unsecured loans, please refer to chapter titled 'Financial Information' beginning on page 118 of the Draft Red Herring Prospectus. In case of any demand from lenders for repayment of such unsecured loans, the resultant cash outgo, may adversely affect our business operations and financial position of our Company.

34. Increasing employee compensation in India may reduce our Company's profit margins.

Increase in compensation levels in India may negatively affect our profit margins. Employee compensation in India is currently increasing which could result in increased costs of production. Our Company may need to continue to increase levels of employee compensation to manage attrition. Any increases in the amount of compensation paid to our Company's employees could have a significant effect on our costs, which may affect our position in our industry and have a material adverse effect on our business and financial operations.

35. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and are also prohibited by the terms of our financing arrangements.

Our Company has not paid annual dividends in the last five years and under our current financial arrangements, we cannot pay dividends without the consent of our lenders. The amount of our future dividend payments, if any, will depend upon factors that our Board deems relevant, including among others,

our results of future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

36. *Our insurance cover may not adequately protect us against all material hazards.*

Our Company have various insurance policies covering stocks, building, furniture, plant and machinery, etc. We believe that we have insured ourselves against the majority of the risks associated with our business. Our significant insurance policies provide cover for risks relating to physical loss, theft or damage to our assets, as well as business interruption losses. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

37. *Any changes in regulations or applicable government incentives would materially adversely affect our Company's operations and growth prospects*

Our Company is subject to regulations in India. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, or if any or all of the incentives currently available cease to be, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on our Company's operations and financial results. For further details, please refer to the chapter titled 'Key Industry Regulations and Policies' beginning on page 82 of the Draft Red Herring Prospectus.

38. *Our operations are subject to high working capital requirements. Our inability to obtain and / or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations.*

Our business requires significant amount of working capital. In many cases, significant amount of our working capital is required for purchasing and maintaining of stock of goods. Most of these materials are purchased locally or are imported from South Korea, China, USA, Jordan and Germany. Though, presently we have sanctioned working capital limits from the existing bankers and one of the objects of the Issue is to meet our future working capital requirements, we may need to incur additional indebtedness in the future to satisfy our working capital needs. All these factors may result in increase in the quantum of our current assets and short-term borrowings. Our inability to obtain and / or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our financial condition and results of operations.

39. *In the event of abnormal / exceptional circumstances, our Company may experience significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.*

Normally, we deliver a significant portion of our products against future payment. We usually extend longer credit terms to our clients ranging from 90-120 days. While our Company has not experienced any significant bad debt losses in the past, in the event of certain abnormal / exceptional circumstances, there may be significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.

40. *Some of our lease agreements may have certain irregularities.*

Some of our lease agreements may have one or more irregularities such as inadequate stamping and/or non registration of deeds and agreements and improper execution of lease deeds. In the event of any such irregularity, we may not be able to enforce our right as a leaseholder over such properties in case of a dispute, which may cause a material and adverse effect on our business. In the event of any dispute arising out of such unstamped or inadequately stamped and / or unregistered lease agreements, we may not be able to effectively enforce our leasehold rights arising out of such agreements which may have a material and adverse impact on the business of our Company.

Risk Relating to the Objects of the Issue

- 41. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at the discretion of our management and as per the details mentioned in the section titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule our project expenditure and may have a bearing on our expected revenues and earnings.**

Our funding requirements and the deployment of the proceeds of the Issue are purely based on our management’s estimates and have not been appraised by any bank or financial institution. Our Company may have to revise such estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our management and is not subject to monitoring by any external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

- 42. Our Company have not yet placed orders for plant and machinery aggregating ₹2,984.88 lacs required by us for the proposed project. Any delay in placing the orders / or supply of plant and machinery may result in time and cost overruns, and may affect our profitability.**

Our Company propose to acquire plant and machinery aggregating ₹ 3690.25 lacs for our proposed project which is approximately [●] % of the Issue Proceeds. Our Company have not yet placed orders for plant and machinery aggregating ₹ 2984.88 lacs required by us which constitutes 80.89 % of the total plant and machinery propose to be acquired for our proposed project. Our Company is further subject to risks on account of inflation in the price of plant and machinery.

Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear in paragraph titled ‘Plant and Machinery’ under the section titled ‘Objects of the Issue’ beginning on page 30 of the Draft Red Herring Prospectus. Since the funding for the plant and machinery is solely from the IPO proceeds, any delay in access to IPO proceeds would eventually delay the process of placing the orders. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers’ end in providing timely delivery of these machineries, which in turn may delay the implementation of our project.

- 43. We have not made firm arrangements with any bank or financial institution for funding of our balance working capital requirements for the proposed project. The failure to obtain additional financing may adversely affect our ability to grow and our future profitability.**

Additional working capital requirement has been estimated at ₹ 1,639.04 lacs for the proposed project, of which a margin amount of ₹ 519.68 lacs would be funded out of the Issue Proceeds, whereas the balance amount i.e. ₹ 1,119.36 lacs would be arranged by way of borrowings from banks. However, as on date of the Draft Red Herring Prospectus our Company has not made firm arrangements with any bank or financial institution for funding of our balance working capital requirements. Our Company cannot assure you that we will be able to raise such additional financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain additional financing on acceptable terms and in a timely manner could materially and adversely impact our planned capital expenditure, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

- 44. Our proposed expansion plans are financially dependent on the Issue proceeds any delay in raising of the same may result in escalation of project cost thereby impacting the operations and financials of our Company.**

Our proposed expansion plans are dependent on the proceeds of this Issue. We have not arranged for any alternate source of funding the major part of the project. Any delay in the proposed Issue may increase the project cost and also result in delay in project implementation. This may adversely affect our operations and profitability.

- 45. The statutory / regulatory approvals for the proposed project / expansion plans are yet to be applied and any delay or non-receipt of such approvals may delay the proposed project / expansion plans.**

As on date of the Draft Red Herring Prospectus, we have not applied for the licenses in relation to the Objects of the Issue. We cannot assure that we would be able to apply for these licenses / approvals / permissions in a timely manner, or that we would be granted such licenses / approvals / permissions in a timely manner or at all. Such grant may also be subject to restrictions and / or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition. For further details pertaining to the licenses / approvals / permissions, please refer to the chapter titled ‘Government and other Approvals’ beginning on page 169 of the Draft Red Herring Prospectus.

46. Our expansion plans are subject to the risk of cost and time overruns

Our plan for setting up a new facility as referred to in the chapter titled ‘Objects of the Issue’, contains project costs and implementation schedules. We intend to utilize the Net Proceeds of the Issue for setting up a new facility for manufacturing of Agrochemical Intermediates and for meeting the working capital margin requirements for the new facility. Our plans are subject to a number of contingencies, including changes in laws and regulations, government action, delays in obtaining approvals, delays in getting requisite land, inability to obtain machinery and other supplies at quoted or at acceptable terms, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. We, therefore, cannot assure you that the costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

External Risk

47. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the financial services and agrochemical sector contained in the Draft Red Herring Prospectus.

While facts and other statistics in the Draft Red Herring Prospectus relating to India, the Indian economy and the financial services and agrochemical sector has been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisers and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled ‘Industry Overview’ beginning on page 50 of the Draft Red Herring Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

Risks Associated with the Equity Shares

48. After this Issue, the Equity Shares may experience price and volume fluctuations or an active trading market for the Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian and global securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian agrochemical industry and changing perceptions in the market about participation in these sectors, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India’s economic liberalization and deregulation policies and significant developments in India’s fiscal regulations. There has been no public market for our Equity Shares and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the Issue Price. The share prices of companies participating in business assets can fluctuate significantly, which subjects an investment in the Equity Shares to substantial volatility.

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

The price of the Equity Shares will be subject to a daily circuit breaker imposed by Stock Exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

50. *Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have experienced volatility in the recent times. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading and limited price movements. A closure of, or trading stoppage on, the BSE or the NSE also could adversely affect the trading price of the Equity Shares.

51. *Fluctuations in operating results and other factors may result in decreases in our Equity Share price.*

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares. If we are unable to operate profitably or as profitably as we have in the past, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our Equity Shares. In addition to our operating results, the operating results of other competitor companies, changes in financial estimates or recommendations by analysts, governmental investigations and litigation, speculation in the press or investment community, changes in general conditions in the economy or the financial markets, or other developments affecting the industry in which we operate, could cause the market price of our Equity Shares to be issued to fluctuate substantially.

52. *Additional issuances of equity may dilute your holdings.*

Any future issuance of our Equity Shares or securities linked to our Equity Shares may dilute your shareholding in our Company. Any issuance of Equity Shares may dilute the holdings of our existing shareholders. After the completion of the Issue, our Promoter will own, directly and indirectly, approximately 69.24% of our outstanding Equity Shares. Sales of a large number of our Equity Shares by our Promoter could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares.

53. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

54. *The Equity Shares issued pursuant to the Issue may not be listed on the BSE and the NSE in a timely manner, or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted and there could therefore be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

Risks Associated with the Indian Economy

55. A slowdown in economic growth in India could cause our business to suffer.

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India.

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

56. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, our transition may be hampered by increasing competition for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by an agreed deadline could have a material adverse effect on the price of our Equity Shares.

57. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its shareholders, such a takeover may not be attempted or consummated because of Indian takeover regulations.

58. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment and other matters affecting investment in our securities could change as well. Additionally, any change in these policies could have a significant impact on infrastructure development, business and economic conditions in India.

59. Instability in financial markets could materially and adversely affect our results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the U.S. or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reaction to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

60. Natural disasters could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced significant natural disasters such as earthquakes, a tsunami, floods, drought, fires and spread of pandemic diseases such as the H5N1 avian flu and the H1N1 swine flu, in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy and infrastructure. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy in which we operate, which could adversely affect our business and the price of our Equity Shares.

Prominent Notes

1. This is a Public Issue of 40,00,000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●]. The Issue will constitute 30.76% of the post Issue paid-up capital of our Company.
2. Our Company was incorporated as 'Hemani Intermediates Private Limited' a private limited company under the Companies Act, pursuant to a Certificate of Incorporation dated February 3, 1994 bearing registration number 11 – 76416 of 1994 issued by the Additional Registrar of Companies, Maharashtra, Mumbai. Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to 'Hemani Intermediates Limited' pursuant to a fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated April 15, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Thereafter, the name of our

Company was changed to '*Hemani Industries Limited*' pursuant to fresh certificate of incorporation consequent upon change of name dated May 3, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Our corporate identification number is U24114MH1994PLC076416. For further details of our Company, please refer to the chapters titled '*General Information*' and '*History and Certain Corporate Matters*' beginning on pages 10 and 90 respectively, of the Draft Red Herring Prospectus.

3. This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of the Company, Equity Shares will be offered to the public for subscription in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), and the SEBI ICDR Regulations. The Issue is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). 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 QIB Bidders, including Mutual Funds, subject to valid Bids being received 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. All potential non-retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus
4. Investors may contact any of the BRLM for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Bidder, number of Equity Shares for which the Bidder applied, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder. For contact details of the BRLM and the compliance officer, please refer to chapter titled '*General Information*' beginning on page 10 of the Draft Red Herring Prospectus.
5. Our net worth as at March 31, 2010 and December 31, 2010 was ₹ 2,918.35 lacs and ₹ 3,676.11 lacs respectively, as per our restated audited financial statements, under Indian GAAP included in the Draft Red Herring Prospectus. The net asset value per Equity Share as at March 31, 2010 and December 31, 2010 was ₹ 202.53 (considering face value at ₹ 10 per equity share) and ₹ 255.12 (considering face value at ₹ 10 per equity share) respectively, as per our restated audited financial statements, under Indian GAAP included in the Draft Red Herring Prospectus. For further details, please refer to chapter titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus.
6. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of the Promoter	Average cost of acquisition (in ₹)
Mr. Mohan Dama	2.75
Mr. Premji Hemani	1.99

7. For details of Group Companies/Entities having business interest or other interests in our Company, please refer to paragraph 9. above, of this section of the Draft Red Herring Prospectus.
8. Except as disclosed in Annexure - XV under chapter titled '*Financial Information*', '*Our Promoters and Promoter Group*', '*Group Entities*' and '*Capital Structure*' on pages 118, 108, 112 and 19 respectively, of the Draft Red Herring Prospectus, none of our Promoters, Directors, Key Managerial Personnel or Group Entities have any business or other interest, other than to the extent of Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
9. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

Overview of the Chemical Industry

The Chemical Industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy. It contributes about 3% in the GDP of the country.

The chemical and petrochemical sector in India presently constitutes 14% of the domestic industrial activity. It should also be noted that investments in this sector are highly capital intensive with long gestation periods. The growth of petrochemicals and chemicals is projected at 12.6% and 8% respectively in 11th Five Year Plan. According to United Nations Industrial Development Organisation (UNIDO), in terms of value added at the constant 2000 prices, the Indian Chemical Industry was the 6th largest in the world and 3rd largest in Asia in the year 2008. As per the latest available estimates of UNIDO, the size of the Indian Chemical Industry in the year 2005 was US\$ 54.92 million.

(Source: Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

Chemical Sector-Production Trends

Chemical Industry is one of the oldest industries in India, which contributes significantly towards industrial and economic growth of the nation. The Indian Chemical Industry is the 6th largest in the world and 3rd largest in Asia. It provides valuable chemicals for various end products such as textiles, paper, paints & varnishes, leather etc., which are required in almost all walks of life. The Indian Chemical Industry forms the backbone of the industrial and agricultural development of India and provides building blocks for downstream industries.

The Indian Chemical Industry comprises both small and large-scale units. The fiscal concessions granted to the small-scale sector in mid-eighties led to the establishment of large number of units in the Small Scale Industries (SSI) Sector. Currently, the Indian Chemical Industry is in the midst of a major restructuring and consolidation phase. With the shift in emphasis on product innovation, brand building and environment friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

The actual production of major chemicals during the years 2005-06 to 2009-10 and September for the year 2010-11 is exhibited in table below:

Production of selected major chemicals

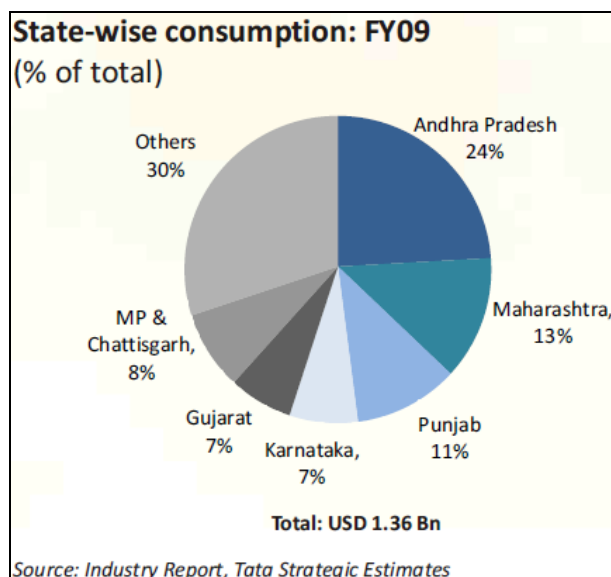
(Figures in '000MT)

Sector	PRODUCTION						Growth (%)	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 up to Sept.	2009-10/2008-09	CARG 2009-10/05-06
Alkali Chemicals	5475	5269	5443	5442	5602	2890	2.94	0.58
Inorganic Chemicals	544	602	609	512	518	281	-12.65	-1.2
Organic Chemicals	1545	1545	1552	1254	1280	649	-19.20	-4.6
Pesticides (Tech.)	82	85	83	85	82	44	-3.53	0.0
Dyes & Dyestuffs	30	33	44	32	42	24	31.25	8.8
Total Major Chemicals	7676	7534	7731	7325	7524	3888	2.70	-0.5

CARG: Compound Annual rate of Growth

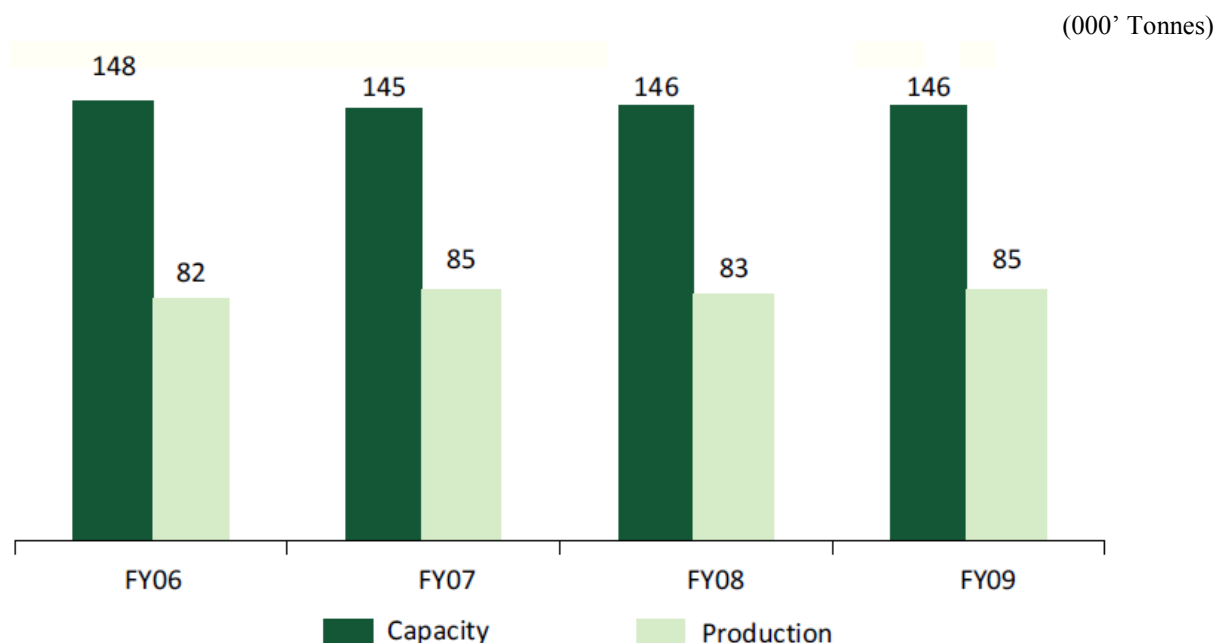
India Agrochemicals Industry

India is the fourth largest producer of agrochemicals globally, after United States, Japan and China. The agrochemicals industry is a significant industry for the Indian economy. The Indian agrochemicals market grew at a rate of 11% from USD 1.22 billion in FY08 to an estimated USD 1.36 billion in FY09.



India's agrochemicals consumption is one of the lowest in the world with per hectare consumption of just 0.58 Kg compared to US (4.5 Kg/ha) and Japan (11 Kg/ha). In India, paddy accounts for the maximum share of pesticide consumption, around 28%, followed by cotton (20%). Indian population is increasing and the per capita size of land decreasing, the use of pesticides in India has to improve further. Besides increasing in domestic consumption, the exports by the Indian Agrochemicals Industry can be doubled in the next four years if proper strategies and sophisticated technologies are adopted by the industry.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)



Source: Ministry of Chemicals & Fertilizers

The Indian agrochemicals market is characterized by low capacity utilization. The total installed capacity in FY09 was 146,000 tons and total production was 85,000 tons leading to a low capacity utilization of 58%. The industry suffers from high inventory (owing to seasonal & irregular demand on account of monsoons) and long credit periods to farmers, thus making operations 'working capital' intensive.

India due to its inherent strength of low-cost manufacturing and qualified low-cost manpower is a net exporter of pesticides to countries such as USA and some European & African countries. Exports formed ~50% of total industry turnover in FY08 and have achieved a Compounded Annual Growth Rate (CAGR) of 29% from FY04 to FY08.

Agrochemicals or pesticides are chemical substances used to control or kill pests, unwanted plants or animals that may harm or damage the crops. Agrochemicals can be classified into the following key segments:

1. Insecticides
 2. Herbicides/ weed icides
 3. Fungicides
 4. Bio-pesticides
 5. Others (Nematocides, Rodent icides etc.)
- (Source: FICCI, India Chem 2010, Sustaining the India Advantage)*

Competitive Landscape

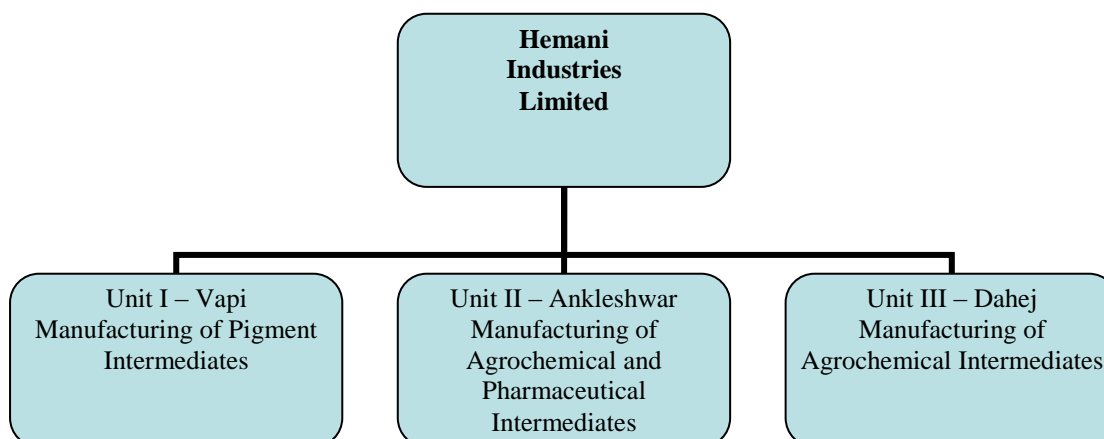
The Indian agrochemicals market is highly fragmented in nature with over 800 formulators. The competition is fierce with large number of organized sector players and significant share of spurious pesticides. The market has been witnessing mergers and acquisitions with large players buying out small manufacturers.

Key market participants include United Phosphorus Ltd, Bayer Cropscience Ltd, Rallis India Ltd, Gharda Chemicals Ltd, Syngenta India Ltd, BASF India Ltd, etc. Top ten companies control almost 80% of the market share. The market share of large players depends primarily on product portfolio and introduction of new molecules. Strategic alliances with competitors are common to reduce risks and serve a wider customer base.

SUMMARY OF OUR BUSINESS

Our Company was incorporated on February 3, 1994 and we are engaged in the business of manufacturing a range of Agrochemical Intermediates (Pesticides and Pesticides Intermediates), Pigment Intermediates, Organic Pigment Intermediates, Dyes and Dyes Intermediates and other speciality chemicals, with a major focus on export market. We are a Government recognised export house catering to the demanding needs of the industry in terms of quality and capacity. Our Company caters to over 100 clients across the globe. We market and export our products to Japan, the entire European Union, USA, South American countries, South Africa, China, Russia, Korea, Taiwan, Turkey, Egypt and others countries spanning all the major continents.

Currently we have 3 units, one each in Vapi, Ankleshwar and Dahej (Bharuch), while our corporate and registered office is situated in Mumbai.



We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands.

Our quality control & research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

In tune with International standards, we have an internal facility for treatment of the waste generated at all our three units through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

SUMMARY OF OUR FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

(₹ in lacs)

Particulars	As at					For period ended
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Fixed Assets						
Gross block	3246.30	3793.94	4372.82	5346.93	5644.45	9097.65
Less: Depreciation	1126.82	1436.40	1797.27	2249.81	2760.88	3263.37
Total	2119.48	2357.54	2575.55	3097.12	2883.57	5834.28
Less: Revaluation Reserve						
NET BLOCK	2119.48	2357.54	2575.55	3097.12	2883.57	5834.28
CAPITAL Work -in-Progress					2123.08	
TOTAL - FIXED ASSETS (A)	2119.48	2357.54	2575.55	3097.12	5006.65	5834.28
Investments (B)	23.90	13.16	14.81	14.93	52.36	52.36
Current assets, loans and advances:						
Inventories	618.13	820.97	802.15	941.17	1341.21	1561.22
Sundry debtors	2384.37	3379.88	3302.36	3302.10	3056.31	4483.31
Cash and bank balances	581.05	301.81	182.50	55.30	294.91	240.12
Loans and advances	884.80	1247.81	1880.70	2250.19	1824.33	2096.95
Deferred Tax Assets						
Other Current Assets						
Total (C)	4468.35	5750.47	6167.71	6548.76	6516.76	8381.60
Total assets (A + B + C)	6611.73	8121.17	8758.07	9660.81	11575.77	14268.24
Liabilities and provisions						
Secured loans	881.66	2098.26	2092.58	2114.97	3880.04	3377.44
Unsecured loans	1317.14	1102.16	1362.13	1434.67	1584.61	2367.04
Deferred Tax Liability	241.82	231.82	216.85	215.70	155.85	244.36
Current liabilities	2432.23	2752.39	2599.35	2613.98	2676.74	3936.63
Provisions	436.49	470.00	733.76	980.08	360.18	666.66
Total Liabilities (D)	5309.34	6654.63	7004.67	7359.40	8657.42	10592.13
Net worth (A+B+C-D)	1302.39	1466.54	1753.40	2301.41	2918.35	3676.11
Represented by						
Share capital						
-Equity Share Capital	94.72	94.72	144.09	144.09	144.09	144.09
-Preference Share Capital	0.04	0.04	0.04	0.04	0.04	0.00
-Capital Suspense	49.37	49.37				
Total(a)	144.13	144.13	144.13	144.13	144.13	144.09
Reserves and surplus	1158.26	1322.41	1609.27	2157.28	2774.22	3532.02
Less: Revaluation Reserve						
TOTAL(b)	1158.26	1322.41	1609.27	2157.28	2774.22	3532.02
Less: Miscellaneous Expenditure						
(To the extent not written off)						
Total(c)						
Net Worth (a+b-c)	1302.39	1466.54	1753.40	2301.41	2918.35	3676.11

Note : Capital Suspense represent value of shares to be allotted to shareholders of Hemani Organics & Chemicals Pvt. Ltd. pursuant to its amalgamation with the company.

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended					For period ended
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Income						
Sales of Products Manufactured by the Company	9270.70	9108.85	10870.12	16669.30	13634.12	13872.86
Sales of Products Traded by the Company	2191.55	2109.90	2559.82	2105.75	2176.95	1641.38
Less Excise Duty	(387.97)	(268.97)	(410.25)	(830.71)	(1045.20)	(1093.05)
Net Sales	11074.28	10949.78	13019.69	17944.34	14765.87	14421.19
Other Income	201.80	189.02	591.91	482.77	967.59	707.33
Increase/(Decrease) in Inventories	(273.19)	18.29	(38.68)	237.22	338.40	53.16
Total (A)	11002.89	11157.09	13572.92	18664.33	16071.86	15181.68
Expenditure						
Materials consumed	5662.62	6245.57	7632.51	10429.63	8206.38	8349.39
Wages and Staff Costs	124.09	131.01	141.35	197.88	245.83	309.31
Purchase of Traded Goods	2544.11	2018.35	2495.73	2040.75	2007.84	1531.19
Stores & Spares Consumed	34.82	39.31	26.79	70.36	74.34	74.55
Fuel & Electricity	689.44	652.89	831.52	1290.82	1186.07	1102.37
Other manufacturing expenses	176.05	166.19	234.50	259.58	325.14	409.72
Administrative, selling and distribution expenses	1055.51	1174.49	1160.93	2716.58	2272.55	1367.58
Total (B)	10286.60	10427.81	12523.33	17005.60	14318.15	13144.11
Profit Before Interest, Depreciation and Tax	716.25	729.28	1049.59	1658.73	1753.71	2037.57
Depreciation	252.12	309.58	362.55	452.54	511.08	502.49
Profit Before Interest and Tax	464.13	419.70	687.04	1206.19	1242.63	1535.08
Financial Charges	136.51	180.54	265.15	347.33	330.04	263.77
Profit before Taxation	327.62	239.16	421.89	858.86	912.59	1271.31
Provision for Taxation	27.00	85.00	150.00	310.00	355.50	425.00
Provision for Deferred Tax	37.45	(10.00)	(14.97)	(1.15)	(59.84)	88.51
Provision for FBT	0	0	0	2.00	0	0
Total	64.45	75.00	135.03	310.85	295.66	513.51
Profit After Tax but Before Extra ordinary Items	263.17	164.16	286.86	548.01	616.93	757.80
Extraordinary items	0	0	0	0	0	0
Net Profit after adjustments	263.17	164.16	286.86	548.01	616.93	757.80
Net Profit Transferred to Balance Sheet	263.17	164.16	286.86	548.01	616.93	757.80

SUMMARY STATEMENT OF CASH FLOW:

(₹ in Lacs)

Particulars	As at					For period ended
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Cash Flow from Operating						
A Activities						
Profit before tax, as restated	327.62	239.16	421.89	858.86	912.59	1271.31
Adjustments for						
Depreciation	252.12	309.58	362.55	452.54	511.08	502.49
Dividend Income	(0.90)	(0.16)	(0.21)	(2.44)	(0.81)	(0.92)
Financial Exp.	136.50	180.54	265.14	347.33	330.04	263.77
Profit on Sale of fixed asset			(0.51)			
Profit on sale of long term investment	(7.07)	(1.82)				
Operating Income before working capital changes	708.27	727.3	1048.86	1656.29	1752.9	2036.65
Adjustments for:						
Decrease/(Increase) in Trade & Other Receivables	212.94	(1299.34)	(555.37)	(369.24)	245.79	(1427.01)
Decrease/(Increase) in Inventories	94.06	(202.84)	31.27	(177.34)	(400.04)	(220.01)
Decrease/(Increase) in Loans & Advances	70.51				(193.07)	(217.81)
Decrease/(Increase) in Misc. Exp not w/off						
Increase/(decrease) in Trade Payables & Provisions	426.51	366.27	98.29	299.25	53.56	1206.57
Cash Generated from Operations	1512.29	(408.62)	623.05	1408.96	1459.14	1378.39
Direct Taxes (Net)	(85.45)	(92.71)	(150.00)	(312.00)	(347.29)	(120.00)
Net Cash Flow from Operating Activities	1426.84	(501.33)	473.05	1096.96	1111.85	1258.39
Cash Flow from Investing						
B Activities						
Purchase of Fixed Assets & CWIP	(681.48)	(547.64)	(585.14)	(974.10)	(2420.60)	(1330.14)
Investments Made	(0.74)		(1.65)	(0.11)	(37.42)	0.00
Dividend Income	0.90	0.16	0.21	2.44	0.81	0.92
Sale of Fixed asset			5.09			0.00
Sale of Investment	80.03	12.56				0.00
Net Cash used from Investing Activities	(601.29)	(534.92)	(581.49)	(971.77)	(2457.21)	(1329.22)
Cash Flow from Financing						
C Activities						
- Share Capital						(0.04)
Change in the Borrowings						
- Proceeds from Long Term Borrowings (Banks)	29.11	1154.02	259.96	94.95	957.38	(219.56)
-proceeds from Long Term Borrowings (Others)					241.44	738.91
-Proceeds from Short Term Borrowings (Banks)	48.23				716.19	(239.50)

Particulars	As at					For
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	period ended 31.12.10
Repayment of Long Term Borrowings (Net)	(195.18)	(216.47)	(5.68)			
- Interest Paid	(136.50)	(180.54)	(265.15)	(347.33)	(330.04)	(263.77)
Net Cash Flow from Financing Activities	(254.34)	757.01	(10.87)	(252.38)	1584.97	16.04
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	571.21	(279.24)	(119.31)	(127.20)	239.61	(54.79)
Cash & Cash Equivalents at Beginning of the Year	9.84	581.05	301.81	182.50	55.30	294.91
Cash & Cash Equivalents at End of the Year	581.05	301.81	182.50	55.30	294.91	240.12

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

THE ISSUE

Equity Shares offered:	
Public Issue of Equity Shares by our Company	40,00,000 Equity Shares
<i>Of which¹</i>	
1. Qualified Institutional Buyers portion (QIBs)	QIB Portion of not more than 20,00,000 Equity Shares constituting not more than 50% of the Issue
<i>Of which</i>	
Mutual Fund Portion	1,00,000 Equity Shares
Balance for all QIBs Portion	19,00,000 Equity Shares
2. Non-Institutional Portion	6,00,000 Equity Shares constituting not less than 15% of the Issue
3. Retail Portion	14,00,000 Equity Shares constituting not less than 35% of the Issue
Equity Shares outstanding prior to the Issue	90,05,750 Equity Shares
Equity Shares outstanding after the Issue	1,30,05,750 Equity Shares
Use of Issue proceeds	Please refer to the chapter titled ' <i>Objects of the Issue</i> ' beginning on page 30 of the Draft Red Herring Prospectus.

¹ Allocation to all categories shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the discretion of our Company, in consultation with the BRLM, and the Designated Stock Exchange; and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price. For more information, please refer to chapter titled 'Issue Procedure' beginning on page 191 of the Draft Red Herring Prospectus.

GENERAL INFORMATION

Our Company was originally incorporated as '*Hemani Intermediates Private Limited*' a private limited company under the Companies Act pursuant to Certificate of Incorporation dated February 3, 1994 bearing registration number 11 – 76416 of 1994 issued by the Additional Registrar of Companies, Maharashtra, Mumbai. Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to '*Hemani Intermediates Limited*' pursuant to fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated April 15, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Thereafter, the name of our Company was changed to '*Hemani Industries Limited*' pursuant to fresh certificate of incorporation consequent upon change of name dated May 3, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Our Company is promoted by Mr. Mohan Dama and Mr. Premji Hemani. For details of changes to our Registered Office, please refer to the chapter titled '*History and Certain Corporate Matters*' beginning on page 90 of the Draft Red Herring Prospectus.

Registered Office of our Company:

Hemani Industries Limited

706 – 710, Reena Complex,
7th Floor, Ramdev Nagar Road,
Vidyavihar (West),
Mumbai – 400 086,
Maharashtra
Tel No: + 91 - 22- 6140 7600;
Fax No: + 91 - 22- 2513 4483;
Email: ipo@hemanigroup.com
Website: www.hemanigroup.com

For details of changes in the address of our Registered Office please refer to the chapter titled '*History and Certain Corporate Matters*' beginning on page 90 of the Draft Red Herring Prospectus.

Our Company is registered with the Registrar of Companies, Maharashtra, Mumbai with corporate identification number U24114MH1994PLC076416.

Registrar of Companies:

Registrar of Companies, Maharashtra, Mumbai

Everest Building,
100, Marine Drive,
Mumbai - 400 002,
Maharashtra,
India.

Our Board of Directors:

The following table sets out details regarding our Board as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name, Designation and Occupation	Age (in years)	DIN	Address
1.	Mr. Mohan Dama <i>Designation:</i> Chairman and Managing Director (Executive and Non Independent) <i>Occupation:</i> Business	56	01803334	Flat Number 13, 7th Floor, Khatau Apartment, Joshi Lane, Tilak Road, Ghatkopar (East), Mumbai – 400 077, Maharashtra
2.	Mr. Premji Hemani <i>Designation:</i> Whole Time Director	58	01808898	Payal Morden Co-operative Society, Plot Number 273, GIDC Vapile Pardi, Valsad – 396

Sr. No.	Name, Designation and Occupation	Age (in years)	DIN	Address
	(Executive and Non Independent) Occupation: Business			195, Gujarat
3.	Mr. Nitin Dama Designation: Whole Time Director (Executive and Non Independent) Occupation: Business	46	01058731	Sai Krupa, Plot Number 209, Hingwala Lane, Ghatkopar (East), Mumbai – 400 077, Maharashtra
4.	Mr. Arvind Mav Designation: Director (Non-executive and Independent) Occupation: Professional	40	03517486	703, Reena Complex, Ramdev Nagar, Vidyavihar (West), Mumbai – 400 084, Maharashtra
5.	Mr. Girdhar Bhanushali Designation: Director (Non-executive and Independent) Occupation: Business	53	03517496	1201/2, Kaveri Co-operative Society, Neelkanth Valley, 7th Rajawadi Road, Ghatkopar (East), Mumbai – 400 077, Maharashtra
6.	Mr. Korji Hemani Designation: Director (Non-executive and Independent) Occupation: Professional	62	03514756	VI – 601, Sanskar Co-operative Society, Shanti Park, Shanti Path, Ghatkopar (East), Mumbai – 400 077, Maharashtra

For detailed profile of our Directors, please refer to the chapter titled 'Our Management' beginning on page 95 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer:

Ms. Monali Wakalkar
Hemani Industries Limited
 706 – 710, Reena Complex,
 7th Floor, Ramdev Nagar Road,
 Vidyavihar (West),
 Mumbai – 400 086,
 Maharashtra
Tel No: + 91 - 22- 6140 7600;
Fax No: + 91 - 22- 2513 4483
Email: c.secretary@hemanigroup.com

Investors may contact our Company Secretary and Compliance Officer or the Registrar to the Issue, in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refunds.

For all Issue related queries and for redressal of complaints, investors may also write to the Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs or the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations), giving full details such as name and address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs or details of the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations) where the ASBA Form was submitted by the ASBA Bidders.

Book Running Lead Manager:

Indbank Merchant Banking Services Limited

11, Varma Chambers, Homji Street,
Fort, Mumbai – 400 001,
Maharashtra

Tel No: +91 - 22 - 2263 4601

Fax No: +91 - 22 - 2265 8270

Website: www.indbankonline.com

Email: mumbai@indbankonline.com

Investor Grievance Id: investors@indbankonline.com

Contact Person: Mr. M. Srinivas / Mr. Kishore Iyer

SEBI Registration No: INM000001394

Registrar to the Issue:

Sharepro Services (India) Private Limited

13AB, Samhita Warehousing Complex
Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road,
Sakinaka,
Andheri (East),
Mumbai - 400 072
Maharashtra, India

Tel No: +91- 22- 6191 5402 /5404

Fax No: +91- 22- 6191 5444

Website: www.shareproservices.com

Email: hemani.ipo@shareproservices.com

Contact Person: Mr. Subhash Dhingreja / Mr. Kumaresan V

SEBI Registration No: INR000001476

Legal Advisor to the Issue:

M/s. Crawford Bayley & Co.

State Bank Buildings,
4th floor, N. G. N. Vaidya Marg,
Fort, Mumbai - 400 023
Maharashtra

Tel. No.: +91- 22- 2266 8000

Fax No.: +91- 22- 2266 0355

Bankers to our Company:

Bank of India

281/287, Kanmoor House,
Narsi Natha Street, Masjid Bunder,
Mumbai, Maharashtra – 400 009

Tel. No.: +91 22 23750107-08

Fax No.: +91 22 23751600/23750013

E-mail: Mandvi.MumbaiSouth@bankofindia.co.in

Website: www.bankofindia.com

ICICI Bank Limited

Ground Floor, Sahara Market,
Vapi Silvassa Road,
Vapi, Gujarat – 396 195

Tel. No.: +91 9978444841/9978444842

Fax No.: +91 260 2423171

E-mail: nayan.patel@icicibank.com

Website: www.icicibank.com

Contact Person: Mr. V. R. Iyer**Contact Person:** Mr. Nayan Patel**Bank of India**

Plot No. C/3/10-B,
GIDC Opp. Asopalav Guest House,
Old National Highway No.8, Ankleshwar,
Dist. Bharuch, Gujarat - 393002

Tel. No.: +91 2646 222002, 226779**Fax No.:** +91 2646 250853**E-mail:** ankleshwarie.vadodara@bankofindia.co.in**Website:** www.bankofindia.com**Contact Person:** R. M. Jagtap**Axis Bank Limited**

Plot No. C/3/9, Opp. Asopalav Guest House,
Near Railway Station, Old National Highway
No.8, GIDC, Ankleshwar,
Dist. Bharuch, Gujarat - 393002

Tel. No.: +91 2646 226521, 22**Fax No.:** +91 2646 226520**E-mail:** ankleshwar.branchhead@axisbank.com**Website:** www.axisbank.com**Contact Person:** Ms. Shradhanjali Dash**Bankers to the Issue / Escrow Collection Bank(s):**

The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Syndicate Member(s):

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with the RoC.

Self Certified Syndicate Banks:

The SCSBs are as per the updated list available on SEBI's website <http://www.sebi.gov.in/pmd/scsb.html>

Refund Banker(s):

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Statutory Auditors to our Company:**M/s. Haren Parekh & Company,**

Chartered Accountants

321 Reena Complex,

R N Road, Vidhyavihar (West),

Mumbai – 400086

Maharashtra

Tel No: +91 9869056017**Fax No.:** +91- 022- 25121610**Email:** hparekh2005@hotmail.com**Contact Person:** Mr. Haren Parekh**Firm Registration Number:** 114075W**Independent Auditor (Peer Review Certified)*****M/s. U. B. Sura & Co.**

Chartered Accountant

14, Krishna Kunj, 144/45,

M. G. Road, Ghatkopar (East),

Mumbai – 400 086,

Maharashtra

Tel No: +91 22 2102 2735**Fax No.:** +91- 022- 21022095**Email:** upendrasura@gmail.com**Contact Person:** Mr. Upendra Sura**Firm Registration Number:** 110620W

* M/s. U. B. Sura & Co. holds a peer reviewed certificate dated September 24, 2009 issued by the Institute of Chartered Accountants of India, New Delhi.

Statement of responsibilities:

Indbank Merchant Banking Services Limited is the sole BRLM to the Issue and shall be responsible for the following activities:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such composition of debt and equity, type of instruments, etc.
2.	Conducting a Due diligence of our Company's operations / management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges (pre-issue), RoC and SEBI.
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.
4.	Appointment of the Registrar, Bankers to the issue and appointment of other intermediaries viz. printers and advertising agency
5.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
7.	Retail and HNI segment Marketing, Which will cover <i>inter alia</i> : <ul style="list-style-type: none"> Preparation of road show presentation. Finalising centres for holding Brokers' conference Finalising media, marketing and PR Strategy Follow up on distribution of publicity and issue material including application form, brochure and deciding on quantum of issue material Finalising collection centres as per schedule III of SEBI (ICDR) Regulations, 2009
8.	Institutional Marketing, which will cover <i>inter alia</i> : <ul style="list-style-type: none"> Finalisation of list of investors. Finalisation of one to one meetings and allocation of institutions. Finalisation of presentation material
9.	Managing Book and co-ordination with stock Exchanges for bidding terminals, mock trading etc
10.	Pricing and QIB allocation
11.	Follow – up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
12.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

Credit Rating:

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

IPO Grading Agency

[●]

IPO Grading:

This Issue has been graded by [●], and has been assigned the “IPO Grade [●]” indicating [●] through its letter dated [●], which is valid for a period of [●] months. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals.

A copy of the report provided by [●], furnishing the rationale for its grading, will be annexed to the Red Herring Prospectus and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Red Herring Prospectus, until the Bid/Issue Closing Date.

Expert Opinion:

Except the report of [●] in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading and the reports of the Statutory Auditor of our Company on the restated financial statements and Statement of Tax Benefits, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Trustees:

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

Appraisal and Monitoring Agency:

The objects of the Issue have not been appraised by any agency. The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company. As the net proceeds of the Issue will be less than ₹ 50,000 lacs, under the sub-regulation (1) of Regulation 16 of SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

However, as per the Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the corporate governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

Book Building Process:

Book Building refers to the process of collection of Bids made by the investors on the basis of the Red Herring Prospectus. The Issue Price shall be determined by our Company, in consultation with the Book Running Lead Manager, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. BRLM, in this case being Indbank Merchant Banking Services Limited;
3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. Syndicate members are appointed by the BRLM;
4. Registrar to the issue, in this case being Sharepro Services (India) Private Limited;
5. Banker(s) to the issue, Refund Bank(s); and
6. Self Certified Syndicate Banks.

This Issue is being made in compliance with Regulation 26(1) of the SEBI ICDR Regulations and through the Book Building Process. In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall be not less than 1,000.

This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of the Company, Equity Shares will be offered to the public for subscription in accordance with Rule 19(2)(b)(i) of the SCRR and SEBI ICDR Regulations. The Issue is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). 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 QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the Book Running Lead Manager and the Designated Stock Exchange.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please refer to the chapter titled 'Issue Procedure' beginning on page 191 of the Draft Red Herring Prospectus.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non Institutional Investors are mandatorily required to utilise the ASBA facility to submit

their Bids and participate in this Issue. For further details please refer to the chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus.

Attention of all QIBs is specifically drawn to the fact that all QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis. For further details, please refer to the chapter titled '*Terms of the Issue*' and '*Issue Procedure*' beginning on pages 186 and 191 respectively, of the Draft Red Herring Prospectus.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLM to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change from time to time and investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for making a bid (for further details, please refer to the chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus). Specific attention of ASBA Bidders is invited to the chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus;
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form, as the case may be;
3. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
4. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (for further details, please refer to the chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus). Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
5. Ensure the correctness of your Demographic Details (as defined under the paragraph titled '*Bidder's Depository Account Details*', in chapter titled '*Issue Procedure*' beginning on page 191 of the Draft Red Herring Prospectus), given in the Bid cum Application Form, and the details recorded with your Depository Participant; and
6. Bids by ASBA Bidders have to be submitted to the SCSBs at the Designated Branches or members of the syndicate (at ASBA Bidding Locations). ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs to ensure that their ASBA Form is not rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders (including ASBA Bidders) can bid at any price within the price band. For instance, assuming a price band of ₹ 200 to ₹ 240 per share, an issue size of 3,000 equity shares and receipt of five bids from Bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and the NSE (www.nseindia.com) during the bidding period. The illustrative book shown below shows the demand for the shares at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (₹)	Cumulative Equity Shares Bid for	Subscription
500	240	500	16.67%
1,000	230	1,500	50.00%
1,500	220	3,000	100.00%
2,000	210	5,000	166.67%
2,500	200	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off, *i.e.*, ₹ 220 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 ₹ 220. All bids at or above this issue price and cut off bids by Retail Individual Bidders are valid bids and are considered for allocation in the respective categories.

Bid/Issue Program:

Bidding /Issue Period:

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON (QIB BIDDERS) *	[●]
BID/ISSUE CLOSES ON (EXCEPT QIB BIDDERS)	[●]

**Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid / Issue Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA Form, the Designated Branches or the Syndicate/Sub-syndicate members (at ASBA Bidding Locations) except that on the Bid / Issue Closing Date (which for the QIBs may be a day prior to that of the other Bidders), the Bids shall be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs, (ii) until 4.00 p.m. in case of Bids by Non Institutional Bidders, and (iii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLM to the Stock Exchanges within half an hour of such closure.

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid / Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLM, Syndicate Members, Sub-syndicate members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

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

All times mentioned in this Draft Red Herring Prospectus are Indian Standard Time.

Our Company in consultation with the BRLM reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least two Working Days before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Bid / Issue Period will be extended for a minimum of three additional working days, 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 websites of the BRLM and at the terminals of the Syndicate.

Withdrawal of the Issue:

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid / Issue Opening Date, but prior to allotment, without assigning any reason thereof. In such an event, it shall issue a public notice, within 2 days of the Bid / Issue Closing Date. 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.

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

In terms of the SEBI ICDR Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the QIB Bid / Issue Closing Date.

If our Company withdraws the Issue and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Red Herring Prospectus with SEBI.

Underwriting Agreement:

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, we intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfil their underwriting obligations. The underwriting shall be to the extent of the bids procured by each Underwriter, including through its respective syndicates/sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

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

Name and address of the Underwriter/(s)	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ lacs)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

The above mentioned amount is an indicative underwriting and would be finalised after the determination of the Issue Price and actual Allocation of the Equity Shares. The above underwriting agreement is dated [●] and has been approved by the Board of Directors on [●].

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriter(s) are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

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

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member.

CAPITAL STRUCTURE

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

(₹ in lacs)			
No.	Particulars	Aggregate Nominal Value	Aggregate value at Issue Price
A	Authorised Share Capital		
	1,50,00,000 Equity Shares	15,00,00,000	
B	Issued, Subscribed and Paid Up Share Capital before the Issue		
	90,05,750 Equity Shares	9,00,57,500	
C	Present Issue to the Public in terms of the Draft Red Herring Prospectus^(a)		
	40,00,000 Equity Shares ^(b)	4,00,00,000	[●]
D	Issued, Subscribed and Paid Up Share Capital after the Issue		
	1,30,05,750 Equity Shares	13,00,57,500	
E	Share Premium Account		
	Before the Issue		Nil
	After the Issue		[●]

a) The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on April 18, 2011 and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on May 17, 2011.

b) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any portion would be met with spillover from other categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis.

NOTES TO CAPITAL STRUCTURE

1. Details of Increase in Authorized Share Capital

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
-	₹ 5,00,000 consisting of 4,900 Equity shares of ₹ 100 each aggregating to ₹ 4,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	Incorporation	-
₹ 5,00,000 consisting of 4,900 Equity shares of ₹ 100 each aggregating to ₹ 4,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	₹ 30,00,000 consisting of 29,900 Equity shares of ₹ 100 each aggregating to ₹ 29,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	June 9, 1994	EGM
₹ 30,00,000 consisting of 29,900 Equity shares of ₹ 100 each aggregating to ₹ 29,90,000 and 100	₹ 50,00,000 consisting of 49,900 Equity shares of ₹ 100 each aggregating to ₹ 49,90,000 and 100	April 26, 2001	EGM

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
preference shares of ₹ 100 each aggregating to ₹ 10,000.	preference shares of ₹ 100 each aggregating to ₹ 10,000.		
₹ 50,00,000 consisting of 49,900 Equity shares of ₹ 100 each aggregating to ₹ 49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	₹ 75,00,000 consisting of 74,900 Equity shares of ₹ 100 each aggregating to ₹ 74,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	June 28, 2002	EGM
₹ 75,00,000 consisting of 74,900 Equity shares of ₹ 100 each aggregating to ₹ 74,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	₹ 1,00,00,000 consisting of 99,900 Equity shares of ₹ 100 each aggregating to ₹ 99,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	July 8, 2003	EGM
₹ 1,00,00,000 consisting of 99,900 Equity shares of ₹ 100 each aggregating to ₹ 99,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	₹ 1,50,00,000 consisting of 1,49,900 Equity shares of ₹ 100 each aggregating to ₹ 1,49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	September 20, 2007	EGM
Re-organisation of the capital structure (Conversion)			
₹ 1,50,00,000 consisting of 1,49,900 Equity shares of ₹ 100 each aggregating to ₹ 1,49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	₹ 1,50,00,000 consisting of 1,50,000 Equity shares of ₹ 100 each.	February 14, 2011	EGM
Re-organisation of the capital structure (Sub-division)			
₹ 1,50,00,000 consisting of 1,50,000 Equity shares of ₹ 100 each.	₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10 each.	February 14, 2011	EGM
₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10 each.	₹ 15,00,00,000 consisting of 1,50,00,000 Equity shares of ₹ 10 each.	February 14, 2011	EGM

2. History of Equity Share Capital of our Company:

Date of Allotment / Fully Paid-up	Number of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Shares	Cumulative Paid up Share Capital (₹)	Cumulative Securities Premium (₹)
January 18, 1994	20	100	100	Cash	Initial Subscription ⁽¹⁾	20	2,000	NIL
February 4, 1994	24,704	100	100	Cash	Preferential allotment ⁽²⁾	24,724	24,72,400	NIL
June 19, 2001	25,000	100	300	Cash	Preferential allotment ⁽³⁾	49,724	49,72,400	50,00,000
August 14, 2002	20,000	100	500	Cash	Preferential allotment ⁽⁴⁾	69,724	69,72,400	1,30,00,000
October 10, 2003	25,000	100	600	Cash	Preferential allotment ⁽⁵⁾	94,724	94,72,400	2,55,00,000
December 24, 2007	49,368	100	-	Other than Cash	Allotment pursuant Scheme of Amalgamation ⁽⁶⁾	1,44,092	1,44,09,200	3,90,00,000
February 14, 2011	Sub-division of each Equity Share of ₹ 100 into 10 Equity Shares of ₹ 10 each					14,40,920	1,44,09,200	3,90,00,000
<i>Sub-division of nominal value of Equity Shares of our Company from ₹ 100 per equity share to ₹ 10 per equity</i>								

Date of Allotment / Fully Paid-up	Number of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Shares	Cumulative Paid up Share Capital (₹)	Cumulative Securities Premium (₹)
-----------------------------------	----------------------------------	----------------	-----------------	-------------------------	---------------------	-----------------------------	--------------------------------------	-----------------------------------

share (EGM dated February 14, 2011).

March 16, 2011	75,64,830	10	-	Other than Cash	Bonus Issue ⁽⁷⁾	90,05,750	9,00,57,500	Nil
----------------	-----------	----	---	-----------------	----------------------------	-----------	-------------	-----

1. Initial allotment of 10 Equity Shares each to the subscribers to the MoA of the Company being Mr. Mohan Dama and Mr. Karsandas Dama.
2. Preferential allotment of 2,500 equity shares to Mr. Karsandas Dama, 11,990 equity shares to Mr. Mohan Dama, 2,800 equity shares to Ms. Naina Hemani, 1,957 equity shares to Mr. Anil Nanda, 1,381 equity shares to Ms. Daksha Nanda, 1,506 equity shares to Ms. Mangalaben Chandra, 1,641 equity shares to Ms. Madhuri Kataria, 536 equity shares to Mr. Bharat Nanda, 240 equity shares to Mr. Ratanshi Chandra, 150 equity shares to Mr. Narayan Kataria and 1 equity share each to Ms. Nanda Bharat, Mr. Chaturbhuj Chandra and Mr. Shamji Kajra.
3. Preferential allotment of 3,000 equity shares to Mr. Mohan Dama, 2,000 equity shares to Ms. Minal Dama, 4,000 equity shares to Mohan Sunderji Dama (HUF), 2,000 equity shares to Ms. Naian Hemani, 3,000 equity shares to Mr. Premji Hemani, 4,000 equity shares to Nitin Sunderji Dama (HUF), 4,000 equity shares to Mr. Premji Hemani and 3,000 equity shares to Mr. Nitin Dama.
4. Preferential allotment of 4,000 equity shares to Nitin Sunderji Dama (HUF), 4,000 equity shares to Mohan Sunderji Dama (HUF), 4,000 equity shares to Premji Sunderji Hemani (HUF), 4,000 equity shares to Mr. Nitin Dama.
5. Preferential allotment of 1,000 equity shares each to Mr. Hemlata Dama, Ms. Rekha Bhanushali, Mr. Jadhavji Bhanushali, Mr. Madhavji Bhanushali, Mr. Maniben Dama, Govindji Mav (HUF), Mr. Harbai Dama, Mr. Manji Mange, Mr. Jadhavji Dama (HUF), Lalji Dama (HUF), Tulsidas Dama (HUF), Mr. Chatrabhuj Chandra, Mr. Vershi Bhanushali, Mr. Ganji Mange, Ms. Maniben Dama, Damji Bhadra (HUF), Mr. Vasant Mange, Mr. Khimji Bhadra, Mr. Lalji Dama, Mr. Valji Mange, Mr. Dinesh Bhanushali, Mr. Jagdish Dama, Mr. Jamnaben Mav, Mr. Leherechand Bhadra, Mr. Purushottam Bhanushali.
6. Allotment of 16,789 equity shares to Mr. Mohan Dama, 14,738 equity shares to Mr. Premji Hemani, 3,417 equity shares to Ms. Minal Dama, 6,293 equity shares to Ms. Naina Hemani, 1,695 equity shares to Mr. Jailesh Hemani, 4,166 equity shares to Mr. Jayesh Dama and 2,270 equity shares to Premji Sunderji Hemani (HUF).
7. Our Company vide its Board Resolution dated February 14, 2011, issued 7,564,830 Equity Shares of ₹ 10 each as bonus shares to the existing shareholders, as on February 14, 2011 in the ratio of 525 Equity Shares for every 100 equity share held by them by utilizing ₹ 3,90,00,000 out of the securities premium account, ₹ 69,11,400 out of the reserves and surplus account and ₹ 2,97,36,900 out of the profit and loss account.

3. History of non convertible and non cumulative redeemable Preference Share Capital of our Company:

Date of Allotment / Fully Paid-up	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration	Nature of allotment	Cumulative Paid-up Capital (in ₹)	Cumulative No. of shares	Cumulative Securities Premium (in ₹)
February 4, 1994	41	100	100	Cash	Preferential allotment ⁽¹⁾	4,100	41	Nil
December 18, 2010	(41)	100	100	Cash	Redemption of Preference Shares	Nil	Nil	Nil

Our Company vide Board resolution dated February 4, 1994, allotted 14, 11, 5 and 4 non convertible and non cumulative redeemable preference shares of ₹ 100 each to Mr. Bharat Nanda, Mr. Bharat Dama, Ms. Daxa Nanda and Mr. Chatrabhuj Chandra respectively and one non convertible and non cumulative redeemable

preference shares of ₹ 100 each to Ms. Minal Dama, Ms. Naina Hemani, Mr. Harish Chinda, Mr. Mohan Dama, Mr. Nitin Dama, Mr. Premji Hemani and Mr. Narayan Kataria.

4. Equity Shares issued for consideration other than cash

Save and except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash:

- a. Pursuant to a Scheme of Amalgamation under the provisions of Sections 391 to 394 of the Companies Act (as approved by the Bombay High Court *vide* its order dated March 16, 2007 and by the High Court of Gujarat *vide* its order dated June 11, 2007) Hemani Organics and Chemicals Private Limited was amalgamated into our Company. 49,368 Equity Shares (having face value of ₹ 100 each) of our Company were allotted on December 24, 2007 to the following entities against their respective shareholdings in Hemani Organics and Chemicals Private Limited.

Name of the person(s)	No. of Equity Shares	Benefit accrued to our Company
Mr. Mohan Dama	16,789	The Transferor company belonged to Hemani Group of which our Company is the flagship company. The business facilities of the Transferor company were complimentary to the business of our Company and the amalgamation has offered synergistic benefit to both the companies.
Mr. Premji Hemani	14,738	
Mrs. Minal Dama	3,417	
Mrs. Naina Hemani	6,293	
Mr. Jailesh Hemani	1,695	
Premji Sunderji Hemani (HUF)	2,270	
Mr. Jayesh Dama	4,166	

For further information with regards to the aforementioned scheme please refer to the chapter titled 'History and Certain Corporate Matters' beginning on page 90 of the Draft Red Herring Prospectus.

- b. Our Company *vide* its Board Resolution dated March 16, 2011, issued 75,64,830 Equity Shares (having face value of ₹ 10 each) as bonus shares to the existing shareholders, as on the record date February 14, 2011 in the ratio of 525 Equity Shares for every 100 equity share held by them by utilizing ₹ 3,90,00,000 out of the securities premium account, ₹ 69,11,400 out of the reserves and surplus account and ₹ 2,97,36,900 out of the profit and loss account.

5. Details of Promoters' contribution and Lock-in

The Equity Shares held by the Promoters were acquired / allotted in the following manner:

Details of build-up of shareholding of the Promoters and lock-in

Name	Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of consideration	Nature of Issue	Percentage of Pre-issue paid up capital	Percentage of Post-issue paid up capital	Lock-in Period
Mr. Mohan Dama	January 18, 1994	10	100	100	Cash	Subscription to the MoA	0.01%*	0.01%*	-
	February 4, 1994	11,990	100	100	Cash	Preferential Allotment	1.33%*	0.92%*	-
	September 5, 1996	(12,000)	100	100	Cash	Transferred to Ms. Minal Dama	(1.33%)*	(0.92%)*	-
	June 19, 2001	3,000	100	100	Cash	Preferential Allotment	0.33%*	0.23%*	-
	June 26, 2001	(3,000)	100	100	Cash	Transferred to Orbit Polyester Limited	(0.33%)*	(0.23%)*	-
	March 26, 2002	2,000	100	50	Cash	Purchased from Orbit Polyester Limited	0.22%*	0.15%*	-

Name	Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of consideration	Nature of Issue	Percentage of Pre-issue paid up capital	Percentage of Post-issue paid up capital	Lock-in Period
	July 25, 2002	500	100	50	Cash	Purchased from Mr. Kanji Bhanushali	0.06%*	0.04%*	-
	July 25, 2002	500	100	50	Cash	Purchased from Mr. Mainsh Dama	0.06%*	0.04%*	-
	July 25, 2002	500	100	50	Cash	Purchased from Mr. Tulsidas Dama	0.06%*	0.04%*	-
	July 25, 2002	500	100	50	Cash	Purchased from Mr. Virji Bhadra	0.06%*	0.04%*	-
	March 31, 2004	500	100	100	Cash	Purchased from V. P. Bhanushali (HUF)	0.06%*	0.04%*	-
	July 20, 2004	1,000	100	120	Cash	Purchased from Mr. Jadhavji Bhanushali	0.11%*	0.08%*	-
	July 20, 2004	2,000	100	100	Cash	Purchased from Nitin Sunderji Dama (HUF)	0.22%*	0.15%*	-
	December 24, 2007	16,789	100	-	Other than Cash	Allotment pursuant to Scheme of Amalgamation	1.86%*	1.29%*	-
	Total Number of Shares Pre Division	24,289	100						
	February 14, 2011	2,42,890	10	-	-	Total number of Equity Shares on Subdivision	2.70%	1.87%	3 Years
	March 16, 2011	10,19,761	10	-	Other than Cash	Bonus Issue	11.32%	7.84%	3 Years
		2,55,409					2.84%	1.96%	1 Year
Total (A)		1,518,060					16.86%	11.67%	
Mr. Premji Hemani	June 19, 2001	3,000	100	100	Cash	Preferential Allotment	0.33%*	0.23%*	-
	June 26, 2001	(3,000)	100	100	Cash	Transferred to Orbit Polyester Limited	(0.33%)*	(0.23%)*	-
	March 26, 2002	4,000	100	50	Cash	Purchased from Orbit Polyester Limited	0.44%*	0.31%*	-
	July 30, 2002	500	100	50	Cash	Purchased from Ms. Bachiben Bharda	0.06%*	0.04%*	-
	July 30, 2002	500	100	50	Cash	Purchased from Ms. Bhartiben Bhadra	0.06%*	0.04%*	-
	July 30, 2002	500	100	50	Cash	Purchased from Mr. Lalji Dama	0.06%*	0.04%*	-
	July 30, 2002	500	100	50	Cash	Purchased from Ms. Bachiben Hansraj	0.06%*	0.04%*	-
	July 20, 2004	1,500	100	100	Cash	Purchased from Nitin Sunderji Dama (HUF)	0.17%*	0.12%*	-

Name	Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of consideration	Nature of Issue	Percentage of Pre-issue paid up capital	Percentage of Post-issue paid up capital	Lock-in Period
	July 20, 2004	1,000	100	120	Cash	Purchased from Ms. Rekha Bhanushali	0.11%*	0.08%*	-
	December 24, 2007	14,738	100	-	Other than Cash	Allotment pursuant to Scheme of Amalgamation	1.64%*	1.13%*	-
	August 20, 2009	2,510	100	100	Cash	Transfer from Mr. Bharat Dama	0.28%*	0.19%*	-
	Total Number of Shares Pre Division	25,748	100						
	February 14, 2011	2,57,480	10	-	-	Total number of Equity Shares on Subdivision	2.86%	1.98%	3 Years
	March 16, 2011	10,81,019	10	-	Other than Cash	Bonus Issue	12.00%	8.31%	3 Years
		2,70,751					3.01%	2.08%	1 Year
Total (B)		1,609,250					17.87%	12.37%	
Total (A+B)		3,127,310					34.73%	24.05%	

* Allotment of Equity Shares has been made at a face value of ₹ 100 each. However pre-issue and post-issue percentages have been calculated on the basis of face value of ₹ 10 each.

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by our Promoters for a period of three (3) years from the date of Allotment (“minimum Promoters’ contribution”).

The Promoter’s contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained consents from our Promoters for the lock-in of 26,01,150 Equity Shares, held by them, for a period of three years from the date of Allotment in the Issue and for lock in of the balance pre-Issue Equity Share capital of our Company, held by them, for a period of one year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the minimum Promoter’s contribution are not subject to pledge. Lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.

We confirm that the minimum Promoters’ contribution of 20% which is subject to lock-in for three years does not consist of:

- equity shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets;
- equity shares acquired during the preceding three years resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum Promoters’ contribution;
- equity shares acquired by Promoter during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue; or equity shares pledged with any creditor.

The share certificates for the Equity Shares in physical form, which are subject to lock-in, shall carry the inscription ‘non-transferable’ and the non-transferability details shall be informed to the depositories. The details of lock-in shall be included in the Prospectus to be filed with the RoC.

Further, our Company has not been formed by the conversion of a partnership firm into a company.

6. Equity Shares locked-in for one year

In addition to 20% of the post-Issue shareholding of our Company locked-in for three years as the minimum Promoters contribution, the balance Pre-Issue Paid-up Equity Share Capital, would be locked-in for a period of one year from the date of Allotment. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories. Pursuant to proviso (b) to Regulation 37 of the SEBI ICDR Regulations, Equity Shares held by VCFs or FVCIs for at least one year prior to filing of the Draft Red Herring Prospectus with SEBI would not be subject to the above lock-in.

7. Other requirements in respect of 'lock-in'

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and the pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

8. Our shareholding pattern

The table below represents the shareholding pattern of our Company, before and after the proposed Issue:

Pre-Issue													Post-Issue			
Category code	Category of shareholder	No. of share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		No. of share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares						
					As a percentage of (A+B)	As a percentage of (A+B+C)				As a percentage of (A+B)	As a percentage of (A+B+C)					
(A)	Promoter and Promoter Group															
(1)	Indian															
(a)	Individuals/ Hindu Undivided Family	4	44,56,680	-	49.48	49.48	4	44,56,680	[●]	34.27	34.27					
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-					
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-	-					
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-					
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-					
	Immediate relatives	4	45,49,070	-	50.52	50.52	4	45,49,070	[●]	34.98	34.98					
	Sub-Total (A)(1)	8	90,05,750	-	100	100	8	90,05,750	[●]	69.24	69.24					
(2)	Foreign															
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-					
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-	-					
(c)	Institutions	-	-	-	-	-	-	-	-	-	-					
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-					

Category code	Category of shareholder	Pre-Issue				Post-Issue				
		No. of share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		No. of shares held in dematerialized form	Total number of shares	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)			As a percentage of (A+B)	As a percentage of (A+B+C)
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	90,05,750	-	100	100	8	90,05,750	[●]	69.24
	(B) Public shareholding									
	(1) Institutions									
(a)	Mutual Funds/UTI	-	-	-	-	-	[●]	[●]	[●]	[●]
(b)	Financial Institutions/ Banks	-	-	-	-	-	[●]	[●]	[●]	[●]
(c)	Central Government/ State Government(s)	-	-	-	-	-	[●]	[●]	[●]	[●]
(d)	Venture Capital Funds	-	-	-	-	-	[●]	[●]	[●]	[●]
(e)	Insurance Companies	-	-	-	-	-	[●]	[●]	[●]	[●]
(f)	Foreign Institutional Investors	-	-	-	-	-	[●]	[●]	[●]	[●]
(g)	Foreign Venture Capital Investors	-	-	-	-	-	[●]	[●]	[●]	[●]
(h)	Any Other (specify)	-	-	-	-	-	[●]	[●]	[●]	[●]
	Sub-Total (B)(1)	-	-	-	-	-	[●]	[●]	[●]	[●]
	(2) Non-institutions	-	-	-	-	-	[●]	[●]	[●]	[●]
(a)	Bodies Corporate	-	-	-	-	-	[●]	[●]	[●]	[●]
	Individuals –	-	-	-	-	-				
i.	Individual shareholders holding nominal share capital up to ₹ 1 lacs						[●]	[●]	[●]	[●]
(b)	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lacs	-	-	-	-	-	[●]	[●]	[●]	[●]
(c)	Any Other (specify)	-	-	-	-	-	[●]	[●]	[●]	[●]
	Non-Resident Indians	-	-	-	-	-	[●]	[●]	[●]	[●]
	Directors & their Relatives	-	-	-	-	-	[●]	[●]	[●]	[●]
	Sub-Total (B)(2)	-	-	-	-	-	[●]	[●]	[●]	[●]
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	[●]	40,00,000	40.00	30.76
	TOTAL (A)+(B)	8	90,05,750	-	100	100	[●]	1,30,05,750	[●]	100
	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8	90,05,750	-	100	100	[●]	1,30,05,750	[●]	100

Note: This is based on the assumption that the existing shareholders, shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that shareholders (excluding Promoters) may subscribe for and be Allotted pursuant to this Issue.

9. The details of the shareholding of the Promoters and the Promoter Group as on the date of the Draft Red Herring Prospectus:

(Equity Shares of Face Value of ₹ 10 each)

Name of the Shareholders	Number of Equity Shares	Percentage of Pre-Issue Equity Capital	Percentage of Post – Issue Equity Capital
(A) Promoters			
Mr. Mohan Dama	15,18,060	16.86	11.67

Name of the Shareholders	Number of Equity Shares	Percentage of Pre-Issue Equity Capital	Percentage of Post – Issue Equity Capital
Mr. Premji Hemani	16,09,250	17.87	12.37
Total (A)	31,27,310	34.73	24.05
Promoter Group			
Ms. Minal Dama	22,10,690	24.55	17.00
Ms. Naina Hemani	13,80,810	15.33	10.62
Premji Sunderji Hemani (HUF)	7,35,620	8.17	5.66
Mr. Jayesh Dama	6,32,880	7.03	4.87
Mohan Sunderji Dama (HUF)	5,93,750	6.59	4.57
Mr. Jailesh Hemani	3,24,690	3.60	2.50
Total (B)	58,78,440	65.27	45.20
Total (A) + (B)	90,05,750	100.00	69.24

10. Particulars of the top ten shareholders

(a) Particulars of the top ten shareholders as on the date of the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Ms. Minal Dama	22,10,690	24.55
2.	Ms. Naina Hemani	13,80,810	15.33
3.	Mr. Mohan Dama	15,18,060	16.86
4.	Mr. Premji Hemani	16,09,250	17.87
5.	Premji Sunderji Hemani (HUF)	7,35,620	8.17
6.	Mr. Jayesh Dama	6,32,880	7.03
7.	Mohan Sunderji Dama (HUF)	5,93,750	6.59
8.	Mr. Jailesh Hemani	3,24,690	3.60
	TOTAL	90,05,750	100.00

(b) Particulars of top ten shareholders ten days prior to the date of the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Ms. Minal Dama	22,10,690	24.55
2.	Ms. Naina Hemani	13,80,810	15.33
3.	Mr. Mohan Dama	15,18,060	16.86
4.	Mr. Premji Hemani	16,09,250	17.87
5.	Premji Sunderji Hemani (HUF)	7,35,620	8.17
6.	Mr. Jayesh Dama	6,32,880	7.03
7.	Mohan Sunderji Dama (HUF)	5,93,750	6.59
8.	Mr. Jailesh Hemani	3,24,690	3.60
	TOTAL	90,05,750	100.00

(c) Particulars of the top ten shareholders two years prior to the date of the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1.	Ms. Minal Dama	35,371	24.55
2.	Mr. Premji Hemani	25,748	17.87
3.	Mr. Mohan Dama	24,289	16.86
4.	Ms. Naina Hemani	22,093	15.33
5.	Premji Sunderji Hemani (HUF)	11,770	8.17
6.	Mr. Jayesh Dama	10,126	7.03
7.	Mohan Sunderji Dama (HUF)	9,500	6.59
8.	Mr. Jailesh Hemani	5,195	3.61

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
	TOTAL	144,092	100.00

1. None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, other than as follows:

Sr. No.	Name of shareholder	Number of Equity Shares held	Pre Issue Percentage	Post Issue Percentage
Directors				
1.	Mr. Mohan Dama	15,18,060	16.86	11.67
2.	Mr. Premji Hemani	16,09,250	17.87	12.37
Key Managerial Personnel				
3.	Mr. Jayesh Dama	6,32,880	7.03	4.87

11. Our Promoters, our Promoter Group, the Directors of our Company and their immediate relatives, as defined under the SEBI ICDR Regulations, have not purchased or financed the purchase by any other person, or sold any Equity Shares, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.
12. Our Company, our Promoters, our Directors and the BRLM have not entered into any buy back, standby or similar arrangements for the purchase of Equity Shares from any person.
13. None of the BRLM or their associates hold any equity shares as on the date of the Draft Red Herring Prospectus.
14. For the details of transactions by our Company with our Promoter Group, Group Companies during the last five Fiscals i.e. 2006, 2007, 2008, 2009 and 2010 and for the nine month period ended December 31, 2010, please refer to paragraph titled “*Statement of Transactions with Related Parties, as Restated*” in the chapter titled ‘*Financial Information*’ beginning on page 118 of the Draft Red Herring Prospectus
15. As on the date of the Draft Red Herring Prospectus with the Registrar of Companies there are no outstanding Warrants, options or rights to convert debentures, loans or other financial instrument into Equity Shares.
16. As per RBI regulations, OCBs are not allowed to participate in this Issue.
17. All the Equity Shares of our Company are fully paid up as on the date of the Draft Red Herring Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
18. In terms of Rule 19(2)(b)(i) of the SCRR, this Issue is for 25% of the post-Issue capital of our Company. Pursuant to the SEBI ICDR Regulations not more than 50% of the Issue shall be available for allocation to QIBs. If the minimum public shareholding requirements of Rule 19(2)(b) (i) of the SCRR cannot be met, the entire application money will be refunded by our Company forthwith.
19. Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.
20. Oversubscription, if any, to the extent of 10% of the Issue, can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the ‘Basis of Allotment’. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter’s Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
21. The total number of members of our Company as on the date of the Draft Red Herring Prospectus is Eight.
22. Our Company has not raised any bridge loan against the proceeds of this Issue.

23. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
24. There shall be only one denomination of Equity Shares, unless otherwise permitted by law.
25. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
26. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
27. Our Company has not revalued its assets since its incorporation and has not issued any Equity Shares out of revaluation reserves.
28. Our Company has not made any public issue since its incorporation.
29. The shares locked in by our Promoters are not pledged to any party.
30. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters or Directors to the persons who receive allotments, if any, in this Issue.
31. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees.
32. Our Promoters and the members of our Promoter Group will not participate in this Issue.
33. There has been no allotment of Equity Shares that may be at a price lower than the Issue Price within the last 12 months from the date of the Draft Red Herring Prospectus except as under:

Date of Allotment	Nature of Allotment	Name of Allottee	No. of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of consideration
March 16, 2011	Bonus Issue	Ms. Minal Dama	18,56,980	10	Nil	Other than cash
		Ms. Naina Hemani	11,59,880			
		Mr. Mohan Dama	12,75,170			
		Mr. Premji Hemani	13,51,770			
		Mohan Sunderji Dama (HUF)	4,98,750			
		Premji Sunderji Hemani (HUF)	6,17,920			
		Mr. Jayesh Dama	5,31,620			
		Mr. Jailesh Hemani	2,72,740			

34. The Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transactions.

SECTION IV – OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The present issue is being made to raise the funds for the following purposes:

1. Setting up a new facility for manufacturing of Agrochemical Intermediates;
2. Meeting the Working Capital Margin Requirements for the new facility;
3. Meeting the Public Issue Expenses;
4. General Corporate Purposes
5. To list the shares offered through this issue on BSE and NSE;

The other objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on NSE and BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

DESCRIPTION OF THE PROJECT

Our Company is setting up additional manufacturing facility for the manufacturing of Agrochemical Intermediates at the existing additional land available at our Unit III at Dahej with an installed capacity of 300 TPM. The brief description of the project is mentioned hereunder:

Cost of Project and Means of Finance

The Cost of Project and Means of Finance as estimated by our management are given below:

Cost of Project

		(₹ in lacs)
Sr. No.	Particulars	Amount
1.	Setting up a new facility for manufacturing of Agrochemical Intermediates	4,693.45
2.	Meeting the Additional Working Capital Margin Requirements;	519.68
3.	Public Issue Expenses	[•]
4.	General Corporate Purposes	[•]
	Total	[•]

Means of Finance

		(₹ in lacs)
Sr. No.	Particulars	Amount
1.	Initial Public Offer	[•]
2.	Internal Accruals	[•]
	Total	[•]

[•] – The relevant figure will be updated on finalization of the issue price.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process.

Our Company has, as on May 31, 2011 already incurred an expenditure of ₹ 263.09 lacs through internal accruals. We propose to meet the remaining requirement of funds for the Project from the Net Proceeds and existing identifiable internal accruals of our Company. Hence, no amount is required to be raised through means other than the Net Proceeds and existing identifiable internal accruals of our Company. Accordingly, the requirement of Regulation 4(g) of the SEBI ICDR Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the Net Proceeds and existing identifiable internal accruals is not applicable.

The fund requirement and deployment are based on our management estimates and the quotations received from the suppliers. Our capital expenditure plans are subject to a number of variables, including possible cost

overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, amongst others.

In case of any shortfall, we intend to meet the same through a range of options including utilizing our internal accruals, subject to necessary consents and approvals, as required. Any surplus from the proceeds of the Issue, after meeting the primary objects mentioned above, if any, will be utilised for our general corporate purposes.

DETAILS OF MEANS OF FINANCE

1. Initial Public Offer

We propose to raise ₹ [●] lacs by way of public issue of 40,00,000 Equity Shares of ₹ 10/- each at a price of ₹ [●] aggregating ₹ [●] lacs in terms of the Draft Red Herring Prospectus.

2. Internal Accruals

Our Company intends to deploy ₹ [●] lacs on the Project through internal accruals. The exact amount of that will be spent out of internal accruals will be the balancing figure and will be finalized only after the issue proceeds are received by our Company. As certified by the Statutory Auditor, M/s. Haren Parekh & Company, Chartered Accountants *vide* their letter dated June 09, 2011, as on December 31, 2010, our Company had generated internal accruals of ₹ 1,265.18 lacs out of which we have already spent ₹ 263.09 lacs on the project.

Schedule of Implementation

Activity	Month of Commencement	Month of Completion
Building and Other Civil Works	March 2011	December 2011
Plant & Machinery		
- Placement of Order	March 2011	January 2012
- Receipt of Plant & Machinery	November 2011	February 2012
- Erection and Commissioning	January 2012	March 2012
Trial Run Production		March 2012
Commercial Production		April 2012

Deployment of Funds in the Project

We have incurred the following expenditure on the project till May 31, 2011. The same has been certified by our statutory auditors, M/s. Haren Parekh & Company, Chartered Accountants *vide* their certificate dated June 09, 2011.

			(₹ in lacs)
Sr. No.	Particulars	Amount Deployed till May 31, 2011	
1.	Buildings and Other Civil Works	129.42	
2.	Plant & Machinery	118.00	
3.	Public Issue Expenses	6.19	
4.	Preliminary & Pre-operative expenses	9.48	
	Total	263.09	

The above expenditure has been financed by way of internal accruals.

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:

					(₹ in lacs)
Particulars	Amount Deployed till May 31, 2011	Amount to be Deployed till March 31, 2012	Amount to be Deployed till March 31, 2013	Total	
Setting up a new facility for manufacturing of Agrochemical Intermediates					
Buildings & Other Civil Works	129.42	542.90		672.32	

Particulars	Amount Deployed till May 31, 2011	Amount to be Deployed till March 31, 2012	Amount to be Deployed till March 31, 2013	Total
Plant & Machinery	118.00	3572.25		3,690.25
Contingencies		130.88		130.88
Preliminary & Pre-operative expenses	9.48	190.52		200.00
Sub-Total	256.90	4436.55		4,693.45
Meeting the Additional Working Capital Margin Requirements;			519.68	519.68
Public Issue Expenses	6.19	[•]		[•]
General Corporate Purposes		[•]		[•]
Total	263.09	[•]	519.68	[•]

DETAILED BREAK UP OF THE PROJECT COST

1. Setting up a new facility for manufacturing of Agrochemical Intermediates

The cost of project is as under:

Sr. No.	Major Heads of Expenditure	(₹ in lacs)
	Total	
1.	Buildings & Other Civil Works	672.32
2.	Plant & Machinery	3,690.25
3.	Contingencies	130.88
4.	Preliminary & Pre-operative expenses	200.00
	Total	4,693.45

Details of Phase I

A. Buildings and Other Civil Works

The details of the buildings and other civil works are as follows:

Sr. No.	Description	Area (Sq. Mtrs)	Rate/ Sq. Mt (₹)	Amount (₹ in lacs)
1.	Main Plant Building			
	First Floor	1,920.00	9,600.00	184.32
	Second Floor	1,920.00	7,500.00	144.00
	Third Floor	720.00	8,075.00	58.14
2.	Boiler Shed	100.00	7,530.00	7.53
3.	Boiler Chimney		Lump sum	8.00
4.	PCC/MCC Room	100.00	8,500.00	8.50
5.	Utility Shed - Softer, Air Compressor, VAHP, Brine Plant	200.00	8,000.00	16.00
6.	Benz. Shed	250.00	7,000.00	17.50
7.	Cooling Towers		Lump sum	8.5
8.	Amin Block and Laboratories			
	Ground Floor	240.00	10,000.00	24.00
	First Floor	240.00	9,000.00	21.60
9.	Packing Shed & Finished Product Godown	400.00	6,000.00	24.00
10.	Chlorine Shed	240.00	7,000.00	16.80
11.	Incinerator Shed with Foundations	300.00	9,000.00	27.00
12.	ALCL3 Shed	200.00	7,000.00	14.00
13.	Raw Material Godown	250.00	7,000.00	17.50
14.	Non Explosive Tank Farm	250.00	2,500.00	6.25
15.	Asphalt Road	1,800.00	800.00	14.40

Sr. No.	Description	Area (Sq. Mtrs)	Rate/ Sq. Mt (₹)	Amount (₹ in lacs)
16.	Underground Tank Yard - 3 nos	75.00	3,000.00	2.25
17.	45 KL Oil Tank for Boiler	49.00	2500	1.23
18.	DG Set Room	50.00	7800	3.90
19.	Misc. Foundation		Lump sum	46.91
Total				672.32

The above estimates have been certified by M/s. Padaria Associates, Structural & Civil Engineers, Vadodara through their estimate dated May 26, 2011.

B. Plant and Machinery

Our Company proposes to acquire following plant & machinery the details of which are as follows:

Plant and Machinery for which orders have not been placed:

Description of Items	Name of Suppliers	Qty./ Set (Nos.)	Amount (₹ in lacs)	Date of Quotations
General Facilities				
Perkin Elmer Clarus 480 Gas Chromatograph	Perkin Elmer (India) Pvt. Ltd., Baroda	1	8.19	11.10.2010
Gas Chromatograph	Thermo Fisher Scientific India Private Limited, Vadodara	3	20.85	10.10.2010
Weighing Scales	Avery India Limited, Baroda	9	8.89	01.10.2010 / 28.09.10
Forklift - 2 Ton Diesel	Godrej & Boyce Mfg. Co. Ltd.	1	8.58	06.10.2010
EOT Cranes	Management Estimate		6.00	
Miscellaneous Items	Management Estimate	1	25.00	
Sub-Total			77.51	
Process Plant Equipments and Machinery				
Reactors – 25,000 Ltrs. GLRV	Swiss Glascoat Equipments Limited	3	98.4	03.06.2011
Reactors - SS 304 6,000 Ltrs, 10 KL MS Reactor, 8 KL MS Reactor, 10 KL MS-TL-Reactor, 3 KL SS 316 3,000 Ltrs	JK Engineers & Company	7	82.31	02.06.2011
Reactors - SS 316 5,000 Ltrs, SS 304 5,000 Ltrs, SS 316 7,000 Ltrs, SS 304 5,000 Ltrs, SS 304 10,000 Ltrs.	Umang Engineering Co., Ankleshwar	16	316.58	02.06.2011
Reactors - MS Glass Lined Reactor; CE 6,300, CE 10,000, CE 12,500, CE 5,000, CE 6,300, CE 10,000	Nile Limited, Hyderabad	19	350.10	03.06.2011
Reactors- MS Reactor 25,000 Ltrs	Ankita Equipments, Ankleshwar	3	23.25	02.06.2011
PP FRV Nutch Filtre Fabrication	Kalimatha Contractors, Ankleshwar	2	2.90	25.09.2010
Spiral and Nutch Filter	JK Engineers & Company, Ankleshwar	6	11.78	16.10.2010
PP/FRP Blower	Kalimatha Contractors, Ankleshwar	6	4.50	26.09.2010
MS Conical Tank, SS 304 Tank	JK Engineers & Company, Ankleshwar	3	11.91	15.10.2010
Sintex Chemical Storage Tanks	Soniya Agencies, Ankleshwar	30	10.41	13.10.2010
Tanks	Pooja Engineering		298.85	09.06.2011

Description of Items	Name of Suppliers	Qty./	Amount	Date of
		Set	(₹ in lacs)	
		(Nos.)		Quotations
	Constructions, Ankleshwar			
Bromine Storage Tank	Nile Limited	1	16.60	18.10.2010
Tanks	JK Engineers & Company, Ankleshwar	19	5.91	14.10.2010
Columns and Separators	JK Engineers & Company, Ankleshwar	11	36.32	14.10.2010
PP FRP Scrubber	Kalimatha Contractors, Ankleshwar	5	7.75	25.09.2010
Heat Exchangers - Condensers	JK Engineers & Company, Ankleshwar	25	103.50	02.06.2011
Falling Film Absorber	Goel Scientific Glass Works Pvt. Ltd., Baroda	4	13.68	14.10.2010
Graphite Condensers 5 M2	Omega Graphite Equipment, Mumbai	3	4.20	12.10.2010
Graphite Condensers	Omega Graphite Equipment, Mumbai	3	13.20	06.09.2010
Jet Venturi Scrubbers	Mazda Limited, Ahmedabad	5	3.6	26.10.2010
Ejector Vacuum Systems	Mazda Limited, Ahmedabad	21	58.90	13.10.2010
Process Pumps	Associated Engineers, Vadodara	83	43.80	23.10.2010
Bromine Recovery Plant	Goel Scientific Glass Works Pvt. Ltd., Baroda	3	33.47	24.09.2010
Bromine Hold Tank	Nile Limited, Hyderabad	1	4.12	18.09.2010
Blower Fabrication	Kalimatha Contractors, Ankleshwar		0.75	25.09.2010
Mechanical Seals	Eagle Burgmann India Private Limited, Baroda	8	17.14	28.10.2010
SS 316 Pall Rings	Ultimo Engineers, Ankleshwar		33.85	13.09.2010
600 Dia Column and Packing Support	JK Engineers & Company, Ankleshwar	16	4.63	02.11.2010
Acid / Alkali Proof Tile Lining Work	B.P. Refractory, Ankleshwar		33.35	27.10.2010
Gear Boxes	Management Estimate		25.00	
Sub-Total			1,670.76	
Utilities				
ETP - Design, Supply, Erection and Commissioning	Precitech Laboratories, Vapi	1	416.00	May 26, 2011
Brine Plant	Thermax Limited	1	91.50	05.10.2010
Chilled Water Plant	Thermax Limited	1	113.50	05.10.2010
Colling Towers	Paharpur Colling Towers Limited, Vadodara		69.33	08.10.2010
Utilities Pumps	Industrial Enterprises, Vadodara	22	19.32	15.10.2010
Electrical Installations	J.K. Engineers & Company		244.86	28.05.2011
Thermic Fluid Heater	Raccon Services, Ankleshwar	1	10.56	06.09.2010
Hoist - 2 Ton	Safex Electromech Private Limited, Ahmedabad	3	36.54	04.10.2010
Air Compressor	Firdos & S. Cambatta Co., Baroda	1	2.89	26.10.2010
Nitrogen Gas Plant	Airro Engineering Co., Vadodara	1	6.50	20.10.2010
Water Softening Plant-Boiler	Hydrocare Engineers, Ankleshwar	1	2.41	07.10.2010
Water Softening Plant-Colling Tower	Hydrocare Engineers, Ankleshwar	1	1.56	07.10.2010

Description of Items	Name of Suppliers	Qty./ Set (Nos.)	Amount (₹ in lacs)	Date of Quotations
DG Set 1500 KVA	Sanskar Genset P. Ltd., Ahmedabad	1	90.1	
Pressure Controllers	Management Estimate		3.00	
Sub-Total			1,108.07	
Total			2,856.34	
Add: Rates and Taxes @ 4%			114.25	
Add: Loading, Unloading & transportation costs @ 0.5%			14.28	
Total			2,984.88	

Plant and Machinery for which orders have been placed:

Sr. No.	Description of Items	Name of Suppliers	Qty./ Set (Nos.)	Amount (₹ in lacs)	Date of Orders
<i>Utilities</i>					
1.	Boiler Model BDFB 200	Thermax Limited, Ahmedabad	1	274.00	09.03.2011
2.	ESP for Boiler	Thermax Limited, Ahmedabad		88.00	09.03.2011
	Erection of Balance Plant Items for Boiler	Pristine Project, Indore	1	8.00	09.03.2011
	Boiler - Balance Plant Items	Pristine Project, Indore		100.00	09.03.2011
	2100 KW Turbo Generator	Maxwatt Turbines Limited, Bangalore	1	205.00	10.05.2011
	Sub Total			675.00	
	Add: Rates and Taxes @ 4%			27.00	
	Add: Loading, Unloading & transportation costs @ 0.5%			3.38	
	Total			705.38	

Note: The actual suppliers of the Plant & Machinery, the type of plant and machinery and the prices may differ considering the conditions prevailing while placing the orders. We do not propose to purchase any second hand machinery in the proposed project.

C. Preliminary and Pre Operative Expenses

Preliminary and Pre Operative Expenses include the following:

			(₹ in lacs)
Sr. No.	Particulars	Amount	
1.	Travelling	10.00	
2.	Training Expenses	10.00	
3.	Establishment Cost and Start Up Expenses	100.00	
4.	Consultancy charges	50.00	
5.	Misc. Expenses	30.00	
	Total Amount	200.00	

D. Provision for Contingencies

Provision for Contingencies is estimated as follows:

					(₹ in lacs)
Sr. No.	Particulars	Cost	Contingency Provision		Amount
			Percentage		
1.	Buildings & Other Civil Works	672.32	3%		20.17

Sr. No.	Particulars	Cost	Contingency Provision	
			Percentage	Amount
2.	Plant & Machinery	3,690.25	3%	110.71
	Total			130.88

E. Additional Working Capital Margin Requirements

We will need additional working capital for the new project. We have estimated our additional working capital requirements for fiscal 2013 for the proposed project out of which margin will be funded through the proposed public issue. The details of working capital margin requirements are as under:

Sr. No.	Description	No. of Months	Amount (₹ in lacs)	Margin Weight	Bank Finance (₹ in lacs)	Margin Amount (₹ in lacs)
1.	Stock of Raw Material	1.00	444.68	25%	333.51	111.17
2.	Stock of Consumables	1.00	5.77	25%	4.33	1.44
3.	Stock of Finish Goods	0.50	324.18	25%	243.14	81.05
4.	Receivables	1.50	1,086.75	30%	760.73	326.03
	Total		1,861.38		1,341.70	519.68
5.	Less : Creditors	0.50	222.34	100%	222.34	
	Net Working Capital Requirement		1,639.04		1,119.36	519.68

2. Public Issue expenses

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

Activity	Expenses* (₹ in lacs)	% of Issue Size	% of Issue expenses
Lead management, underwriting and selling commission	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Advertisement and marketing expenses	[•]	[•]	[•]
Printing and stationery (including expenses on transportation of the material)	[•]	[•]	[•]
Others (Registrar's fees, legal fees, listing fees, etc.)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* Will be incorporated after finalization of the Issue Price

3. General Corporate Purposes

Our Company intends to deploy the balance of the Proceeds of the Issue aggregating ₹ [•] lacs, towards general corporate purposes, including but not restricted to strategic initiatives, organic growth opportunities strengthening of our marketing capabilities, brand building exercises meeting exigencies and contingencies which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Proceeds. In case of a shortfall in the Proceeds of the Issue, our management may explore a range of options which include utilisation of our internal accruals and/or seeking debt from future lenders. Our management expects that such alternate arrangements would be

available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Appraisal Report

None of the objects for which the Proceeds of the Issue will be utilized are required to be financially appraised by any banks, financial institutions or agency and the funding requirements mentioned above are based on the internal estimates of our Company.

Bridge Financing Facilities

We have currently not raised any bridge loans against the Proceeds of the Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Proceeds of the Issue.

Interim Use of Funds

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Proceeds of the Issue received by us. Pending utilization for the purposes described above, we intend to invest the funds in interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. Such investments would be in accordance with all applicable laws and investment policies approved by our Board from time to time. Our Company confirms that pending utilization of the Proceeds of the Issue it shall not use the funds for any investments in the equity markets.

Monitoring of Issue proceeds

Our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal 2012 and 2013. Besides, a part of the project cost is funded through term loan lending from banks that will also monitor the utilization of issue proceeds towards the stated objects.

This information shall also be disclosed as per the disclosure requirements of the Listing Agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement. Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by the Statutory Auditors. Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of Issue Proceeds from the Objects stated in the Draft Red Herring Prospectus. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilized, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilized, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds of this issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnels or group concerns/companies promoted by our Promoters.

BASIC TERMS OF THE ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, including ASBA forms the Confirmation of Allocation Note ('CAN'), Listing Agreements with the Stock Exchanges 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 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, Stock Exchanges, RBI, RoC, FIPB 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 Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and/or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section titled '*Main Provisions of the Articles of Association*' beginning on page 227 of the Draft Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend, if declared, to our shareholders as per the provisions of the Companies Act, the Articles of Association of our Company and the Listing Agreements entered into with the Stock Exchanges.

Face Value and Issue Price per Share

The face value of each Equity Share is ₹ 10. The Issue Price is [●]. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law. The Price Band and Minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM. These will be published by our Company at least two Working Days prior to the Issue/Bid opening date, in an English national daily newspaper and a Hindi national daily newspaper each with wide circulation.

Compliance with SEBI Rules and Regulations

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

Rights of the Equity Shareholder

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled '*Main Provisions of the Articles of Association*' beginning on page 227 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the Bidders, as the case may be, the Equity Shares that are 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 such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or with the Registrar of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant will 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 Issue through the Red Herring Prospectus including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted shall not be less than 1,000.

Arrangement for disposal of odd lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The face value of the Equity Shares is ₹ 10 each. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections titled 'Risk Factors' and 'Financial Information' on pages xv and 118 respectively, of the Draft Red Herring Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

- We manufacture wide range of products.
- We offer Customized products
- We are well supported by experienced Management and Key Management Personnel
- Proven track record of our Company and our Promoters;

Quantitative Factors

1. Basic & Diluted Earnings Per Share (EPS):

Period	Basic and Diluted EPS (₹)*	Weightage
Fiscal 2010	42.82	3
Fiscal 2009	38.03	2
Fiscal 2008	21.77	1
Weighted Average	37.71	

The Basic and Diluted EPS for the period ended December 31, 2010 is ₹ 52.59* (not annualized)

* The EPS for above purpose has been calculated based on ₹ 10 face value. Although the face value of Equity Shares of our Company for the above periods was ₹ 100 per Equity Share.

2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ [●]:

- a. Based on the basic and diluted EPS of ₹ 42.82 as per restated financial statements for the year ended March 31, 2010, the P/E ratio is [●] *
- b. Based on the weighted average basic and diluted EPS of ₹ 37.71, as per restated financial statements the P/E ratio is [●]*

*P/E Ratio will be determined on conclusion of book building process.

c. Industry P/E

There are no comparable listed companies with the same business as our Company.

Industry P/E	
▪ Highest – United Phosphorus	48.4
▪ Lowest – Excel Crop Care	3.50
▪ Average - Pesticides / Agrochemicals - Indian	21.5

Source: Capital Market, VolumeXXVI/07, May 30 – June 12, 2011

3. Return on Net Worth

Period	Return on Net Worth(%)	Weightage
Year ended March 31, 2010	21.14	3
Year ended March 31, 2009	23.81	2
Year ended March 31, 2008	16.36	1
Weighted Average	21.23	

Return on Net Worth for the period ended December 31, 2010 is 20.61% (Not annualized)

4. Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required to maintain pre-Issue EPS for the Fiscal 2010:

A) Based on Basic and Diluted EPS

- At the Floor Price – [●] % based on restated financial statements.
- At the Cap Price – [●] % based on restated financial statements.

5. Net Asset Value per Equity Share

- As of March 31, 2010, ₹ 202.53
- As of December 31, 2010, ₹ 255.12

The above has been calculated considering the face value of ₹ 10 per Equity Share.

- NAV per Equity Share after the Issue is ₹ [●]
- Issue Price per Equity Share is ₹ [●]*

*Issue Price per Equity Share will be determined on conclusion of book building process.

6. Comparison of Accounting Ratios

Particulars	EPS – TTM	P/E	RONW	NAV	Face
	(₹)	Ratio	(%)	(₹)	Value
Bharat Rasayan Limited	9.8	16.8	14.3	109.2	10
United Phosphorus Limited	3.4	48.4	9.5	48.9	2
Meghmani Organics Limited*	2.3	4.7	13.0	19.6	1
Insecticides (India) Limited*	25.8	11.2	24.9	99.5	10
Aarti Industries Limited*	8.0	6.5	19.0	52.0	5
Hemani Industries Limited (FY 2010)	42.82	[●]	21.14	202.53	10

All the above figures are on Standalone basis

Source: Capital Market, Volume XXVI/07, May 30 – June 12, 2011

*Standalone figures for FY 2010 for RONW and NAV

The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price. The Issue Price of ₹ [●] is determined by our Company, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, please refer to the section titled 'Risk Factors', and chapters titled 'Our Business' and 'Financial Information' beginning on pages xv, 59 and 118 of the Draft Red Herring Prospectus.

STATEMENT OF TAX BENEFITS

**The Board of Directors,
Hemani Industries Limited**
706 – 710, Reena Complex,
7th Floor, Ramdev Nagar Road,
Vidyavihar (west),
Mumbai – 400 086,

Dear Sirs,

Sub: Statement of Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to **Hemani Industries Limited** (the “Company”) and to the Shareholders of the Company under the provisions of current tax laws presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with;
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For HAREN PAREKH & CO.
Chartered Accountants
Firm Regn. No:114075W

HAREN I.PAREKH
PROPRIETOR
Membership No.030009

Date: 09.06.2011

Place: Mumbai

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

A. SPECIAL TAX BENEFITS TO THE COMPANY

There are no special tax benefits available to the Company.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY

There are no special tax benefits available to the Company.

C. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES OR TO THE SHAREHOLDERS OF ANY COMPANY, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

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

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.
2. Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
3. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after 1st October, 2004 and is liable to securities transaction tax.
4. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
5. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under Section 3 of The National highway Authority of India Act 88;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Deduction under Section 32: As per provisions of Section 32(1)(iia) of the Act, the company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after 31st March, 2005 subject to fulfilment of conditions prescribed therein.
7. Under Section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. 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 immediately succeeding the year in which the MAT credit initially arose.

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

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
3. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
4. Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under Section 3 of The National highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from

taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO MUTUAL FUNDS

1. As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

4. Under Section 115AD(1)(ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under Section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

5. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
6. In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

1. Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and

Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

BENEFITS AVAILABLE TO NON-RESIDENTS / NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under the first proviso to Section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by Section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.
4. Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term

capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

i. Under Section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

ii. 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 (in cases not covered under Section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in Section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

iii. Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

iv. In accordance with the provisions of Section 115H of the Act, 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 Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

9. In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity Shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax

laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;

3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. 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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

SECTION V – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Overview of the Chemical Industry

The Chemical Industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy. It contributes about 3% in the GDP of the country.

The chemical and petrochemical sector in India presently constitutes 14% of the domestic industrial activity. It should also be noted that investments in this sector are highly capital intensive with long gestation periods. The growth of petrochemicals and chemicals is projected at 12.6% and 8% respectively in 11th Five Year Plan. According to United Nations Industrial Development Organisation (UNIDO), in terms of value added at the constant 2000 prices, the Indian Chemical Industry was the 6th largest in the world and 3rd largest in Asia in the year 2008. As per the latest available estimates of UNIDO, the size of the Indian Chemical Industry in the year 2005 was US\$ 54.92 million.

(Source: Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

Chemical Sector-Production Trends

Chemical Industry is one of the oldest industries in India, which contributes significantly towards industrial and economic growth of the nation. The Indian Chemical Industry is the 6th largest in the world and 3rd largest in Asia. It provides valuable chemicals for various end products such as textiles, paper, paints & varnishes, leather etc., which are required in almost all walks of life. The Indian Chemical Industry forms the backbone of the industrial and agricultural development of India and provides building blocks for downstream industries.

The Indian Chemical Industry comprises both small and large-scale units. The fiscal concessions granted to the small-scale sector in mid-eighties led to the establishment of large number of units in the Small Scale Industries (SSI) Sector. Currently, the Indian Chemical Industry is in the midst of a major restructuring and consolidation phase. With the shift in emphasis on product innovation, brand building and environment friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

As the Indian economy was a protected economy till the early nineties, very limited large-scale R&D was undertaken by the chemical industry to create intellectual property. The product patent regime has come in force w.e.f. January 2005. The units have to be more innovative and have latest state of art R&D Establishments. This will help in development of newer molecules. With a number of scientific institutions, the country's strength lies in its large pool of highly trained scientific manpower.

India also produces a large number of fine and speciality chemicals, which have very specific uses and find wide usage as food activities, pigments, polymers additives, anti-oxidants in the rubber industry etc.

In the chemical sector, 100 percent FDI is permissible. Manufacture of most chemicals products inter-alia covering organic/inorganic, dyestuffs and pesticides is delicensed. The entrepreneurs need to submit only IEM with the Department of Industrial Policy and Promotion provided no locational angle is applicable. Only the following items are covered in the compulsory licensing list of their hazardous nature:

- Hydrocyanic Acid & its derivatives
- Phosgene & its derivatives
- Isocyanates & di-isocyanates of hydrocarbons

The Dyestuff sector is one of the important segments of the chemical industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, paper, plastics, printing inks and foodstuffs. The textile industry accounts for largest consumption of dyestuffs at nearly 70 percent. From being importers and distributors in the 1950s, it has now emerged as a very strong industry and a major foreign exchange earner.

India has emerged as a global supplier of dyestuffs and dye intermediates, particularly for reactive, acid, vat and direct dyes. India accounts for approximately 7 percent of the world production.

Indian exports of agrochemicals have shown an impressive growth over the last five years. The key export destination markets are USA, UK, France, Netherlands, Belgium, Spain, South Africa, Bangladesh, Malaysia and Singapore. India is one of the most dynamic generic pesticide manufacturers in the world with more than 60 technical grade pesticides being manufactured indigenously by 125 producers consisting of large and medium scale enterprises (including about 10 multinational companies) and more than 500 pesticide formulators spread over the country.

(Source: Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

The actual production of major chemicals during the years 2005-06 to 2009-10 and September for the year 2010-11 is exhibited in table below:

Production of selected major chemicals

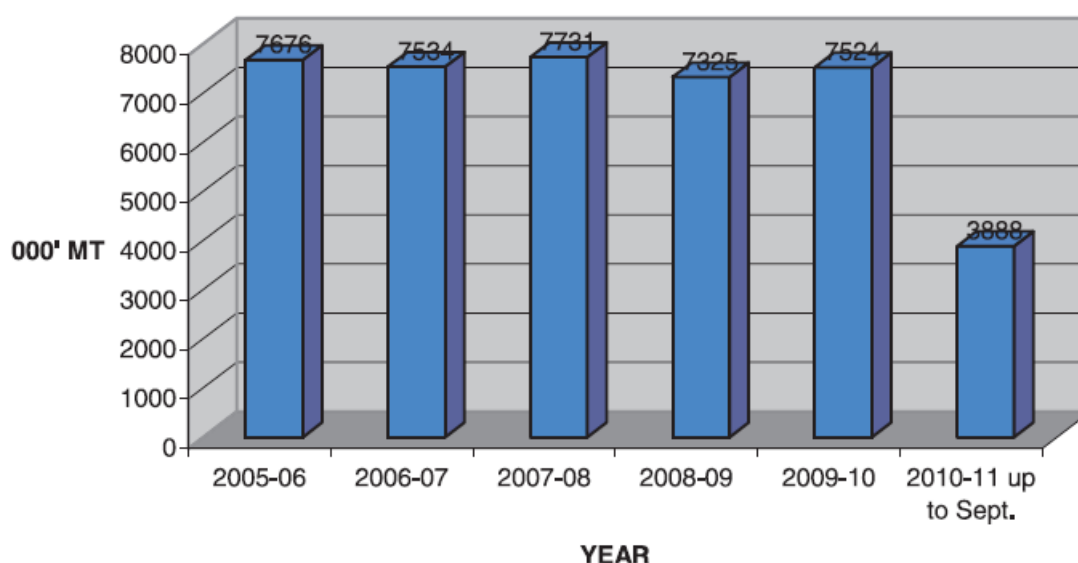
(Figures in '000MT)

Sector	PRODUCTION						Growth (%)	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 up to Sept.	2009-10/2008-09	CARG 2009-10/05-06
Alkali Chemicals	5475	5269	5443	5442	5602	2890	2.94	0.58
Inorganic Chemicals	544	602	609	512	518	281	-12.65	-1.2
Organic Chemicals	1545	1545	1552	1254	1280	649	-19.20	-4.6
Pesticides (Tech.)	82	85	83	85	82	44	-3.53	0.0
Dyes & Dyestuffs	30	33	44	32	42	24	31.25	8.8
Total Major Chemicals	7676	7534	7731	7325	7524	3888	2.70	-0.5

CARG: Compound Annual rate of Growth

The trend in production of major chemicals has been depicted in Chart I:

CHART I: TREND OF PRODUCTION DATA IN MAJOR CHEMICALS



(Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

Trends in exports and imports of chemicals and petrochemicals are given in table below:

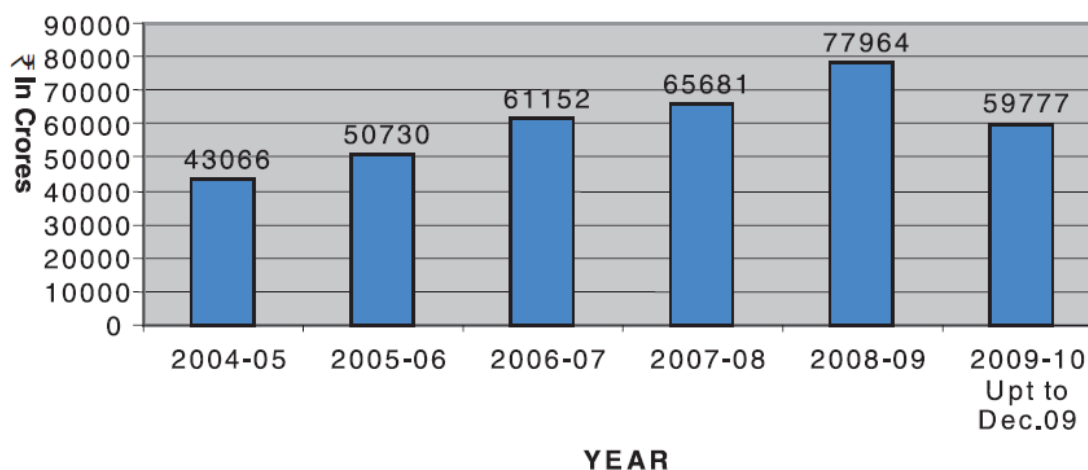
(Figures in ₹ Crore)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (up to Dec'09)
A: Total National Exports	375340	456418	571779	655864	840755	599245
Of Which:						
(a) Chemicals	25574	33462	39351	43482	53738	39202
(b) Petrochemicals	17492	17268	21801	22199	24226	20575
(c) Sub-Total (a+b)	43066	50730	61152	65681	77964	59777
(d) Share of (a+b) in Total Exports (%)	11.47	11.11	10.70	10.01	9.27	9.98

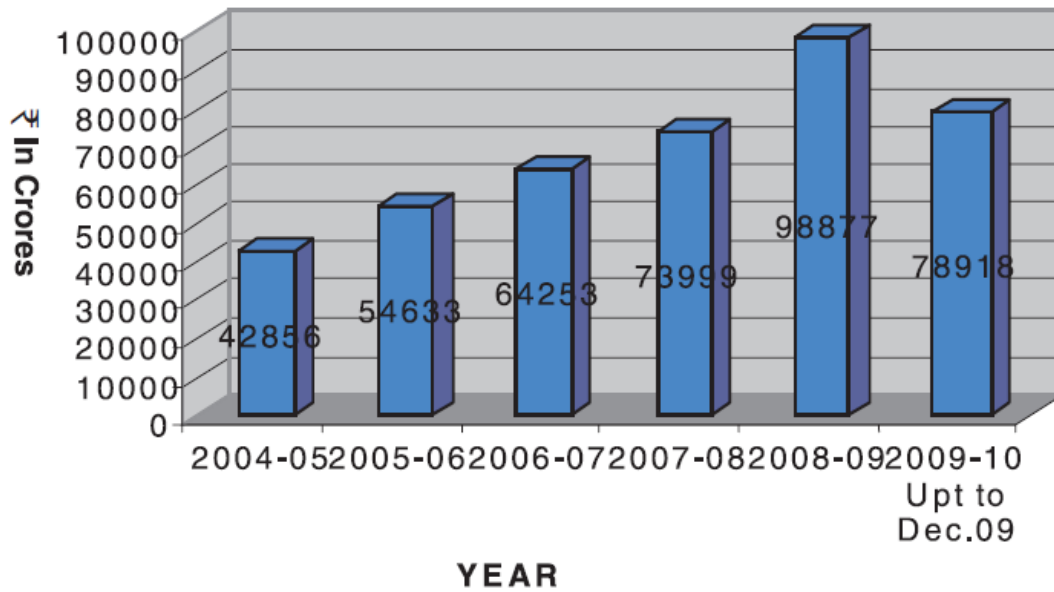
B: Total National Imports	501065	660409	840506	1012312	1374436	955166
Of Which:						
(a) Chemicals	32838	40492	47914	54422	74857	56644
(b) Petrochemicals	10018	14141	16339	19577	24020	22274
(c) Sub-Total (a+b)	42856	54633	64253	73999	98877	78918
(d) Share of (a+b) in Total Imports (%)	8.55	8.27	7.64	7.31	7.19	8.26
C: Trade Balance {A(C)- B(C)}	210	-3903	-3101	-8318	-20913	-19141

Source: DGCI&S, Kolkata, Ministry of Commerce and Industry
(Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

Trends in Exports of Chemicals and Petrochemicals



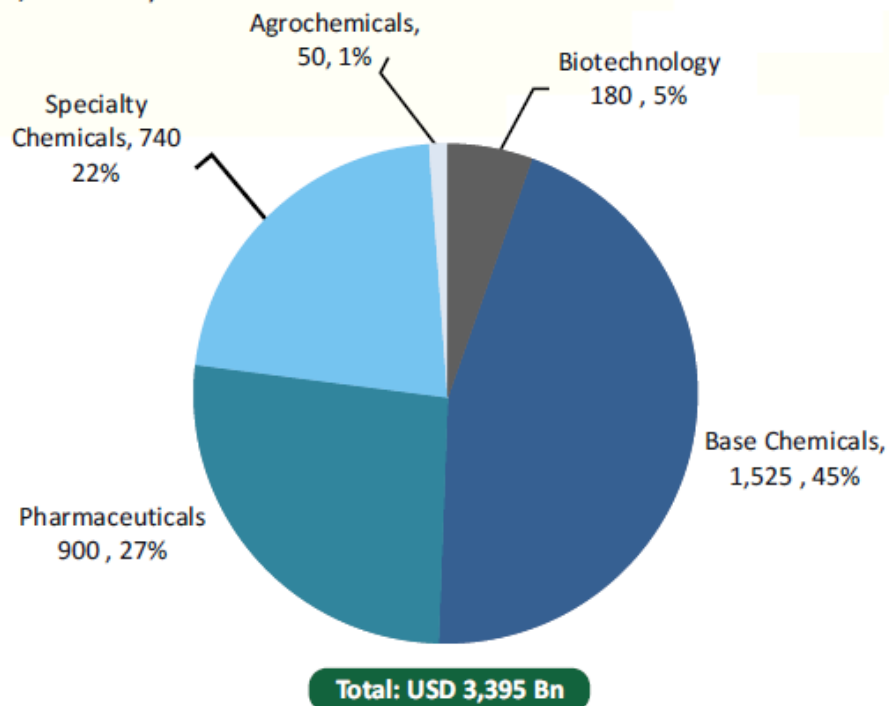
Trends in Imports of Chemicals and Petrochemicals



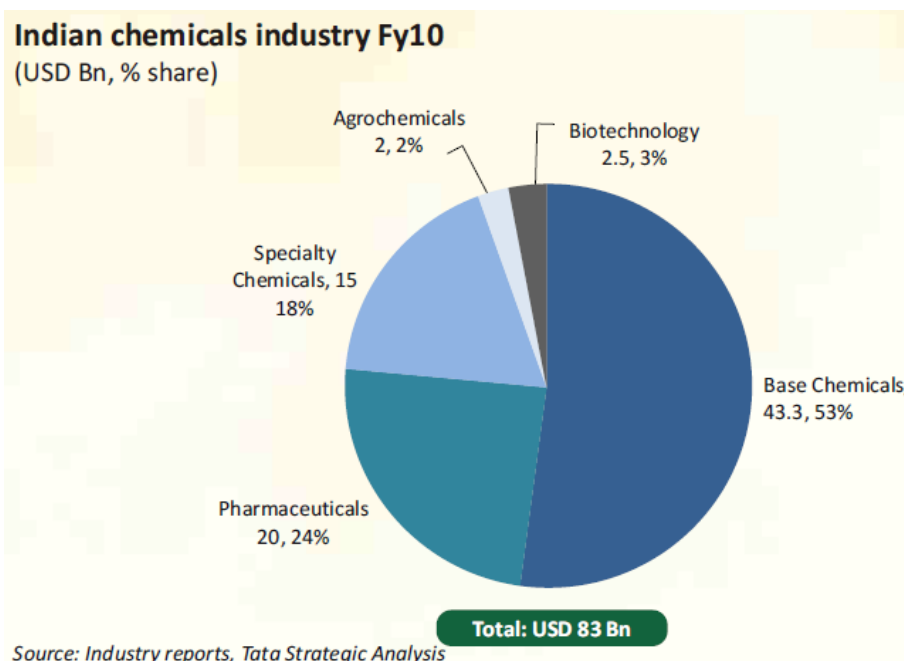
(Source: Ministry of Chemicals & Fertilisers, Government of India, Annual Report 2010-11)

Global chemicals industry Fy 10

(USD Bn, % share)



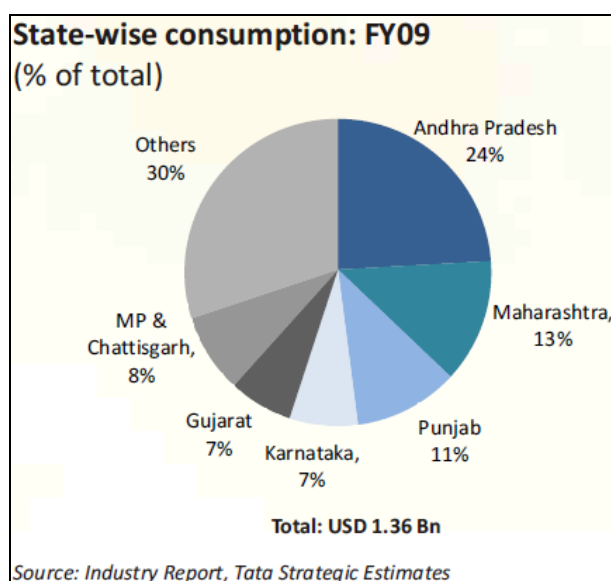
Source: Datamonitor, Tata Strategic Analysis



(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

India Agrochemicals Industry

India is the fourth largest producer of agrochemicals globally, after United States, Japan and China. The agrochemicals industry is a significant industry for the Indian economy. The Indian agrochemicals market grew at a rate of 11% from USD 1.22 billion in FY08 to an estimated USD 1.36 billion in FY09.

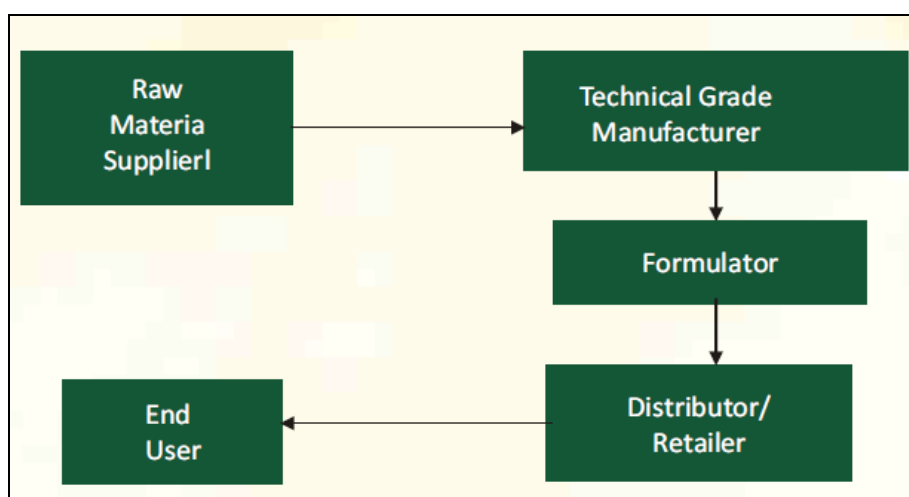


India's agrochemicals consumption is one of the lowest in the world with per hectare consumption of just 0.58 Kg compared to US (4.5 Kg/ha) and Japan (11 Kg/ha). In India, paddy accounts for the maximum share of pesticide consumption, around 28%, followed by cotton (20%). Indian population is increasing and the per capita size of land decreasing, the use of pesticides in India has to improve further. Besides increasing in domestic consumption, the exports by the Indian Agrochemicals Industry can be doubled in the next four years if proper strategies and sophisticated technologies are adopted by the industry.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Agrochemical Industry Structure

In India, there are about 125 technical grade manufacturers (10 multinationals), 800 formulators, over 145,000 distributors. 60 technical grade pesticides are being manufactured indigenously.

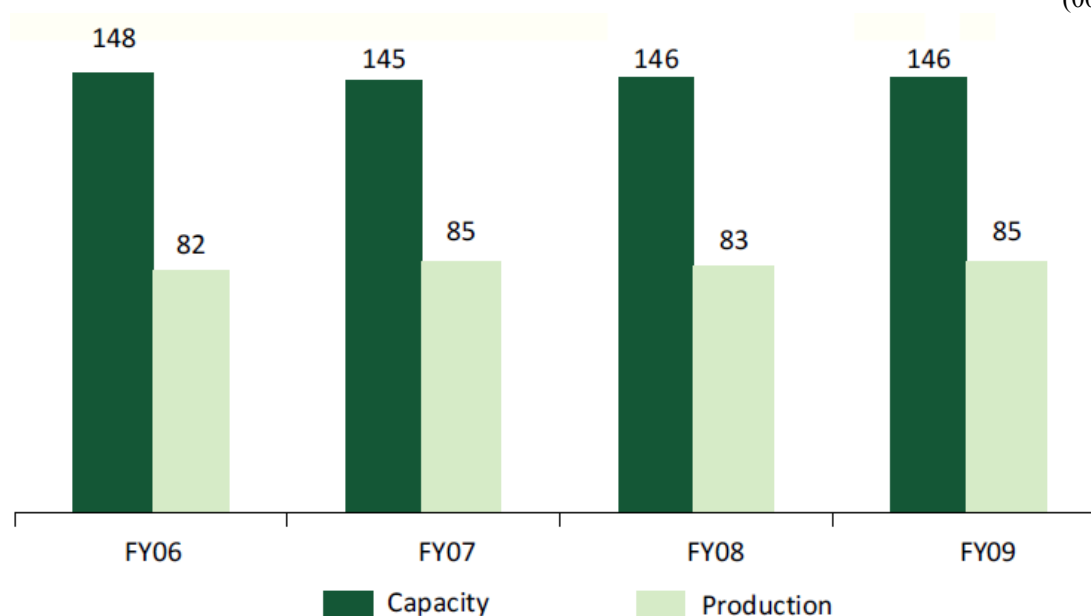


Technical grade manufacturers sell high purity chemicals in bulk (generally in drums of 200-250 Kg) to formulators. Formulators, in turn, prepare formulations by adding inert carriers, solvents, surface active agents, deodorants etc. These formulations are packed for retail sale and bought by the farmers.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Agrochemicals Installed Capacity & Production

(000' Tonnes)



Source: Ministry of Chemicals & Fertilizers

The Indian agrochemicals market is characterized by low capacity utilization. The total installed capacity in FY09 was 146,000 tons and total production was 85,000 tons leading to a low capacity utilization of 58%. The industry suffers from high inventory (owing to seasonal & irregular demand on account of monsoons) and long credit periods to farmers, thus making operations 'working capital' intensive.

India due to its inherent strength of low-cost manufacturing and qualified low-cost manpower is a net exporter of pesticides to countries such as USA and some European & African countries. Exports formed ~50% of total industry turnover in FY08 and have achieved a Compounded Annual Growth Rate (CAGR) of 29% from FY04 to FY08.

Agrochemicals or pesticides are chemical substances used to control or kill pests, unwanted plants or animals that may harm or damage the crops. Agrochemicals can be classified into the following key segments:

1. Insecticides
2. Herbicides/ weed icides
3. Fungicides

4. Bio-pesticides

5. Others (Nematocides, Rodent icides etc.)

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Key Segments of Agrochemicals Industry

Insecticides: Insecticides are used to ward off or kill insects. Consumption of insecticides for cotton has come down to 50% from 63% of total volume after introduction of BT cotton.

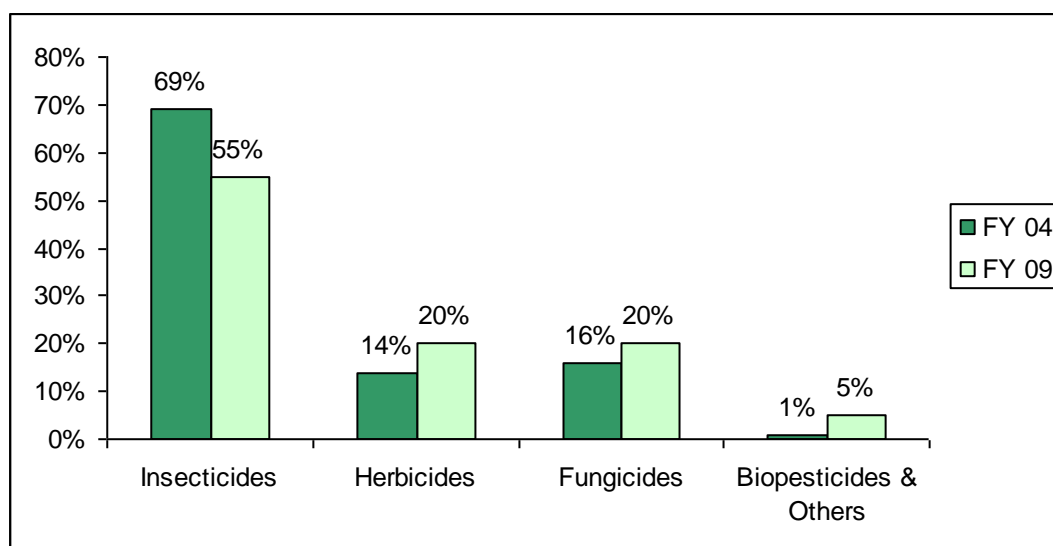
Fungicides: Fungicides are used to control disease attacks on crops. The growing horticulture market in India owing to the government support has given a boost to fungicide usage. The market share of fungicides has increased from 16% in 2004 to 20% in 2009.

Herbicides/Weedicides: Herbicides are the fastest growing segment of agrochemicals. Their main competition is cheap labor which is employed to manually pull out weeds. Sales are seasonal, owing to the fact that weeds flourish in damp, warm weather and die in cold spells.

Bio-pesticides: Bio-pesticides are pesticides derived from natural substances like animals, plants, bacteria and certain minerals. Currently a small segment, bio-pesticides market is expected to grow in the future owing to government support and increasing awareness about use of non-toxic, environment friendly pesticides.

Others: Plant growth regulators, Nematocides, Rodenticides, Fumigants etc. Rodenticides and plant growth regulators are the stars of this segment.

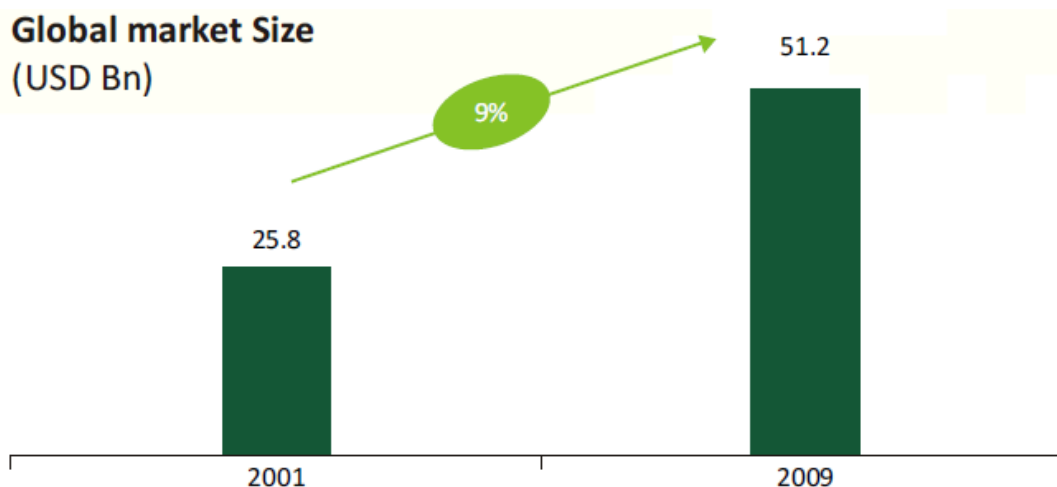
Agrochemicals Market Product Share



(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Global Agrochemicals Industry

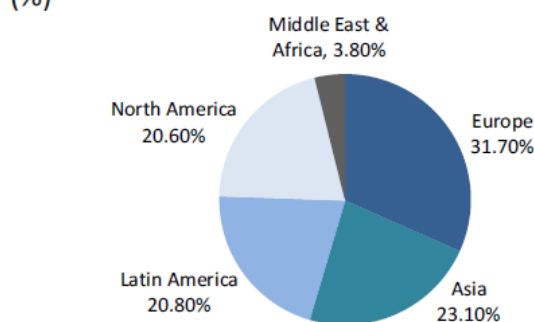
Global agrochemical industry has grown strongly at approx 9% p.a. since 2001 to reach approx USD 51.2 Bn in 2009.



Source: BCC Research, Tata Strategic Estimates

Europe is the biggest market for agrochemicals with 32% share in 2008. Globally, herbicides are the largest consumed agrochemical followed by insecticides. Top 6 companies account for ~70% of total market.

Global Geographical share: 2008 (%)



Source: Industry Report, Tata Strategic Estimates

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Competitive Landscape

The Indian agrochemicals market is highly fragmented in nature with over 800 formulators. The competition is fierce with large number of organized sector players and significant share of spurious pesticides. The market has been witnessing mergers and acquisitions with large players buying out small manufacturers.

Key market participants include United Phosphorus Ltd, Bayer Cropscience Ltd, Rallis India Ltd, Gharda Chemicals Ltd, Syngenta India Ltd, BASF India Ltd, etc. Top ten companies control almost 80% of the market share. The market share of large players depends primarily on product portfolio and introduction of new molecules. Strategic alliances with competitors are common to reduce risks and serve a wider customer base.

Key Trends

Market Trends

- Focus on developing environmentally safe pesticides by the industry as well as the Government. The Department of Chemicals has initiated a nationwide programme for “Development and production of neem products as Environment Friendly Pesticides” with financial assistance from United Nations Development Programme (UNDP).

- Focus by larger companies on brand building by conducting awareness camps for farmers and providing complete solutions.
- Increase in strategic alliances among large players for greater market reach and acquisitions of smaller companies globally to diversify product portfolio. For example: Rallis has a marketing alliance for key products with FMC, Dupont, Syngenta, Bayer and Nihon Nohayaku. In addition, UPL has had a series of small acquisitions globally to enter new geographies and gain product expertise.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Technology Trends

- Increased R&D expected for development of new molecules and low dosage, high potency molecules
- Focus on R&D in bio-pesticides segment with increasing preference for environmentally safe products in the market

Key Challenges

1. **High R&D costs:** R&D to develop a new agrochemical molecule takes an average of 9 years and USD 180 Mn. Indian companies typically have not focused on developing newer molecules and will face challenges in building these capabilities, while continuing to remain cost competitive.
2. **Threat from Genetically Modified (GM) seeds:** Genetically modified seeds possess self-immunity towards natural adversaries which have the potential to negatively impact the business of agrochemicals.
3. **Need for efficient distribution systems:** Since, the number of end users is large and widespread, effective distribution via retailers is essential to ensure product availability. Lately, companies have been directly dealing with retailers by cutting the distributor from the value chain thereby reducing distribution costs, educating retailers on product usage and offering competitive prices to farmers.
4. **Support for Integrated Pest Management (IPM) & rising demand for organic farming:** Promotion of IPM, zero budget farming and usage of bio-pesticides by Indian Government and NGOs is gaining momentum. With increasing demand for organic food, farmers in certain states like Karnataka have reduced chemical usage and have adopted organic farming. Agrochemical companies will have to tackle the rising environmental awareness and address concerns on negative impact of pesticide usage.
5. **Counterfeit Products:** The spurious pesticides market size in India is estimated to be USD 233 Mn in 2009. This negatively impacts the revenues of the organized sector.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

Key Opportunities

1. **Scope for increase in usage:** with '35-40% of the total farmland under crop protection, there is a significant unserved market to tap into. By educating farmers and conducting special training programmes regarding the need to use agrochemicals, Indian companies can hope to increase pesticide consumption.
2. **Huge export potential:** The excess production capacity is a perfect opportunity to increase exports by utilizing India's low cost producer status.
3. **Patent expiry:** Between 2009 and 2014 many molecules are likely to go off patent throwing the market open for generic players. The total viable opportunity through patent expiry is estimated at over USD 3 Bn.

(Source: FICCI, India Chem 2010, Sustaining the India Advantage)

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section titled 'Risk Factors', beginning on page xv of the Draft Red Herring Prospectus.

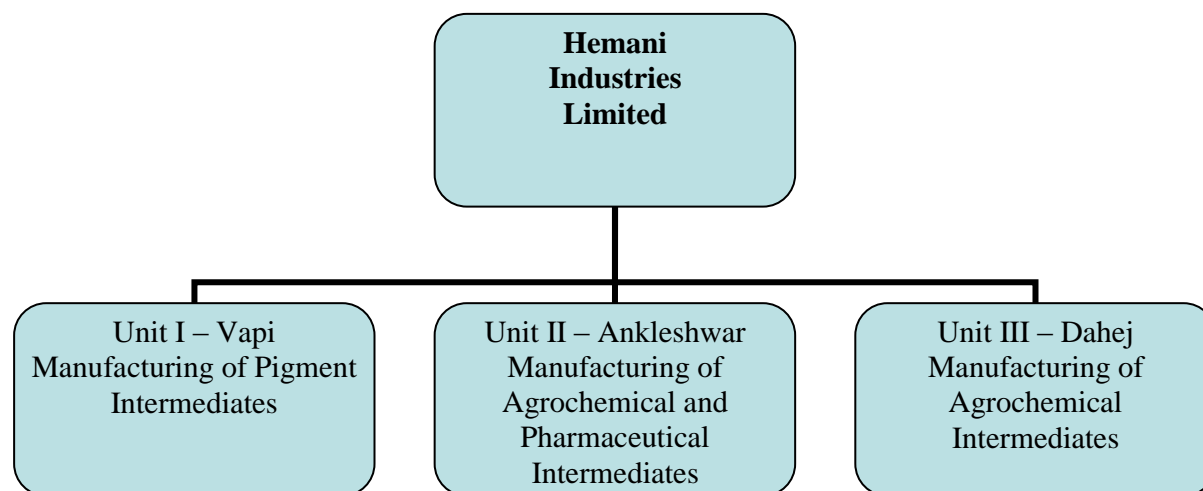
This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages xv, 118 and 143 respectively, of the Draft Red Herring Prospectus.

Unless the context otherwise requires, in relation to business operations, in this section of the Draft Red Herring Prospectus, all references to "we", "us", "our" and "our Company" are to Hemani Industries Limited and Group Entities as the case may be.

Overview

Our Company was incorporated on February 3, 1994 and we are engaged in the business of manufacturing a range of Agrochemical Intermediates (Pesticides and Pesticides Intermediates), Pigment Intermediates, Organic Pigment Intermediates, Dyes and Dyes Intermediates and other speciality chemicals, with a major focus on export market. We are a Government recognised export house catering to the demanding needs of the industry in terms of quality and capacity. Our Company caters to over 100 clients across the globe. We market and export our products to Japan, the entire European Union, USA, South American countries, South Africa, China, Russia, Korea, Taiwan, Turkey, Egypt and others countries spanning all the major continents.

Currently we have 3 units, one each in Vapi, Ankleshwar and Dahej (Bharuch), while our corporate and registered office is situated in Mumbai.



Our Company is a dynamic enterprise targeting its specialized expertise and experience to the development and production of high quality products for Agrochemicals, Pigments and Dyestuffs Industry. Our Company has a multi-product set up at three different locations in the Gujarat.

We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands.

Our quality control and research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

Our Research & Development focuses on new product and the process development and enhancing quality of the existing products. We have the modern units at Vapi, Ankleshwar and Dahej with the latest technology. The laboratories are well equipped with latest equipments viz. - G.C, HPLC, TLC and other required instruments

alongwith a pilot-plant facility wherein, new specialty products are developed as per requirements and demand from our customers.

In tune with International standards, we have an internal facility for treatment of the waste generated at all our three units through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

Our top five customers based on the gross sales made to each of them include the following:

Sr. No.	Customer Name	9 months period ended December 31, 2010	
		Amount	% of Gross Sales
1.	Widecover Limited	2,731.55	18.94
2.	JBD International INC.	1,712.58	11.88
3.	Tagros Chemical India Limited	1,563.63	10.84
4.	Shanghai Prosagro Chemical Co. Ltd.	959.36	6.65
5.	Meghmani Organics Limited	911.12	6.32

Location of manufacturing facilities

Existing

Our Company has three manufacturing units, all situated in Gujarat, and within a radius of 240 kilometers from each other. The details of manufacturing facilities are provided below:

Type of Facility	Location	Major Products
Unit I	780/1&2, 40, Shed Area, GIDC Vapi, Dist.- Valsad - 396 195, Gujarat, India	3,3 DCB (3,3 Dichloro Benzidine Di-hydrochloride)
Unit II (100% of EOU)	Plot No. 3207/A&B, 3208/1&2, GIDC Industrial Estate, Ankleshwar-393 002, Gujarat, India	Meta Phenoxy Benzaldehyde Meta Bromo Anisole
Unit III	Plot No. CH/5, GIDC Industrial Estate, Dahej, Ta. Vagra, Distt. Bharuch, Gujarat, India	D.V. Acid Chloride Cypermethrin Permethrin Alphacypermethrin Metamitron

Our Company is setting up additional manufacturing facility for the manufacturing of Agrochemical Intermediates at the existing additional land available at our Unit III with an installed capacity of 300TPM (3600 TPA). Our Company has already started civil works for the same. For further details please refer to the chapter titled 'Objects of the Issue' beginning on page 30 of the Draft Red Herring Prospectus.

Our Competitive Strengths

1. We manufacture wide range of products.

Our Company offers a wide range of products, including Agrochemical Intermediates (Pesticides and Pesticides Intermediates), Pigment Intermediates, Organic Pigment Intermediates, Dyes and Dyes Intermediates and other speciality chemicals used in many industries.

2. We offer Customized products

Customization forms the essence of our Company. We offer tailor-make products to meet the customer's needs & requirements, not deviating from the quality, packaging and pricing. Modifying our products on various technical parameters and continuous process improvements helps us to deliver quality products at competitive prices to our customers.

3. We are well supported by experienced Management and Key Management Personnel

The Managing Director of our Company Mr. Mohan Dama and whole time director Mr. Premji Hemani has been in the chemical industry of for more than two decades. His knowledge and experience in the field of Agrochemical intermediates and other Specialty Chemicals has helped us to have long term relations with our customers and has also facilitated us to entrench with new customers.

4. Proven track record of our Company and our Promoters

We and our Promoters believe we have a proven track record in the chemical industry and are experienced in managing the chemical business. We believe that our Promoters have a demonstrated track record of growing the business, securing financing and successfully completing the projects. We believe that our experience, knowledge and human resources will enable us to drive the business in a successful and profitable manner.

Our Business Strategy

1. Innovation and Product Development

We believe that key factor to sustain, strengthen and succeed in our business, lies in our ability to innovate new products and improvise our existing products. Our continuous process and product improvement helps deliver value with topmost quality to our customers, which are not presently being satisfied by other manufacturers.

2. Competitive Pricing

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the cut-throat competition and withhold a strong position in the market.

3. Indirect Exports

Being a star export house, a major part of our products are exported, either directly to our customers, or through agents. Some of the countries where our manufactured products are exported includes Japan, the entire European Union, USA, South American countries, South Africa, China, Russia, Korea, Taiwan, Turkey, Egypt etc. By entering and establishing into international markets we try to reduce our Marketing Cost and at the same time create inroads into the export market in a bigger manner, as it also facilitates in exploring new markets.

4. Supplying to Corporates

We supply our products to a host of corporate customers like Widecover Limited, JBD International INC., Tagros Chemical India Limited, Meghmani Organics Limited, Shanghai Prosagro Chemical Co. Ltd., UK Seung Chemical Co. Ltd., Dainichiseika Colour & Chemical, New Alliance India Limited, Toyohara Corporation and Cadila Healthcare Limited amongst others to name a few. We believe that these corporate clients provide high volumes and have great potential. The Company gets a global feed-back and quality is maintained as per international standards and this helps in building long-term goodwill.

5. Strategic Location of Current and Future manufacturing Facility

Location of Manufacturing Facility is of importance as it helps in designing the cost structure and lead time for delivery. We procure raw materials from indigenous manufacturers as well as from abroad. Our facilities are well connected and are on the strategically important NH8, which is well connected with a network of transport facilities like rail and road operating all over India. This helps our logistics department to ensure timely and cost efficient delivery.

Our Major Products

A brief about the major products manufactured by our Company are given below:

Unit I – Vapi

1) 3,3 DCB (3,3 Dichloro Benzidine Di-hydrochloride) – Pigment Intermediate

**Specification:**

- Appearance : Whitish to off-white moist powder
- Purity (free base): 70.00 % (Min.)
- Purity (Dihydro Chloride) : 90.00 % (Min.)
- Moisture content : 9.0 % (Max.)
- Purity on Dry basis : 99.00 % (Min.)
- Insolubles in dil. HCL: Solution 0.10 % (Max.)
- HCL ratio per mole : 1.9 to 2.1

3,3 DCB is an important intermediate for manufacturing most Yellow Organic Pigments, and some dyestuff colorants. Yellow Pigments are widely used in the manufacturing of "Printing Inks". Needs of Pigment suppliers explain the role played by Pigment intermediates manufacturers like us offering services and added value to the Pigment Industries world over.

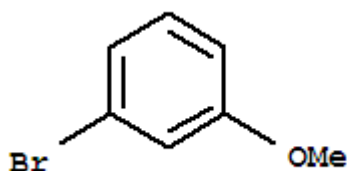
Unit II – Ankleshwar

The main products manufactured at our Unit II are:

1) Meta Phenoxy Benzaldehyde (MPB)

The Meta Phenoxy Benzaldehyde is used in the manufacture of pyrethroids, which are eventually used to manufacture insecticides. MPB is a Light Yellow Coloured Liquid, which has maximum 99% assay content and acidity of maximum 0.5%. This Chemical has maximum Moisture Content of 0.1%.

Chemical name	Meta Phenoxy Benzaldehyde
Physical appearance	Colourless Clear Liquid
Specific gravity	1.159
Acidity as M – Phenoxy Benzoic Acid	0.5% Max.
Moisture content by KFR	0.05% Max.
Assay : By GC	
Meta Phenoxy Benzaldehyde	> 99.0%
Benzaldehyde	< 0.1%
Meta chloro Benzaldehyde	< 0.1%
Meta bromo Benzaldehyde	< 0.1%
Meta chloro Benzaldehyde	< 0.1%
Acetal meta bromo Benzaldehyde	< 0.15%
Acetal meta phenoxy Benzaldehyde	< 0.2%
Unknown purities	< 0.25%

2) Meta Bromo Anisole (MBA) – Pharmaceutical Intermediate

The main use of MBA is in Tramadol HCL, which is API and used as strong pain killer.

Unit III – Dahej (Bharuch)

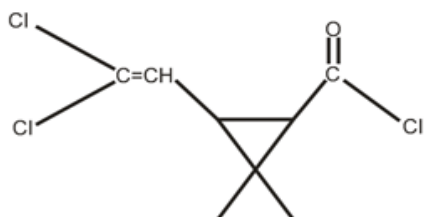
The main products manufactured at our Unit III are:

1. D.V. Acid Chloride

D.V. Acid Chloride is a agrochemical/pesticide intermediate mainly used for the manufacture of Cypermethrin. It can also be used for the manufacture of Permethrin, Betacypermethrin and some other products.

Chemical Name: 3-(2, 2-dichlorovinyl)-2, 2-dimethyl cyclopropane-1-carboxylic acid chloride.

Structural formula

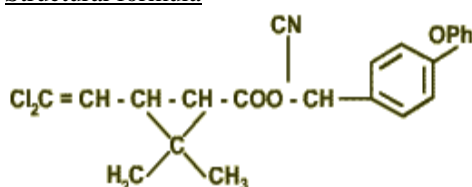


Physical Properties :

- Appearance: A clear pale yellow liquid free from extraneous impurities.
- Boiling Point : 78-80°C at 1.5 mm Hg and 116-117°C at 7.5 mm Hg
- Density : 1.23 g/ml at 30°C
- Freezing Point : Does not freeze up to -5°C
- Solubility : Miscible in n-hexane, benzene, toluene, chloroform and carbon tetrachloride in all proportions.
- Reactivity : Reacts violently with water, alkali metals and their hydroxides. Reacts rapidly with alcohols giving corresponding esters. Evolves hydrogen chloride with water and alcohols

2. Cypermethrin

Structural formula

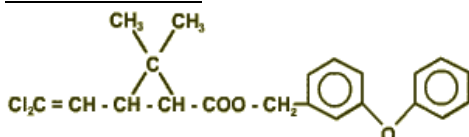


Cypermethrin is a synthetic pyrethroid used as an insecticide in large-scale commercial agricultural applications as well as in consumer products for domestic purposes. It behaves as a fast-acting neurotoxin in insects. It is easily degraded on soil and plants but can be effective for weeks when applied to indoor inert surfaces. Exposure to sunlight, water and oxygen will accelerate its decomposition.

3. Permethrin

Permethrin is a common synthetic chemical, widely used as an insecticide, acaricide, and insect repellent. It belongs to the family of synthetic chemicals called pyrethroids and functions as a neurotoxin, affecting neuron membranes by prolonging sodium channel activation. It generally has a low mammalian toxicity and is poorly absorbed by skin.

Structural formula

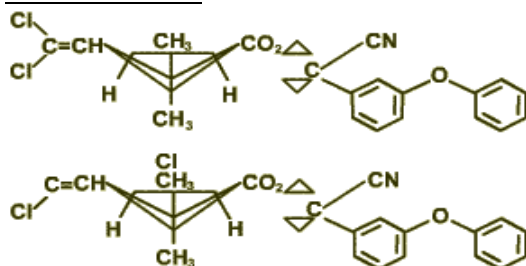


Permethrin is used:

- as an insecticide:
- in agriculture, to protect crops
- in agriculture, to kill livestock parasites
- for industrial/domestic insect control
- in timber treatment

4. Alphacypermethrin

Structural formula



Cypermethrin is a racemic mixture of eight isomers. Alpha cypermethrin is a pyrethroid insecticide consisting essentially of two of the four cis isomers comprising cypermethrin.

Alphacypermethrin is a highly active broad spectrum insecticide, effective by contact and ingestion against target pests. It is widely used in agricultural crops, forestry as well as in public and animal health.

5. Metamethrin

Metamethrin is a triazine herbicide with low toxicity and low residue. It can be used to deal with the sprout of the crops before sowing or after sowing, and can be applied to prevent the weed of crops throughout the growing period.

A list of our products under its various categories is enlisted below:

3, 3 DCB	<i>Benzene based organic intermediates</i>
	- Para Nitro Chloro Benzene
<i>Beta Napthol & Napthelene based</i>	- Ortho Nitro Chloro Benzene
- Bon Acid	- 2,4 Dinitro Chloro Benzene
- G. Salt	- Para Dichloro Benzene
- Amido - G - Acid	- Ortho Dichloro Benzene
- Schaffers Acid	- Nitro Benzene
- Bronners Acid	- Other products (more than 25)
- Gamma Acid	<i>Aniline Based</i>
- Tobias Acid	Para Amino Azo Benzene - 4 - Sulphonic Acid (PAABSA)
	Vinyl Sulphone (Aniline / Acetanilide / Ester Of Aniline)
<i>Dyestuffs</i>	Vinyl Sulphone (Meta Base)
- Reactive Dyes	Vinyl Sulphone (2 : 5 DMA Base)
- Acid Dyes	Vinyl Sulphone (Para Cresidine Base)
- Direct Dyes	Vinyl Sulphone (O.A. Base)
- Solvent Dyes	Vinyl Sulphone (Pyrazolone)
- Mordant Dyes (Chrome Dyes)	1 : 4 Sulphophenyl - 3 - Carboxy - 5 - Pyrazolone (1 : 4 SPCP)
- Vat Dyes (Chrome Dyes)	1 : 3 Sulphophenyl - 3 - Carboxy - 5 - Pyrazolone (1 : 3 SPCP)
	<i>Pigments</i>
<i>Agrochemicals</i>	- Inorganic pigments
- Cypermethrin Technical	- Inorganic Anti-corrosive pigments
- Permethrin Technical	<i>Agrochemical Intermediates</i>
- Fenvalerate Technical	Meta Phenoxy Benzaldehyde
	Cypermethrin Acid Chloride
<i>Speciality Chemicals</i>	Meta Chloro Benzaldehyde
P.A.A.B. 3,4 DSA (Para Amino Azo Benzene 3,4 Disulphonic Acid)	Meta Phenoxy Benzyl Alcohol
Napthalene 1 : 5 Disulphonic Acid (Disodium Salt) (Armstrong Acid Disodium Salt)	Meta Chloro Benzoic Acid
Napthalene 1 : 5 Di Hydroxy (1 : 5 DIOL Acid)	<i>Speciality Chemicals</i>
6 Chloro 4 NAP	O.B.S.A. (Ortho Benzyldehyde Sulphonic Acid)
Sarcosyl O (Oleoyl Sarcosine)	European K-Acid
Napthalene 1 : 5 Disulphonic Acid (Armstrong Acid)	P.C.O.S.A. (Para Crysidine Ortho Sulphonic Acid)
Toluidine 4 Sulphonic Acid	Chloranil
Dehydro Thio Toluidine Sulfonic Acid [2 (4 Aminophenyl) 6 Methyl Benzothiazole 7 Sulphonic Acid]	Nitro Dimethyl Terephthalate
4 Methyl 2 : 6 Dinitrophenol	2 : 5 Dichloro Para Aniline
P - Toluidine - O - Sulphonic Acid	5 Nitro Dimethyl Isophthalate
E.B.A.S.A. (Ethyl Benzyl Aniline Sulphonic Acid)	4 Amino 3 Methoxy Azo Benzene 3 Sulphonic Acid
Dioxy G Salt (2 : 8 Dihydroxy Napthalene 6 Sulphonic Acid)	Meta Sulpho Phenyl Gamma Acid
N-Methyl Gamma Acid	2 : 3 Dihydroxy Napthalene (DINOL)

Products to be manufactured under proposed project:

1. Meta Phenoxy Benzaldehyde (MPB)

Plant & Machinery

Our Company has the necessary plant and machineries to manufacture the above-mentioned products. A list of the major machineries installed at our units is illustrated below:

Type of Facility	Important Plant & Machinery
Unit I - Vapi	<ul style="list-style-type: none"> Reactors, Vessels & Columns of SS & MS material of constructions Heat Exchanges Ejector Systems Pumps, Motors, Blowers and Filters Storage Tanks DG Sets
Unit II - Ankleshwar	<ul style="list-style-type: none"> Reactors, Vessels & Columns of SS & MS material of constructions Heat Exchanges Ejector Systems Pumps, Motors, Blowers and Filters Storage Tanks Pipings Cogen (CPP) 525 KW D.G. Set, 500 KVA Boiler 3Nos Chilled Water Plant Cooling Tower Thermic Fluid System Aircompressor
Unit III - Dahej	<ul style="list-style-type: none"> Boiler Cooling Tower Chilling Palnt Brine Unit D.G. Set Glass Lined Reactor SS Reactor

Additionally all the above facilities have modern ETPs to treat the effluents generated.

Technology

Our Company is equipped with modern and latest technology. All our Company's facilities are have established laboratories, updating itself through its in-house Research & Development team. The R&D team has expertise in the products we manufacture. The team also focuses on technological upgradation of existing products and processes as a continuous exercise to improve our quality of our products, increase efficiencies and reduce cost. The process development for an identified product is done in step by step manner after a thorough literature survey, followed by the laboratory trials, pilot plant trials and then finally scaling it up to the plant size. Our laboratories are equipped with equipments like G.C, HPLC, TLC and other equipment like pilot vessels to take trial R&D batches. We have testing facilities and application equipment to evaluate the product's performance.

We have not entered into any technology agreement. Our Company uses proven technology for manufacturing our products, which we intend to continue for the new Project also.

Collaborations

We have not entered into any technical or other collaboration.

Process

Unit I - Vapi

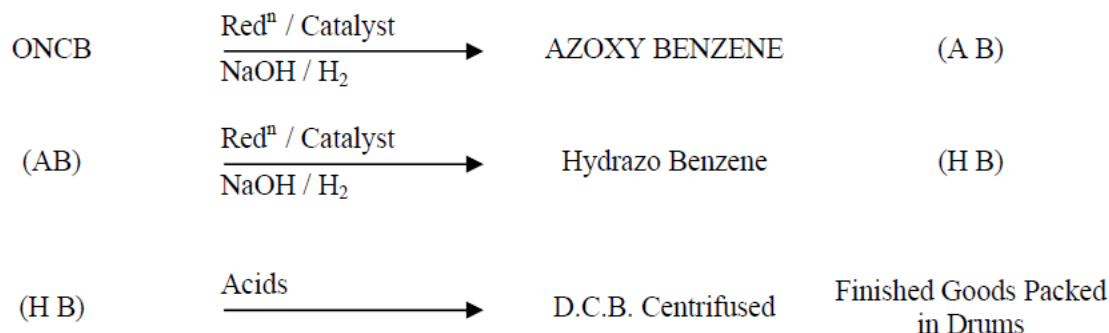
3,3 DCB

In a Hydrogenator Ortho Nitro Chloro Benzidine, caustic soda lye, Catalyst and toluene is charged. The mass is then heated and Hydrogen Gas is passed. It is then allowed to settle and the layers are separated. The aqueous layer containing excess caustic soda lye is then discarded.

The organic layer is taken in other Hydrogenator where caustic soda lye and catalyst is added. The mass is then heated and Hydrogen Gas is passed layer separation results in organic and aqueous layers. The aqueous layer is discarded in to ETP.

The organic layer containing hydro benzene is then acidified with Sulphuric acid and the mass is drowned in cold water to precipitate out the product which is then filtered. The mother liquor is sent to ETP and the product is packed.

Flow Chart



Unit II – Ankleshwar

Meta Phenoxy Benzaldehyde (MPB)

Manufacturing Process

Meta Bromo Benzaldehyde (MBB) Preparation

Benzaldehyde is reacted with Chlorine and Bromine in the presence of EDC (as solvent) and Aluminium Chloride as catalyst. Then the reaction mass is drowned in chilled water containing HCL and Formic Acid; and then washed with Sodium Thiosulphate solution. Crude MBB, thus obtained is further purified by distillation.

Meta Bromo Benzaldehyde Acetal (MBBA) Preparation

MBB is reacted with MEG in the presence of PTSA (as catalyst) and water formed is distilled off and pure MBBA is obtained.

Meta Phenoxy Bromo Benzaldehyde Acetal (MPBA) Preparation

First potassium phenoxide is prepared by reacting Phenol with potassium hydroxide in presence of toluene. Then potassium phenoxide is reacted with MBBA to form MPBA. Crude MPBA is purified by water washings.

Hydrolysis

MPBA is hydro to MPB in presence of water and sulphuric acid. Crude MEG so obtained is purified by distillation and recycled to MBBA preparation. The crude MPB is sent for final purification.

MPB Distillation / Purification

The crude MPB is subjected to high vaccum distillation and pure MPB is obtained, which is packed as finished product.

Unit III – Dahej

1. D.V. Acid Chloride

Manufacturing Process

Step 1: Preparation of Tertachlorobutyronitrile (TBN):

A glass lined MS reactor pH is adjusted to 3.0 – 3.5 by adding a mixture of Cat 1 (50/50). Cat 2 and acetonitrile are added. The contents are heated to 120 + 10°C and feeding is started simultaneously from two separate lines of acrylonitrile and carbon tetrachloride. After complete addition, the reaction mixture is digested for 3 hours at the same temperature. The reactor contents are cooled to 70 – 75°C. Water is added and the reaction mixture is stirred for 30 minutes. Aqueous phase is drained to ETP and organic phase to hold tank. The mass from hold tank is transferred to a glass lined MS reactor (GL-2) and liq. Ammonia is added till pH reaches 8.0 - 9.0 and distillation is started first at normal pressure when some fore-cut distills out at ~ 110°C and later vacuum of 600 – 650 mm of Hg is applied to distill out Cut I at 115°C. Residual mass in the reactor is sampled for TBN content, which should be greater than 98%. This is transferred to TBN hold tank.

Step 2: Preparation of Tetrachlorobutyric Acid (TBA):

In a glass lined MS reactor, 30% HCl is taken. The contents are heated to 67 + 20°C and then addition of TBN from the hold tank is started at the same temperature. The addition is completed within 8 hours and the temperature is maintained for further 4 hours. The temperature is raised to 98°C and then the mass is cooled to 60 – 70°C and filtered to separate ammonium chloride and dil. HCL is separated. Second wash of water is given and the aqueous layer is drained. Chloride content in organic layer checked. It should be less than 500 ppm. The TBA is transferred to hold tank.

Step 3: Preparation of Tetrachlorobutyric Acid Chloride (TBAC):

In a glass lined MS reactor TBA from the hold tank is taken. The temperature is raised to 90 – 115°C and vacuum of 640 – 680 mm of Hg is applied for 12 hours. The sample is taken for checking moisture, which should be less than 0.2%. The contents are cooled to 60 – 65°C temperature. Cat 3 is added and the addition of TC is carried out over a span of 11 hours. The temperature is maintained at 60 – 65°C. The mass is transferred to TBAC distillation reactor and TBAC is distilled under vacuum. The distillation residue obtained as bottom product is sent for incineration.

Step 4: Preparation of 2-Chlorocyclo Butanone (2-CB):

In a SS reactor n-hexane is added to isobutylene. The temperature is raised to 64°C. TEA and TBAC are added simultaneously, maintaining the pH 2 to 3 over a span of 8 hours. The temperature is maintained and the reaction mass is stirred for one hour. 10% NaHCO₃ is added. The mass is stirred for 30 min. and lower aqueous layer is drained. Hexane layer is given a wash of plain water. Lower aqueous layer is transferred to TEA recovery tank from which TEA is recovered by neutralization with caustic lye or flakes. The hexane layer containing 2-CB is transferred to crystallization reactor. The reactor is heated to 65°C for normal distillation of hexane and then vacuum of 600 mm Hg is applied raising the temperature to 65 – 70°C to remove traces of hexane. The product is cooled to 14 – 16°C and the powder formed is dumped to Closed Nutsch Filter.

Step 5: Preparation of 4-Chlorocyclo Butanone (4-CB) and further to Cypermethric Acid (CMA) through NaCMA:

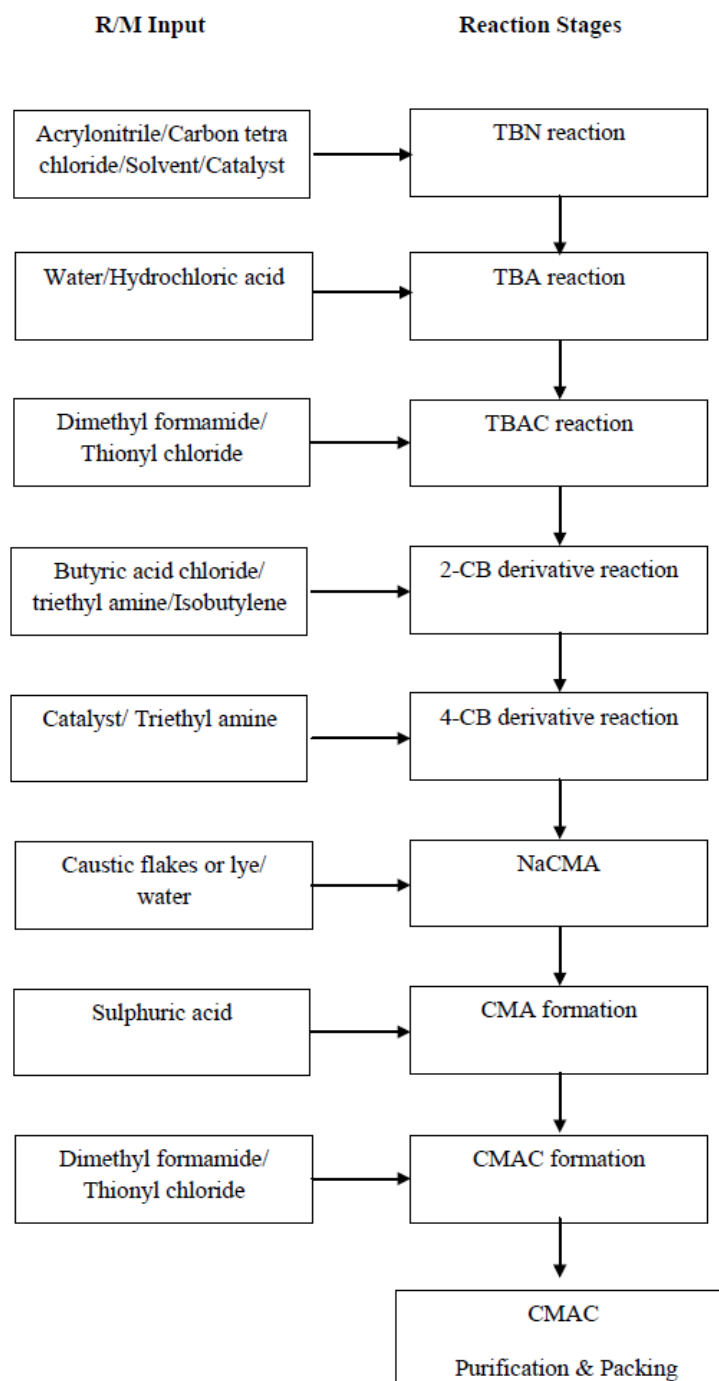
In a glass lined reactor n-hexane is taken and 2-CB powder is added manually. The temperature is raised to 80 – 90°C. Addition of TEA is started. pH of the reaction mixture should be 6.0 – 6.5. Catalyst is charged at 100°C. The temperature starts to shoot up to 115°C. The reaction mass is cooled to 40 – 60°C and n-hexane is added. The slurry is cooled to a temperature of 25 – 35°C. The thin slurry formed is transferred to MS reactor containing 4.3 N caustic solution. After the transfer is complete, the temperature is raised to 55°C. Cooling is applied till temperature reaches to 40°C. The mass is ready for transfer to MS tiled reactor for acidic hydrolysis.

n-hexane is charged to MSTL reactor. In another tank a solution of 80% sulphuric acid is prepared. This solution is charged to MSTL. Now NaCMA is transferred to MSTL and CMA-Hexane layer is transferred to SS reactor for hexane recovery. Heating is applied to SS reactor and n-hexane is distilled out for reuse. The concentrated hexane solution is transferred to glass-lined reactor for CMAC preparation.

STEP 6: Preparation of Cypermethric Acid Chloride (CMAC) OR DVACL:

In a glass lined reactor n-hexane and CMA are charged. The temperature is raised to 68 - 70°C. Vacuum is applied up to 600-640 mm of Hg and the distilled hexane is collected in a separate receiver. After complete removal of hexane the temperature is maintained at 50 – 60°C and catalyst is added. Addition of TC is started. Vent is attached to scrubber containing 4N caustic solution (16%). After the addition is completed the same temperature is maintained further till unreacted CMA estimates to be below 0.5 %. Unreacted TC should be below 1%. The degassed mass is transferred into SS reactor for distillation under vacuum. The distilled CMAC is collected in the receiver from which it is to be packed in drums.

Process Flow Chart



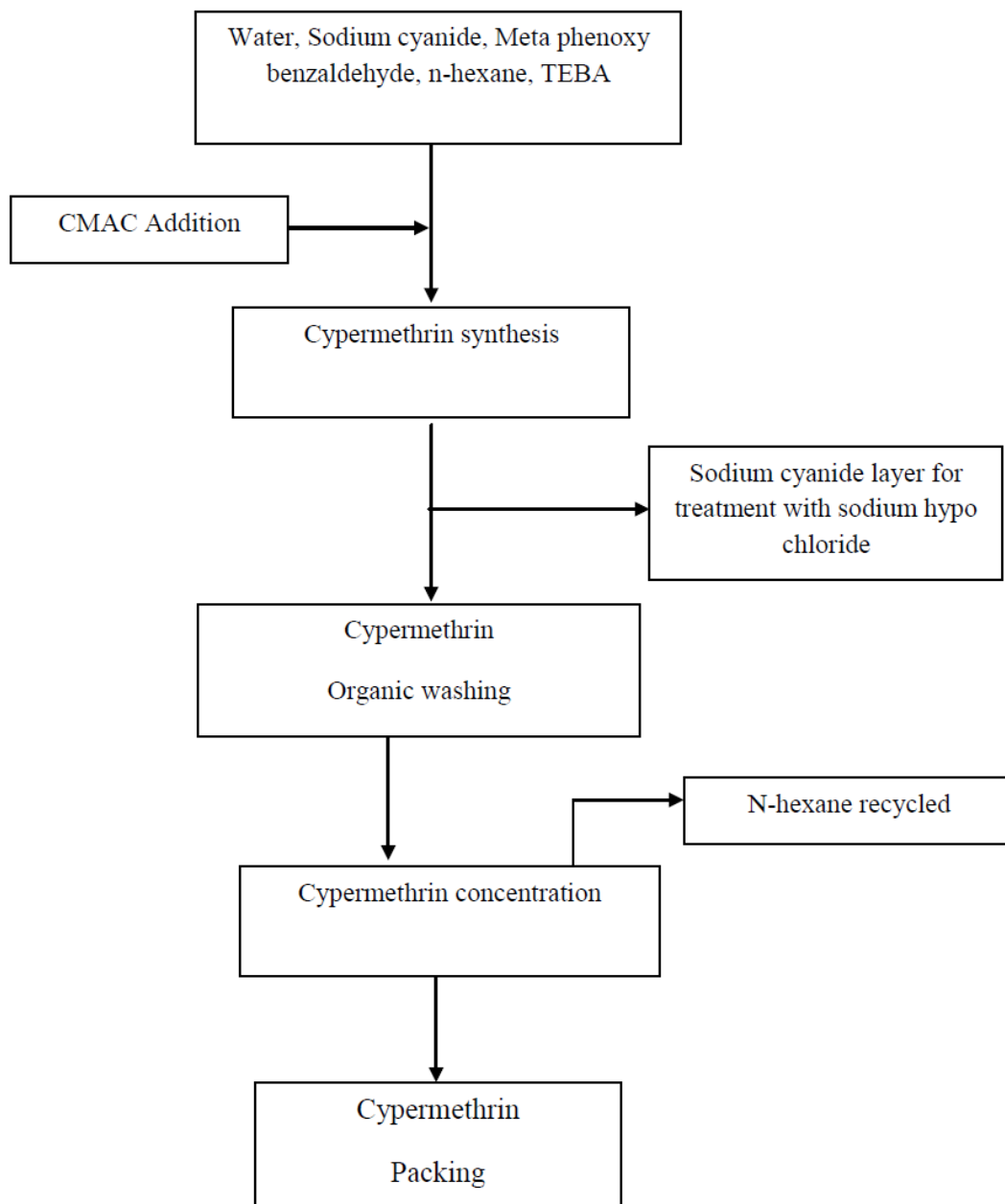
2. Cypermethrin

Manufacturing Process

In SS reactor water is charged followed by NaCN. After complete dissolution of NaCN, MPB, n-Hexane, TEBA is charged. Reaction mass temperature is brought to 10°C, then start the addition of CMAC keeping reaction mass temp. 10 to 12°C. complete the addition of CMAC in 3-4 hr. slowly raise the temperature to RT, stir the reaction mass for 1 hr. give sample for MPB content. If the results are in limit, then separate NaCN aqueous layer from bottom. Detoxify the NaCN layer with NaOCl, If NaCN content is below 0.1 ppm, send the aq. to ETP.

Organic layer is washed with water and NaHCO₃ then organic layer is taken for hexane recovery. If hexane content is below 1%, then sample is sent for final analysis. If results are OK then the material is packed in 200 kg MS lacquered coated drums.

Process Flow Chart



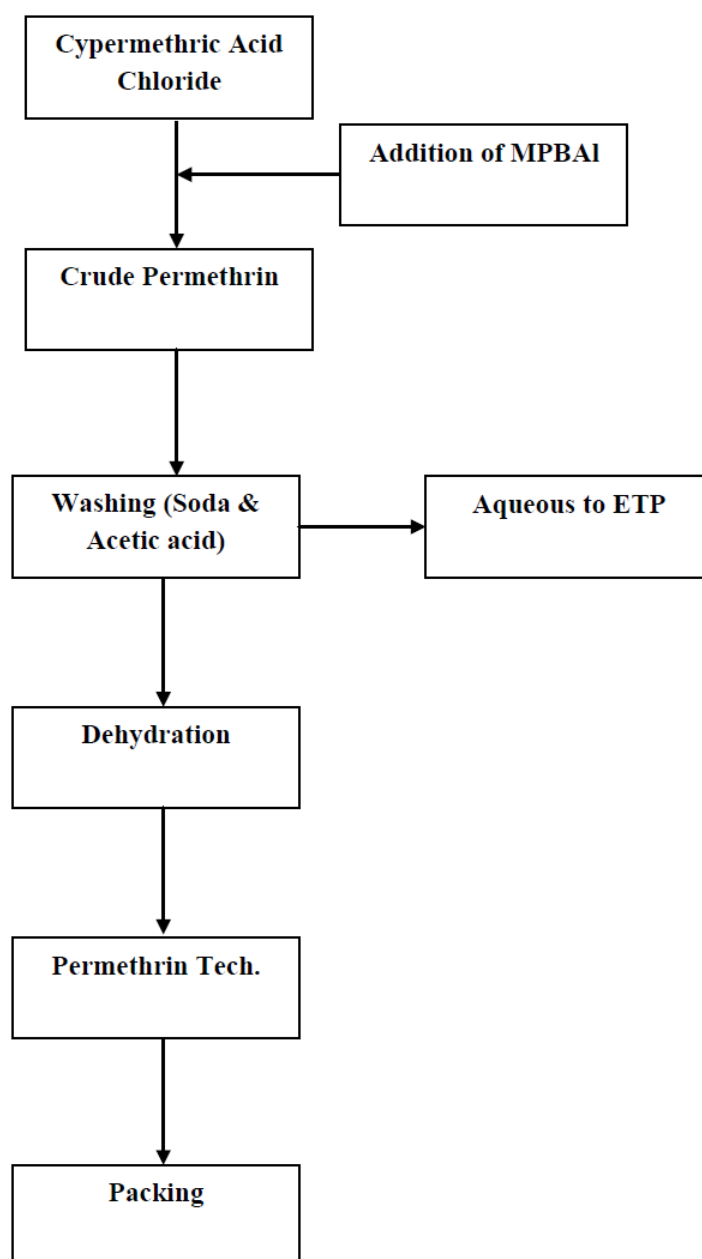
3. Permethrin

Manufacturing Process

Charge Cypermethric Acid Chloride in glass lined reactor. Start addition of MPBAL. Apply 10.0 to 20.0 mm Hg vacuum throughout the addition. Complete addition in 3.0 to 4.0 hrs. Give sample to LAB. For unreacted

MPBAL & Cypermethric Acid Chloride, if result is ok, start plain water washing. Take the reaction mass for dehydration under vacuum. If result is ok for moisture content, give sample for IS purity & pack the material in MS drums.

Process Flow Chart



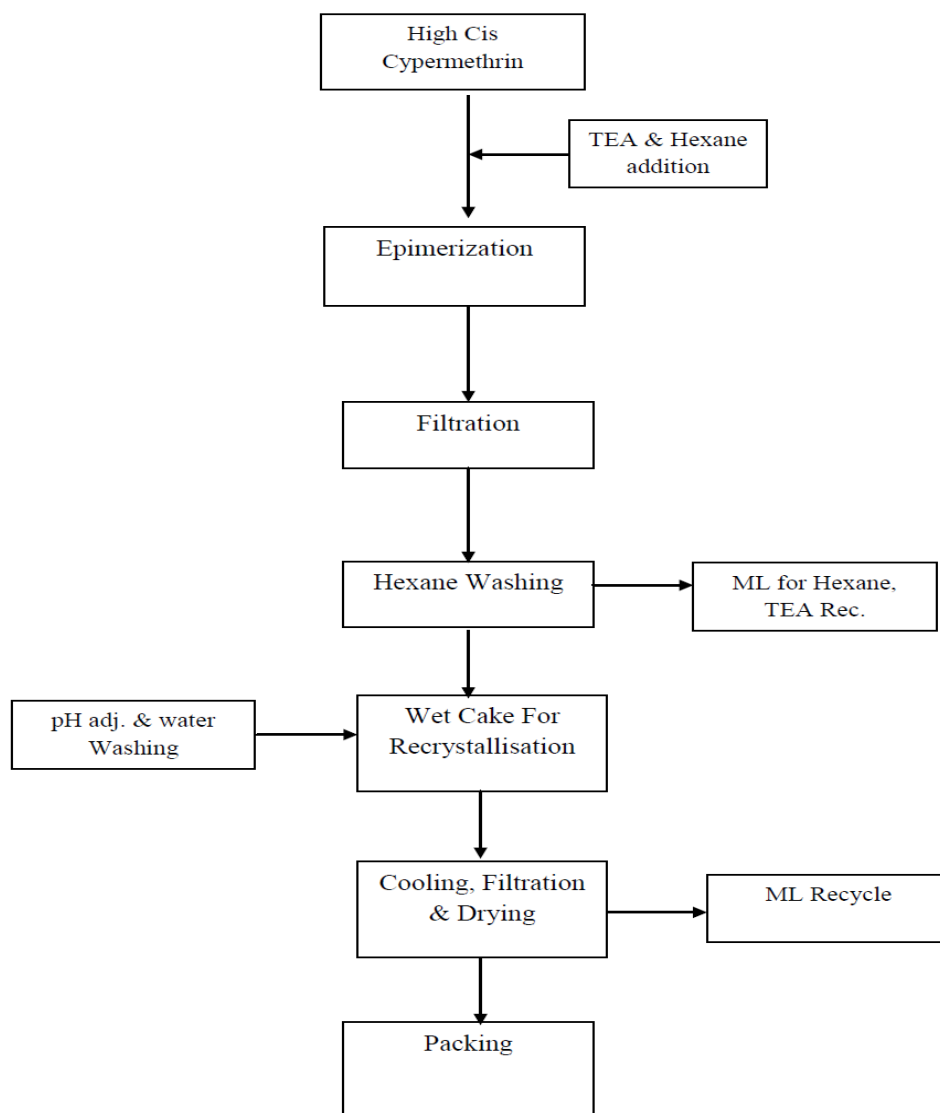
4. Alphacypermethrin

Manufacturing Process

Charge High Cis Cypermethrin in the reactor. Charge TEA & Hexane. Attain 30°C temperature of the organic mass. Maintain the mass at 20°C ± 2 for 72 hrs. Meanwhile check the conversion at 24 hrs, 48 hrs & 72 hrs.

Conversion should be $95\% \pm 0.5$ at the end of 72 hrs. (Epimerization) After 72 hrs, dump the batch in ANF for filtration. Do the filtration by N₂ pressure to avoid the hexane loss. After filtration over, ensure that maximum mother liquor is taken out from the cake. Start applying vacuum and hot water (45°C) circulation in limpet of ANF. Cake should be semi dried. Remove the cake from ANF and to be charged in another for Recrystallisation. Take hexane in the reactor. Charged semi dried cake taken out from ANF. Charge process water in the reactor. Charge H₂SO₄ and adjust pH 7.0 of aqueous layer. Start chilled water circulation in Condenser. Start heating the mass and attain $60 \pm 2^\circ\text{C}$. Maintain at 60° for 1 hrs. Settle the mass for 1 hr. Separate the aqueous layer from bottom. Again give water wash, stir it for half an hour. Settle for 1 hrs. Separate aqueous layer from bottom. Check the pH of the aqueous mass. It should be 7.0. If it is acidic, give one more water wash. Start cooling / chilling water circulation in jacket and attain 20°C of the mass. Dump the crystallized mass in ANF. Apply vacuum through tank. Start hot water circulation (45-50°C) in the limpet of ANF. Continue drying till solvent content is less than 0.5%.

Process Flow Chart



5. Metamitron

Manufacturing Process

STEP 1 - Mandelonitrile TO EM Preparation

MN is reacted with TC in presence of Ethanol, formed Ethyl mandelate (EM) is extracted with toluene.

STEP-2 -EM to EPG preparation

Step -1 product (EM) is reacted with sodium hypochlorite to form EPG

STEP-3 -Acetyl Hydrazine Preparation

Ethyl acetate and hydrazine hydrate is reacted to form Acetyl Hydrazine

STEP-4-EPG TO Hydrazone Preparation

Distilled EPG is reacted with Acetyl Hydrazine to form Hydrazone

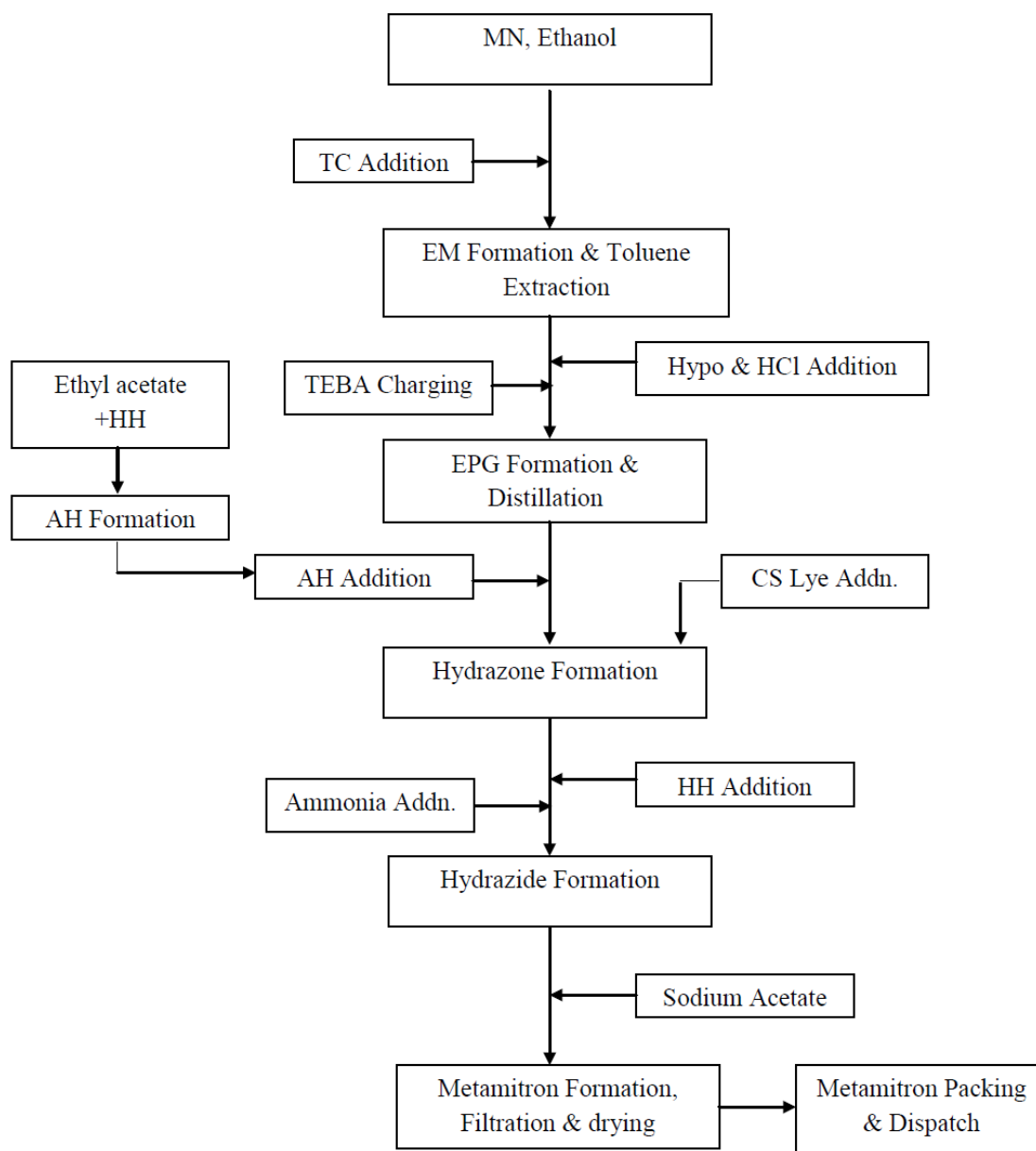
STEP-5-Hydrazone to Hydrazide Preparation

Hydrazone is reacted with HH 80% to form Hydrazide.

STEP-6-Hydrazide to Meta Preparation

Hydrazide is reacted with sodium acetate to form Metamitron

Process Flow Chart



Process for our proposed manufacturing project

1. Meta Phenoxy Benzaldehyde (MPB)

The process for this product will be same as that of Unit – II, as detailed above.

Infrastructure Facilities

Our Company uses many chemicals as raw materials for manufacturing their products. The main raw materials are as follows:

Unit	Name of Raw Material
Unit I – Vapi	Ortho Nitro Chloro Benzidine, Methanol, Caustic Soda Lye, Caustic Soda Flakes, Sulphuric Acid, Hydrochloric Acid, Furnace Oil, Dextrose Monohydrate, Toluene, Dichloro, Thiourea, A.B. Acid, Activated Carbon, Soda Ash, Hydrogen Gas, Salt
Unit II- Ankleshwar	Benzaldehyde, Al. Chloride, Liquid Bromine, Liquid Chlorine, Phenol, KOH Flakes, MEG, PTSA, Toluene, C.S. Lye, Sulphuric Acid, Formic Acid, Soda Ash, Cupros Chloride, Hyflo
Unit III- Dahej	Carbon Tetra Chloride, Acrylo Nitrile, Acetonitrile, Thionyl Chloride, Sulphuric Acid, Isobutylene, N-Hexane, Tri Ethyl Amine, Sodium Cynaide, Sodium Hypo Chloride, Mendelo Nitrile, Hydrazine Hydrate, Ethyl Acetate, Ethyl Alcohol, Caustic Flakes, Caustic Lye, Diethyl amine- Hydrochloride, Dimethylformamide, Cupric Chloride, Hydrochloric Acid, BF3-Etherate, Cypermethric acid chloride, Triethylbenzyl ammonium chloride, Sodium bi carbonate, Soda Ash, m- Phenoxy Benzyl Alcohol

We source out raw materials from the domestic suppliers as well as order from outside India. The quality of the raw materials is checked in our laboratory before they are put to use.

The raw materials are stored under conducive conditions, depending upon the nature of the product. To reduce material handling damage and for easy accessibility raw material are stored and consumed in FIFO system.

Our raw materials are freely available from various suppliers, and we order them on a need basis, depending on the orders on hand and the estimate provided by the production and marketing team. We do not enter into any long-term contracts with the raw material suppliers.

Utilities

Our Company mainly requires the following utilities:

Power

Unit I - Vapi

Our Company receives power supply from Gujarat Electricity Board (GEB), which is adequate to carry our manufacturing activities. We have a sanctioned load of 750 KVA. Further to ensure uninterrupted power supply we have 2 D. G. sets of with capacities of 500 KVA and that of 380 KVA.

Unit II - Ankleshwar

Our Company receives power supply from Gujarat Electricity Board (GEB), which is adequate to carry our manufacturing activities. We have a sanctioned load of 700 KVA. However, we have installed a coal-based captive power plant which generates 625 KVA of electricity, which alongwith the sanctioned load is adequate to run the facility smoothly. Coal is procured from local vendors and is available freely. Further to ensure uninterrupted power supply we have DG set of 500 KVA.

Unit III - Dahej

For our Dahej unit, we receive power supply from Gujarat Electricity Board (GEB), which is adequate to carry our existing manufacturing activities. We have a sanctioned load of 650 KVA. Further to ensure uninterrupted power supply we have DG set of 1010 KVA.

For the proposed project at Dahej, we shall require an additional 1MW power which we propose to source from GEB.

Water

Water for all our facilities are provided by the local municipality authorities/GIDC, and is adequate for our current operations as well as the proposed project.

Environment aspect:

Our Company is committed to preserve the environment and minimise emissions and effluents. We have installed necessary equipments including ETPs at all our facilities for controlling the pollution levels in the water/sludge discharged, in accordance with the rules framed by the Gujarat State Pollution Control Board. All our licences issued by the Gujarat State Pollution Control Board are valid and subsisting, and our effluent treatment systems are periodically inspected by the Gujarat State Pollution Control Board, before renewing the same.

Manpower

Our Company's human resource policy revolves around commitment to create organization that nurtures talent. We provide our employees an open atmosphere with a continuous learning curve that recognizes meritorious performance.

The following is a department wise break-up of our employees:

Description	Vapi	Ankleshwar	Dahej	Registered Office	Total
Senior Management	3		2		5
Middle Management		4	4	4	12
Technical Executives	22	35	25		82
Commercial Officers	11	9	9		29
Technical Workers	91	29	109		229
Total	127	77	149	4	357
Contract Labour	61	182	97		340
Total	188	259	246	4	697

Our Proposed Manpower Requirement is as detailed below for our expansion plan at Dahej and will be through local recruits.

Description	Dahej
Senior Management	3
Middle Management	5
Technical Executives	79
Commercial Officers	10
Technical Workers	150
Total	247
Contract Labour	50
Total	297

Safety Procedures

Some of our products and raw materials are considered hazardous and/or poisonous. We have adopted safety procedures at our manufacturing facilities, particularly in relation to the import of, storage, transportation and sale of such hazardous and/or poisonous substances. In addition, our staff is trained for safety at work. This includes knowledge about storage handling and disposal of the chemicals, which they handle. They are provided with personal protection equipment such as safety shoes, gloves, goggles and aprons.

Quality and Quality Control

We focus significantly on the quality of the raw materials and finished products at all our manufacturing facilities to ensure the desired quality is attained. Accordingly, we have a quality control department at each of our facilities, which consist of a Quality Control Laboratory, Research and Development Laboratory and an Instrumentation Laboratory. Details of the quality control measures instituted by us are given below:

• Quality Control Laboratory

We have quality control labs at our respective manufacturing facilities, for the purposes of analysing the raw materials purchased, and for carrying out inspection of the products manufactured, at their intermediate as well as finished stage.

• Research and Development

At the Research and Development laboratory, we conduct research to improve the quality of our products, as well as develop our manufacturing process, in order to ensure better utilisation of our raw materials, and thus achieve better yield results.

• Instrumentation laboratory

Instruments such as the gas chromatograph, high performance liquid chromatograph and auto titrates are used for analysing the raw materials being processed as well as the finished goods. These instruments normally provide the purity of the product expressed as a percentage in comparison to the standard.

We also conduct analytical tests in our laboratories, in order to analyse certain characteristics of our products, which include classical analysis on the melting and boiling point of certain products and chemical analysis.

Past Production Figures Industry wise

We manufacture wide range of products catering to various customers and their different specifications. The product line being highly customer-specification oriented and fragmented, industry wise past production figures for the same are not available.

Competition

The Indian agrochemicals market is highly fragmented in nature with over 800 formulators. The competition is fierce with large number of organized sector players and significant share of spurious pesticides. The market has been witnessing mergers and acquisitions with large players buying out small manufacturers.

Like any other company, our Company also faces competition from both multinationals, having a big image in the industry and domestic corporate and other fragmented/marginal players. Some of our competitor companies include Gharda Chemicals Limited, Insecticides India Limited, Meghmani Organics Limited, Sajjan India Limited and Aarti Industries Limited amongst others.

Approach to Marketing and Marketing Set-up

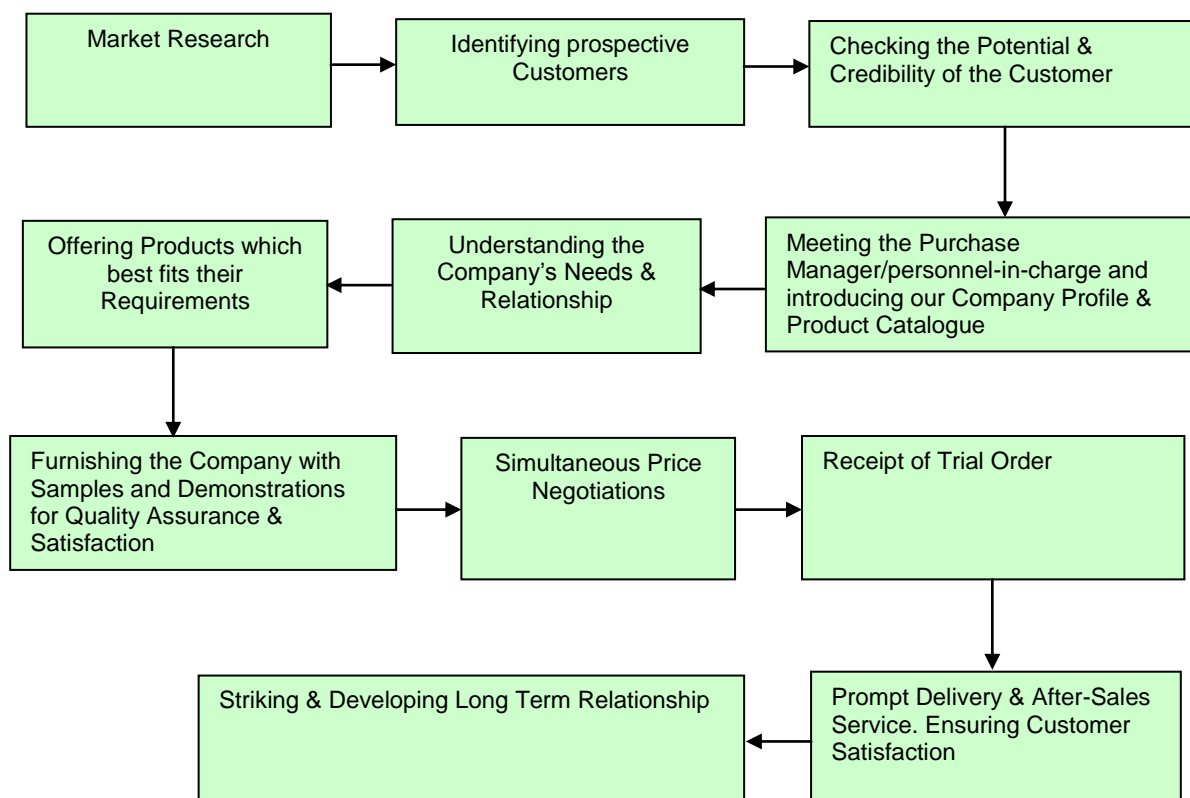
Our Company conducts its marketing arrangement through a strong and dedicated sales & marketing team. Our Promoters have more than two decades of experience in this field. They have developed strong relationships with customers over the years right from Multinational Companies to big Indian Companies where Quality and timely delivery is of utmost importance. We build long term relationships with our Customers. Our approach is 'Customer is King'. We grow with our Customers and help them to help us. Special measures are taken to ensure customer acquisition.

Some of our Marketing Strategies are:

- **Free Samples:** We provide free small samples to our customers for their testing and evaluation. This helps to build customers' confidence in our product.

- **Demonstrations:** provide our customers with product demonstrations & comparative study of competition products. This enables them to judge our products' quality and performance to place orders with us.
- **On-site Technical Services & Troubleshooting:** We provide onsite technical services to solve our customers processing problems. We also furnish them with product specifications and technical literatures.
- **New launches-value added products & economical packages:** We offer new products to the customers which helps them to simplify processes, reduce time duration etc., which reduces the customers costing.
- **Timely Deliveries:** We follow the dispatch schedules required by the customers by keeping adequate stocks, foreseeing the monthly requirements and planning the production schedule accordingly. Moreover, our distributors maintain stocks such that the end-user requirements and urgent needs are well met with.

Customer Acquisition Process



Future Prospects

India has emerged as a global supplier of dyestuffs and dye intermediates, particularly for reactive, acid, vat and direct dyes. India accounts for approximately 7 percent of the world production.

Indian exports of agrochemicals have shown an impressive growth over the last five years. The key export destination markets are USA, UK, France, Netherlands, Belgium, Spain, South Africa, Bangladesh, Malaysia and Singapore. India is one of the most dynamic generic pesticide manufacturers in the world with more than 60 technical grade pesticides being manufactured indigenously by 125 producers consisting of large and medium scale enterprises (including about 10 multinational companies) and more than 500 pesticide formulators spread over the country.

Strong end use industry is expected to boost growth for the Indian Chemical companies, both domestic and multinational. Increasing local production requires global competitiveness to withstand

Imports as well as for exports of surplus. Key success factors needed are feedstock cost and availability, value chain access, technology, capital investment, presence of strong local players as well as access to rapidly growing large domestic market. India is today seen as a growth market for many western companies. Domestic companies have built significant assets and have the opportunity to leverage them and will need to strengthen

them further to with stand global competition. It could be worthwhile to explore partnerships, in select areas, for beneficial development.

Since the Indian Agriculture sector is highly dependent on monsoons, the market for agrochemicals is expected to grow at a the rate of 7.5% to reach US \$ 1.95 Bn by FY 2014

Capacity and Capacity Utilization

Past Capacity and Capacity Utilization

UNIT I - Vapi

Particulars	March 31, 2009	March 31, 2010	December 31, 2010 (9 Months)
Installed Capacity (TPA)	2520	3240	3240
Total Production (Tonnes)	2,405.45	2,852.07	1,893.48
Capacity Utilisation (%)	95.45	88.03	58.44*

* not annulized

UNIT II - Ankleshwar

Particulars	March 31, 2009	March 31, 2010	December 31, 2010 (9 Months)
Installed Capacity (TPA)	2640	2760	2760
Total Production (Tonnes)	2,534.63	2,331.92	1,789.45
Capacity Utilisation (%)	96.01	84.49	64.84*

* not annulized

UNIT III – Dahej

Particulars	December 31, 2010 (9 Months)*
Installed Capacity (TPA)	3384
Total Production (Tonnes)	562.45
Capacity Utilisation (%)	16.62

*The production of Unit III has started in August 2010.

Projected Capacity Utilization for next three years

UNIT I - Vapi

Particulars	March 31, 2012	March 31, 2013	March 31, 2014
Installed Capacity (TPA)	3240	3240	3240
Total Production (Tonnes)	2916	2916	2916
Capacity Utilisation (%)	90.00	90.00	90.00

UNIT II - Ankleshwar

Particulars	March 31, 2012	March 31, 2013	March 31, 2014
Installed Capacity (TPA)	2760	2760	2760
Total Production (Tonnes)	2484	2484	2484
Capacity Utilisation (%)	90.00	90.00	90.00

UNIT III – Dahej

Particulars	March 31, 2012	March 31, 2013	March 31, 2014
Installed Capacity (TPA)	3384	3384	3384
Total Production (Tonnes)	2707	2876	3046
Capacity Utilisation (%)	80.00	85.00	90.00

Project Capacity Utilisation for our Proposed Project at Dahej

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Installed Capacity (TPA)	3600	3600	3600
Total Production (Tonnes)	2,160	2,520	2,880
Capacity Utilisation (%)	60.00	70.00	80.00

Export Possibilities & Export Obligation

Our Company is currently exporting to various countries like US, UK, Japan, Germany, China etc. Our products being intermediates are used for further processing by our customers and hence are not sold under a brand name either in India or abroad. We are constantly tapping new markets to have tie ups with reputed distributors in view of long term relationship. The Company's drive is to expand its business and provide the best to many other countries of the world.

Currently, the Company does not have any outstanding export obligations.

Property

As on the date of the Draft Red Herring Prospectus, our Company does not own any immovable properties.

The following table sets forth the location and other details of the leasehold properties of our Company:


Sr. No	Details of Deed / Assignment	Nature of right granted	Particulars of the Property, Description & Area	Consideration/ license fee/Rent	Tenure / Term	Existing Usage
Ankleshwar Unit						
1.	Lease Deed dated October 22, 2002 between Gujarat Industrial Development Corporation ("the Lessor") and Hemani Organics and Chemicals Private Limited ("the Lessee")*	Lease	Plot number 3207/A in the Ankleshwar Industrial Area/Notified Area consisting of revenues survey numbers 305/Part, 307/Part and 309/Part within the village limits of Piraman, taluka Ankleshwar, district Bharuch, admeasuring 9,000 square meters	Allotment price ₹ 33,50,940 and rent ₹ 11 per annum	99 years computed from July 08, 2002 with an option to renew for a further term of 99 years	Industrial
2.	Lease Deed dated November 23, 2005 between Gujarat Industrial Development Corporation ("the Lessor") and Hemani Organics and Chemicals Private Limited ("the Lessee")*	Lease	Plot number 3207/B in the Ankleshwar Industrial Area/Notified Area consisting of revenues survey number 307/P within the village limits of Piraman, taluka Ankleshwar, district Bharuch, admeasuring 4,440 square meters	Allotment price ₹ 13,98,600 and rent ₹ 6 per annum	99 years computed from December 22, 1995 with an option to renew for a further term of 99 years	Industrial
3.	Lease Deed dated May 18, 1992 between	Lease	Plot number 3208/1 in the Ankleshwar	Allotment price ₹ 7,58,241 and rent	99 years computed	Industrial





Sr. No	Details of Deed / Assignment	Nature of right granted	Particulars of the Property, Description & Area	Consideration/ license fee/Rent	Tenure / Term	Existing Usage
	Gujarat Industrial Development Corporation (“the Lessor”) and Hemani Organics and Chemicals Private Limited (“the Lessee”)*		Notified Area consisting of revenue survey numbers 307/P, 306/P, 305/P within the village limits of Piraman taluka Ankleshwar, district Bharuch admeasuring 5,994 square meters	₹ 7 per annum	from August 27, 1990 with an option to renew for a further term of 99 years	
4.	Lease Deed dated June 21, 2002 between Gujarat Industrial Development Corporation (“the Lessor”) and Hemani Organics and Chemicals Private Limited (“the Lessee”)*	Lease	Plot number 3208/2 in the Ankleshwar Industrial Estate/Notified Area consisting of revenues survey number 304, 305, 307 within the village limits of Piraman, taluka Ankleshwar, district Bharuch, admeasuring 4,086 (tentative) square meters.	Allotment price ₹ 5,16,879 and rent ₹ 5 per annum	99 years computed from August 27, 1990 with an option to renew for a further term of 99 years	Industrial
Dahej Unit						
5.	Lease Deed dated March 12, 2010 between Gujarat Industrial Development Corporation (“the Lessor”) and our Company (“the Lessee”)	Lease	Plot number CH-5 within the village limits Dahej, Vagra, district Bharuch, admeasuring 5,2432.22 square meters	Allotment price ₹ 1,94,19,607 and rent ₹ 63 per annum	99 years computed from February 25, 2008 with an option to renew for a further term of 99 years	Industrial
Vapi Unit						
1.	Lease Deed dated August 25, 1994, between Gujarat Industrial Development Corporation (“the Lessor”) and our Company (“the Lessee”)	Lease	Plot number 780/2, in the Vapi Notified Industrial Area consisting of revenue survey No. 245/P, 246/P, 247/P, within the village limits of Chanod, taluka Pardi, district Valsad, admeasuring 2,976 square meters	Allotment price ₹ 3,18,960 and rent ₹ 6 per annum	99 years computed from October 11, 1979 with an option to renew for a further term of 99 years	Industrial
2.	Licence Agreement dated October 13, 2000 between Gujarat Industrial Development Corporation (“the Licensor”) and our Company (“the Licensee”)	License	Plot number 779/3/A, in the Vapi Notified Industrial Area, consisting of revenue survey No. 245/6 within the village limits of Chanod, taluka Pardi, district Valsad, admeasuring 1,195 square meters	Paid ₹ 1,79,250 balance amount of ₹ 4,18,250 to be paid within 10 years commencing from December 2000, in 40 quarterly instalments with interest at the rate of 18%	99 years	Industrial
3.	Lease Deed dated December 30, 2000	Lease	Plot number 780/1, in the Vapi Notified	Allotment price ₹ 7,93,040 and	99 years computed	Industrial

Sr. No	Details of Deed / Assignment	Nature of right granted	Particulars of the Property, Description & Area	Consideration/ license fee/Rent	Tenure / Term	Existing Usage
	between Gujarat Industrial Development Corporation (“the Lessor”) and our Company (“the Lessee”)		Industrial Area consisting revenue survey No. 245/P within the village limits of Chanod, taluka Pardi, district Valsad admeasuring 6,780 square meters	rent ₹ 8 per annum	from September 25, 1979 with an option to renew for a further term of 99 years	
4.	Deed of Assignment dated December 6, 2001, between Ms. Sarojben Babubhai Shah (“the Assignor”) and our Company (“the Assignee”)	Assign	Plot number 779/1/B-1, in the Vapi Notified Industrial Estate, consisting of revenue survey No. 244/P within the village limits of Chanod, taluka Pardi, district Valsad admeasuring 1,390 square meters	₹ 6,00,000/-	99 years computed from March 19, 1981 with an option to renew for a further term of 99 years	Industrial
5.	Deed of Assignment dated April 29, 2002, between M/s. Noopur Industries (“the Assignor”) and our Company (“the Assignee”)	Assign	Plot number 6129, in the Vapi Notified Estate, consisting of revenue survey No. 382/P, 383/P within the village limits of Karvad, taluka Pardi, district Valsad, admeasuring 703 square meters	₹ 3,51,500	99 years computed from November 9, 1993 with an option to renew for a further term of 99 years	Industrial
6.	Deed of Assignment dated November 27, 2002, between M/s. Anup Drugs & Pharmaceuticals (“the Assignor”) and our Company (“the Assignee”)	Assign	Plot number 779/3, in the Vapi Notified Industrial Area, consisting of revenue survey No. 245/P, within the village Chanod, taluka Pardi, district Valsad, admeasuring 5,534 square meters	₹ 10,50,000	99 years computed from March 10, 1980 with an option to renew for a further term of 99 years	Industrial
Registered Office						
7.	Lease Deed dated May 27, 2011 between Mr. Mohan Dama (“the Licensor”) and our Company (“the Licensee”)	Leave and license	706 – 708, Reena Complex, 7 th Floor, Ramdev Nagar Road, Vidyavihar (west), Mumbai – 400 086, Maharashtra, India	Monthly license fee: ₹ 15,000 Security deposit-interest free, refundable (paid by all licensees): ₹ 1,00,000	2 years commencing from May 1, 2011	Official
8.	Lease Deed dated May 27, 2011 between Mr. Minal Dama (“the Licensor”) and our Company (“the Licensee”)	Leave and license	709 – 710, Reena Complex, 7 th Floor, Ramdev Nagar Road, Vidyavihar (west), Mumbai – 400 086, Maharashtra, India	Monthly license fee: ₹ 10,000 Security deposit-interest free, refundable (paid by all licensees): ₹ 75,000	2 years commencing from May 1, 2011	Official

* Vide a Deed of Rectification dated March 19, 2008 between Gujarat Industrial Development Corporation (“the Lessor”) and our Company (“the Lessee”), the lease hold rights of plots no. 3207/A, 3207/B, 3208/1 and 3208/2, together admeasuring 23,520 square meters, were transferred from Hemani Organics & Chemicals Private Limited to our Company.

Intellectual Property

Our Company does not own or otherwise possess any registered intellectual property rights. Our Company has been using the  logo and has not registered the same with any certifying authority. Following table sets forth, as on the date of Draft Red Herring Prospectus, the details of the trademarks applied for to the Trademark Registry Mumbai, under different classes as defined under the IV Schedule of the Trademark Rules, 2002.

Sr. No.	Date of Application	Trademark application number	Class	Trademark	Description of goods/services	Status of application
1.	June 7, 2011	2155947	1		Manufacturer of chemical used in industry, science, photography, agriculture, horticulture and forestry.	Formalities Chk Pass
2.	June 7, 2011	2155948	2		Manufacturer of Dyes, Organic Pigment and Intermediates.	Formalities Chk Pass
3.	June 7, 2011	2155949	35		Distributor of Dyes and Dyes Intermediates, Organic Intermediates, Pesticides and Pesticides Intermediates, Other Speciality Chemicals.	Formalities Chk Pass
4.	June 7, 2011	2155950	5		Manufacturer of pesticides and Pesticides Intermediates.	Formalities Chk Pass

Insurance

Our Company maintain insurance against various risks inherent in our business activities, including property damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our equipment or stocks as also burglary insurance. Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise.

Overall, we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business.

KEY REGULATIONS AND POLICIES

Our Company is engaged in the business of manufacturing a range of agrochemical intermediates (pesticides and pesticides intermediates), pigment intermediates, organic pigment intermediates, dye and dye intermediates and other speciality chemicals. The following description is an overview of certain laws and regulations in India, which are relevant to our Company. 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 Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as labour laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of laws, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, please refer to the chapter titled 'Government and Other Approvals' beginning on page 169 of the Draft Red Herring Prospectus.

The Insecticides Act, 1968 ("Insecticides Act")

The Insecticide Act is an Act to regulate import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animal and other matters connected therewith. Any person desiring to import or manufacture any insecticide is required to apply to the Registration Committee for the registration of such insecticide and there shall be a separate application for each such insecticide. The registration needs to be under Section 9 (1) of the Insecticides Act. Any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any insecticide may make an application to the licensing officer for the grant of license under Section 13 (1) of the Insecticides Act. A license granted under the relevant provision shall be valid for the provision for the period specified therein and the same needs to be renewed from time to time. No person shall himself, or by any person on his behalf, import or manufacture any misbranded insecticide, any insecticide which for the time being has been prohibited under Section 27 of the Insecticides Act, any insecticide except in accordance with the condition on which it was registered or in contravention of any other provision of the Insecticides Act. As per the Insecticides Act, the insecticides, which are manufactured need to be packaged, labelled, transported and stored according to the procedure enumerated under the Insecticides Act. Section 33 of the Insecticides Act also provides provisions for offences by companies, and who would be the persons liable in case of offences by companies.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 ("Water Act") as amended, the Air (Prevention and Control of Pollution) Act, 1981 ("Air Act") as amended, and the Environment Protection Act, 1986 ("Environment Act") as amended. Water Act aims to prevent and control water pollution. It provides for the constitution of a Central Pollution Control Board ("CPCB") and State Pollution Control Boards ("SPCBs").

The functions of the CPCB include coordination of activities of the SPCBs, collecting data relating to water pollution and the stipulation of measures for the prevention and control of water pollution and prescription of standards for streams or wells. The SPCBs are responsible for the planning for programs for, among other things, the prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluents into a stream, well or sewer without the prior consent of the relevant SPCB.

The CPCB and the SPCBs constituted under the Water Act are to perform functions under the Air Act for the prevention and control of air pollution. The Air Act aims to prevent and control air pollution. It is mandated under the Air Act that no person may, without the prior consent of the relevant SPCB, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. It empowers the Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants. The Government may make rules for regulating environmental pollution.

Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of boards for the prevention and control of water pollution, for conferring on and assigning to such boards powers and functions relating thereto and for matters connected therewith. The Water Act defines “pollution” as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Water Act envisages establishing a Central Pollution Control Board as well as State Pollution Control Board for prevention and control of water pollution.

Accordingly, the previous consent of the board constituted under the Water Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Water Act and such other authorities or agencies as may be prescribed.

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

The Water Cess Act, as amended provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this Act, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the Environment Act. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of ₹ 1,000 or both and penalty for non payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)

Pursuant to the provisions of the Air Act, as amended, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Boards required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the state government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

Under the Air Act, the Central Pollution Control Board has powers, *inter alia*, to specify standards for quality of air, while the State Pollution Control Boards have powers, *inter alia*, to inspect any control equipment, industrial plant or manufacturing process, to advise the state government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

Environment Impact Assessment Notifications

The Environment Impact Assessment Notification S.O.60(E), issued on January 27, 1994 (“**1994 Notification**”) under the provisions of the Environment Act, as amended, prescribes that for the construction of certain power projects specified in the 1994 Notification, in the case of new projects, if the investment is more than ₹ 10,000 lacs and in the case of expansion or modernization projects, if the investment is more than ₹ 5,000 lacs the prior environmental clearance of the Ministry of Environment and Forest (“**MoEF**”) is required. The environmental clearance must be obtained from the MoEF according to the procedure specified in the 1994 Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

The application to the MoEF is required to be accompanied by a project report which should include, *inter alia*, an Environmental Impact Assessment Report and an Environment Management Plan. The Impact Assessment Authority evaluates the report and plan submitted. Such assessment is required to be completed within a period of 90 days from receipt of the requisite documents from the project developer/manager. Thereafter, a public hearing has to be completed and a decision conveyed within thirty days.

The clearance granted is valid for a period of five years from the commencement of the construction or operation of the project. The project developer/manager concerned is required to submit a half yearly report to the Impact Assessment Authority to enable it to effectively monitor the implementation of the recommendations and conditions subject to which the environmental clearance has been given. If no comments from the Impact Assessment Authority are received within the time limits specified above, the project will be deemed to have been approved by the project developer/manager.

On September 14, 2006, the Environmental Impact Assessment Notification S.O. 1533 (“**2006 Notification**”) superseded the 1994 Notification. Under the 2006 Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft Environment Impact Assessment Report and the Environment Management Plan. The final Environment Impact Assessment Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final Environment Impact Assessment Report.

Hazardous Waste (Management and Handling) Rules, 1989 (“Hazardous Waste Act”)

The Hazardous Waste Act defines waste oil and oil emulsions as hazardous wastes and imposes an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. The Hazardous Waste Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste. The occupier, transporter and operator’s liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and any fine that may be levied by the respective State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the Environment Act or both.

The Poisons Act, 1919 (“Poisons Act”)

The Poisons Act aims at amending the law regulating the importation, possession and sale of poisons. As per Section 2 of the Poisons Act, the State Government may by rule regulate within the whole or any part of the territories under its administration, the possession for sale and the sale of any specified poison. In particular and without prejudice to the generality of the foregoing power, such rules, may provide for- the grant of licenses to possess any specified poison for sale, wholesale or retail and fixing of the fee (if any) to be charged for such licenses, the classes of persons to whom alone such licenses may be granted, the classes of persons to whom such poisons may be sold, the maximum quantity of such poison may be sold, the maximum quantity of such poison, which may be sold to anyone person and the maintenance by vendors of any such poison of registers of sales, the particulars to be entered in such registers and the inspection of the same. Section 4 of the Poisons Act enumerates that the State Government may by rule regulate the possession of any specified poison in any local area which when used is perilous to the health and environment of both man and cattle. Further, any malicious intention prior to the usage of the poison has been made punishable under the Poisons Act. Extensive penalty

provisions have been provided for breach of the Poisons Act or any rules thereunder or conditions of license for poison granted to any person.

The Explosives Act, 1884 (“Explosives Act”)

The Explosives Act regulates the manufacture, possession, use, sale, transport and importation of the explosives. As per Section 4 (h) of the Explosives Act, “manufacture” in relation to an explosive includes the process of:

1. dividing the explosive into its component parts or otherwise breaking up or unmaking the explosive, or making fit for use any damaged explosive; and
2. re-making, altering or repairing the explosive.

The Central Government may, for any part of India make rules consistent with the Explosives Act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives. Moreover, the Central Government may from time to time, by notification, prohibit, either absolutely or subject to conditions, the manufacture, possession or importation of any explosive which is of so dangerous a character that, in the opinion of the Central Government, is expedient for the public safety to issue the notification. Where a person makes an application for license under Section 5 of the Explosive Act, the authority prescribed thereunder after making such inquiry, if any as it may consider necessary, shall, subject to the other provisions of the Explosives Act, by in order in writing either grant license or refuse to grant the same. The licensing authority shall grant a license, where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives or where it is required for any other purpose, if the licensing authority is satisfied that the person by whom such license is required has a good reason for obtaining the same. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act. Section 9-C of the Explosives Act also provides provisions for offences by companies, and who would be the persons liable in case of offences by companies.

Public Liability Insurance Act, 1991 (“Public Liability Act”)

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of ‘hazardous substances’ covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

The Indian Boilers Act, 1923 (“Boilers Act”)

The Boilers Act states that the owner of any boiler (as defined therein), which is wholly or partly under pressure when is shut off, shall under the provisions of the Boilers Act, apply to the Inspector appointed thereunder to have the boiler registered which shall be accompanied by prescribed fee. The certificate for use of a registered boiler is issued pursuant to such application, for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner.

Labour related laws

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Industries (Development and Regulation) Act, 1951, Industrial Disputes Act 1947, the Employees’ Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936 and the Factories Act, 1948, amongst others.

Factories Act, 1948 (“Factories Act”)

The Factories Act defines a ‘factory’ to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and covers any premises where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the occupier of a factory, i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. Persons who design, manufacture, import or supply articles for use in a factory must ensure the safety of the workers in the factory where the articles are used. If the safety standards of the country where the articles are manufactured are above Indian safety standards, the articles must conform to the relevant foreign standards. There is a prohibition on employing children below the age of fourteen years in a factory. If there is violation of any provisions of the Factories Act or rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years and/or with a fine up to ₹ 1,00,000 or both, and in case of such violation continuing after conviction, with a fine of up to ₹ 1,000 per day of violation. In case of a contravention which results in death or serious bodily injury, the fine shall not be less than ₹ 25,000 in the case of an accident causing death, and ₹ 5,000 in the case of an accident causing serious bodily injury. In case of contravention after a prior conviction, the term of imprisonment increases up to three years and the fine would be ₹ 200,000 and in case such contravention results in death or serious bodily injury the fine would be a minimum of ₹ 35,000 and ₹ 10,000, respectively.

The Employees State Insurance Act, 1948 (“ESI Act”)

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. The ESI Act extends to the whole of India. It applies to all factories (including government factories but excluding seasonal factories) employing ten or more persons and carrying on a manufacturing process with the aid of power or employing twenty or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

A factory or other establishment, to which the ESI Act applies, shall continue to be governed by its provisions even if the number of workers employed therein falls below the specified limit or the manufacturing process therein ceases to be carried on with the aid of power, subsequently.

The ESI Act does not apply to the following:

- i. Factories working with the aid of power wherein less than ten persons are employed;
- ii. Factories working without the aid of power wherein less than twenty persons are employed;
- iii. Seasonal factories engaged exclusively in any of the following activities viz. Cotton ginning, cotton or jute pressing, decortications of groundnuts, the manufacture of coffee, indigo, lacs, rubber, sugar (including gur) or tea or any manufacturing process incidental to or connected with any of the aforesaid activities, and including factories engaged for a period not exceeding seven months in a year in blending, packing or repackaging of tea or coffee, or in such other process as may be specified by the Central Government;
- iv. A factory which was exempted from the provisions of the Act as being a seasonal factory will not lose the benefit of the exemption on account of the amendment of the definition of seasonal factory;
- v. Mines subject to the Mines Act, 1952;
- vi. Railway running sheds;
- vii. Government factories or establishments, whose employees are in receipt of benefits similar or superior to the benefits provided under the Act and Indian naval, military or air forces.

The appropriate Government may exempt any factory or establishments or class of factories or establishments or any employee or class of employees from the provisions of the ESI Act. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto ₹ 10,000 per month is entitled to be insured under the ESI Act. However, apprentices engaged under the Apprentices Act are not entitled to the ESI benefits. Coverage of part time employees under the ESI Act will depend on whether they have contract of service or contract for service with the employer. The former is covered whereas the latter are not covered under the ESI Act.

Payment of Gratuity Act, 1972 (“Gratuity Act”)

Under the Gratuity Act, an employee in a factory is deemed to be in ‘continuous service’ for a period of at least two hundred forty days in a period of twelve months or one hundred twenty days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee.

An employee who has been in continuous service for a period of five years will eligible for gratuity upon his retirement, superannuation, death or disablement. The maximum amount of gratuity payable shall not exceed ₹ 3,50,000.

Payment of Bonus Act, 1965 (“Payment of Bonus Act”)

Under the Payment of Bonus Act, an employee in a factory who has worked for at least thirty Working Days in a year is eligible to be paid bonus. ‘Allocable surplus’ is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit of our Company.

The minimum bonus to be paid to each employee is 8.33% of the salary or wage or ₹ 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Payment of Bonus Act by a company will be punishable by proceedings for imprisonment up to six months or a fine up to ₹ 1,000 or both against those individuals in charge at the time of contravention of the Payment of Bonus Act.

Minimum Wages Act, 1948

The State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the official gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Any contravention may result in imprisonment of up to six months or a fine of up to ₹ 500.

Workmen’s Compensation Act, 1923 (“Workmen’s Compensation Act”)

If personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman willfully disobeyed safety rules. Where death results from the injury the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman, the maximum of which is ₹ 228.54 for a worker aged sixteen years) or ₹ 80,000 whichever is more. Where permanent total disablement results from injury the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or ₹ 90,000 whichever is more. The maximum wage which is considered for the purposes of reckoning the compensation is ₹ 4,000. On December 1, 2009, the Indian Parliament passed the Workmen’s Compensation Amendment Bill, 2009, which broadens the scope of the Workmen’s Compensation Act to include clerical staff, raising the monetary compensation payable in the event of death or permanent disability, and introducing reimbursement for treatment of injuries sustained in course of employment. The restriction of the application of this law to companies with at least twenty employees has been done away with, and it would now be obligatory for compensation commissioners to decide on a claim within three months of an application being filed. Under the Workmen’s Compensation Act, it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid.

Payment of Wages Act, 1936 (“Payment of Wages Act”)

The Payment of Wages Act regulates the period and payment of wages, overtime wages and deductions from wages and also regulates the working hours, overtime, weekly holidays of certain classes of employed persons. It requires the persons responsible for payment of wages to maintain certain registers and display of the abstracts of the rules made their under. The Act also contains provisions as to the minimum wages that are to be fixed by the appropriate governments for the employees, entitlement of bonus of the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time

frame and without any unauthorized deductions.)

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952 (“EPF Act”)

The EPF Act applies to factories employing more than twenty employees and such other establishments and industrial undertakings as notified by the government from time to time. It requires all such establishments to be registered with the relevant state provident fund commissioner. Also, such employers are required to contribute to the employees’ provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund. A monthly return is required to be submitted to the relevant state provident fund commissioner in addition to the maintenance of registers by employers.

The Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”)

The CLRA regulates the employment, and protects the interests, of workers hired on the basis of individual contracts in certain establishments. In the event any activity is outsourced, and is carried out by labourers hired on contractual basis, compliance with the CLRA 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. The CLRA regulates the employment of contract labour in certain establishments provides for its abolition in certain circumstances. It applies:

- to every establishment which does not carry on intermittent/ casual work in which twenty or more workmen are/ were employed on any day of the preceding 12 months as contract labour (“Establishment”);
- To every contractor who employs, or who employed on any day of the preceding 12 months, twenty or more workmen.

Every Establishment must, within the specified period, apply to the registering officer for registration of the Establishment and obtain a certificate of registration containing such particulars as may be prescribed.

Further, a contractor can only undertake or execute any work through contract labour under and in accordance with a licence issued in that behalf by the licensing officer. The license may contain conditions including, in particular, conditions as to hours or work, fixation of wages and other essential amenities in respect of contract labour. The license will be valid for the period specified therein.

Every contractor is duty-bound to provide and maintain supply of drinking water, canteens, rest-rooms latrines and urinals, washing facilities, first- aid box in the prescribed manner for contract labour employed in connection with the work of an Establishment to which the Act applies. If such amenities are not provided by the contractor within the prescribed time, such amenities shall be provided by the principal employer of the Establishment. Contractor shall be responsible for payment of wages to each worker employed by him as contract labour within the prescribed period and in case he fails to do so, the principal employer of the Establishment will be so responsible. Every principal employer and contractor is required to maintain the prescribed records in respect of the contract labour employed.

The Contract Labour (Regulation and Abolition) Central Rules, 1971 (“Contract Labour Rules”)

The Contract Labour Rules were formulated to carry out the purposes of the Contract Labour (Regulation and Abolition) Act, 1970 (“Act”) has not been captured. As per the Contract Labour Rules, the application for registration of establishments to which the Act applies shall be made in Form I in triplicate and shall be accompanied by a treasury receipt showing payment of fees. A certificate of registration in Form II containing particulars of the name of the establishment, type of work carried on therein, number of contract labourers employed and other particulars is then issued. Any change in these particulars must be intimated by the principal employer at the establishment within thirty days of such change along with details of such change. Every application for license by the Contractor, made in Form IV, shall be accompanied by a certificate by the principal employer in Form V to the effect that the applicant has been employed by him as a contractor in relation to his establishment. Security as prescribed must also be deposited. Every license granted to the contractor in Form VI is non- transferable and shall contain particulars such as the maximum number of contract labourers employed.

The Industrial Employment (Standing Orders) Act, 1946 (“Standing Orders Act”)

The Standing Orders Act requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed. The standing orders as finally certified under this Act shall be prominently posted by the employer in English and in the language understood by the majority of his workmen on special boards to be maintained for the purpose at or near the entrance through which the majority of workmen enter the industrial establishment and in all departments thereof where the workmen are employed.

Foreign Trade (Development and Regulation) Act, 1992 (The “Foreign Trade Act”)

The Foreign Trade Act was enacted to provide for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India. The Foreign Trade Act prohibits anybody from undertaking any import or export except under an importer-exporter code number granted by the Director General of Foreign Trade.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was incorporated as '*Hemani Intermediates Private Limited*' a private limited company under the Companies Act pursuant to Certificate of Incorporation dated February 3, 1994 bearing registration number 11 – 76416 of 1994 issued by the Additional Registrar of Companies, Maharashtra, Mumbai. Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to '*Hemani Intermediates Limited*' pursuant to a fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated April 15, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Thereafter, the name of our Company was changed to '*Hemani Industries Limited*' pursuant to fresh certificate of incorporation consequent upon change of name dated May 3, 2011 issued by the Deputy Registrar of Companies, Maharashtra, Mumbai. Our corporate identification number is U24114MH1994PLC076416.

Our Company is promoted by Mr. Mohan Dama and Mr. Premji Hemani since incorporation. Our Company is engaged in the business of manufacturing a range of Agrochemical Intermediates (Pesticides and Pesticides Intermediates), Pigment Intermediates, Organic Pigment Intermediates, Dyes and Dyes Intermediates and other speciality chemicals, with a major focus on export market. Currently, our Company has three manufacturing facilities, one each at Vapi, Ankleshwar and Dahej (Bharuch).

In the year 1994 our Company commenced its business by setting up a manufacturing unit at Vapi, Gujarat for manufacturing pigment intermediates with an installed capacity of 840 TPA. Pursuant to amalgamation of Hemani Organics and Chemicals Private Limited with our Company in the Fiscal 2005, we acquired a manufacturing unit at Ankleshwar, Gujarat for manufacturing pesticide intermediates with an installed capacity of 1,600 TPA. The current installed capacity of our Vapi unit is 3,240 TPA and that of our Ankleshwar unit is 2,760 TPA. Further our Company has commenced a unit at Dahej with an installed capacity of 3,384 TPA with the effect from August 2010.

Hemani Organics and Chemicals Private Limited, one of the companies of Hemani Group was amalgamated with our Company with effect from April 1, 2005 pursuant to the Scheme of Amalgamation under the provisions of Sections 391 to 394 of the Companies Act as the business facilities of Hemani Organics and Chemicals Private Limited were complimentary to the business of our Company and the amalgamation offered synergistic benefit to both the companies. The said Scheme of Amalgamation was sanctioned by the High Court of Bombay *vide* its order dated March 16, 2007 and by the High Court of Gujarat *vide* its order dated June 11, 2007. For further details, please see the paragraph titled "*Amalgamations in the history of our Company*" of this section of the Draft Red Herring Prospectus.

Our Company is registered as a 'Star Export House' with the Ministry of Commerce and Industry, Government of India in accordance with the provisions of the Foreign Trade Policy, 2004-2009. Our Company caters to over 100 clients across the globe. We market and export our products to Japan, the entire European Union, USA, South American countries, South Africa, China, Russia, Korea, Taiwan, Turkey, Egypt and others countries spanning all the major continents.

For further details of our Company's activities, products and the growth of our Company, please refer to the chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 59 and 143 respectively, of the Draft Red Herring Prospectus respectively.

Changes in our Registered Office:

Our Company's Registered Office is currently situated at 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra. Details of changes in the address of the Registered Office of our Company are set forth as under:

From	To	Effective Date	Reason
206, Suraj Sadan, Surat Street, Mumbai – 400 009, Maharashtra.	12, Khetshi Chatrubhuj Building, Masjid Bander, Mumbai – 400 009, Maharashtra.	March 1, 1994	For administrative convenience

From	To	Effective Date	Reason
12, Khetshi Chatrubhuj Building, Masjid Bander, Mumbai – 400 009, Maharashtra.	706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra.	February 21, 2011	For administrative convenience

The total number of members of our Company as on the date of filing of the Draft Red Herring Prospectus is eight. For further details, please refer the chapter titled ‘*Capital Structure*’ beginning on page 19 of the Draft Red Herring Prospectus.

Main Objects of our Company:

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

“To carry on in India and elsewhere the business of manufacturing, buying, distributing, selling, importing, exporting commission agent, consultants and otherwise dealing in all kinds of chemicals, organic and inorganic, dyes and dye intermediates, pigments and pigment intermediates, pesticide intermediates, pesticides technical, insecticides technical, fungicides technical, herbicide technical, weedicides technical and its intermediates plus formulations in branded and unbranded segments, pharmaceuticals, pharmaceutical intermediates, pharmaceutical formulations, Aromatic chemicals performing and flavouring chemicals and cosmetics.”

Amendments to the MoA of our Company since Incorporation:

Since incorporation, the following amendments have been made to the MoA of our Company:

Sr. No.	Particulars of Change	Date of Shareholders’ Meeting	AGM/EGM
1.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 5,00,000 consisting of 4,900 equity shares of ₹ 100 each aggregating to ₹ 4,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 30,00,000 consisting of 29,900 equity shares of ₹ 100 each aggregating to ₹ 29,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	June 9, 1994	EGM
2.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 30,00,000 consisting of 29,900 equity shares of ₹ 100 each aggregating to ₹ 29,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 50,00,000 consisting of 49,900 equity shares of ₹ 100 each aggregating to ₹ 49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	April 26, 2001	EGM
3.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 50,00,000 consisting of 49,900 equity shares of ₹ 100 each aggregating to ₹ 49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 75,00,000 consisting of 74,900 Equity shares of ₹ 100 each aggregating to ₹ 74,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	June 28, 2002	EGM
4.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 75,00,000 consisting of 74,900 Equity shares of ₹ 100 each aggregating to ₹ 74,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 1,00,00,000 consisting of 99,900 Equity shares of ₹ 100 each aggregating to ₹ 99,90,000 and 100 preference shares of ₹ 100	July 8, 2003	EGM

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
	each aggregating to ₹ 10,000.		
5.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 1,00,00,000 consisting of 99,900 Equity shares of ₹ 100 each aggregating to ₹ 99,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 1,50,00,000 consisting of 1,49,900 Equity shares of ₹ 100 each aggregating to ₹ 1,49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000.	September 20, 2007	EGM
6.	Re-organised the capital structure (Conversion) Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 1,50,00,000 consisting of 1,49,900 Equity shares of ₹ 100 each aggregating to ₹ 1,49,90,000 and 100 preference shares of ₹ 100 each aggregating to ₹ 10,000 to ₹ 1,50,00,000 consisting of 1,50,000 Equity shares of ₹ 100 each.	February 14, 2011	EGM
7.	Re-organised the capital structure (Sub-division) Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 1,50,00,000 consisting of 1,50,000 Equity shares of ₹ 100 each to ₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10 each.	February 14, 2011	EGM
8.	Increase in Authorised Capital Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10 each to ₹ 1,50,00,000 consisting of 1,50,00,000 Equity shares of ₹ 10 each.	February 14, 2011	EGM
9.	Change in Main Objects Clause The main object of our Company was amended by adding “ <i>pesticide intermediates, pesticides technical, insecticides technical, fungicides technical, herbicide technical, weedicides technical and its intermediates plus formulations in branded and unbranded segments, pharmaceuticals, pharmaceutical intermediates, pharmaceutical formulations, Aromatic chemicals performing and flavoring chemicals and cosmetics</i> ”	March 7, 2011	EGM
10.	Change of Name Name of our Company was changed from Hemani Intermediates Private Limited to Hemani Intermediates Limited	March 7, 2011	-
11.	Change of Name Name of our Company was changed from Hemani Intermediates Limited to Hemani Industries Limited	April 18, 2011	EGM

Key Events and Milestones:

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Year	Event
1994	Our Company was incorporated as “ <i>Hemani Intermediates Private Limited</i> ” on February 3, 1994, and registered <i>vide</i> registration number 11-76416 of 1994 with the Registrar of Companies, Maharashtra, under the Companies Act.
1994	Our Company commenced its business by setting up a manufacturing unit at Vapi, Gujarat for manufacturing pigment intermediates with an installed capacity of 840 TPA.
2001	Our Company doubled the manufacturing capacity of its unit at Vapi, Gujarat to 1,680 TPA.
2005	Our Company got registered as a ‘Star Export House’ with the Ministry of Commerce and Industry, Government of India in accordance with the provisions of the Foreign Trade Policy, 2004-2009.
2007	Amalgamation of Hemani Organics and Chemicals Private Limited with Hemani Intermediates Private Limited. Pursuant to amalgamation, our Company acquired a manufacturing unit at

Year	Event
	Ankleshwar, Gujarat for manufacturing pesticide intermediates with an installed capacity of 1,600 TPA.
2009	Our Company increased the manufacturing capacity of its unit at Vapi, Gujarat to 2,520 TPA and the manufacturing capacity of its unit at Ankleshwar, Gujarat to 2,640 TPA.
2010	Our Company increased the manufacturing capacity of its unit at Vapi, Gujarat to 3,240 TPA.
2010	Our Company commenced a unit at Dahej with an installed capacity of 3,384 TPA with the effect from August 2010.
2011	Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to ' <i>Hemani Intermediates Limited</i> ' pursuant to a fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated April 15, 2011 issued by the Registrar of Companies, Maharashtra.
2011	Name of our Company was changed from Hemani Intermediates Limited to Hemani Industries Limited

Amalgamations in the history of our Company

Amalgamation of Hemani Organics and Chemicals Private Limited ("HOCPL") with our Company

In accordance with the terms of a Scheme of Amalgamation under the provisions of Sections 391 to 394 of the Companies Act and such other provisions thereof as may be applicable, as sanctioned by the High Court of Bombay *vide* order dated March 16, 2007 in Company Petition number 733 of 2006 connected with Company Application number 941 of 2006 and by the High Court of Gujarat *vide* order dated June 11, 2007 in Company Petition number 4 of 2007 in Company Application number 463 of 2006, with effect from April 1, 2005, the undertakings and liabilities of the HOCPL stood transferred to our Company as a going concern so as to become the estate, rights, titles and interests of our Company.

Rationale for the Scheme

The amalgamation of the companies was carried out *inter alia* (a) as HOCPL belonged to the same group of which our Company is the flagship company; (b) so that the business of the companies could be conveniently and advantageously combined together and be carried out economically and profitably by pooling of resources with better administration and efficiency in operations of the undertaking; (c) The business facilities of HOPCL were complimentary to the business of our Company and the amalgamation will offered synergistic benefit to both the companies.

Swap ratio

In accordance with the Scheme 49,368 Equity Shares of ₹ 100 each of our Company were allotted to the respective shareholders of the Transferor Companies in terms of the swap ratio as recommended by M/s. Haren Parekh & Co., Chartered Accountants *vide* its letter dated November 20, 2005 being one share of face value of ₹ 100 each of the Transferee company, credited as fully paid up for every 24 fully paid up equity shares of the face value of ₹ 10 each, held by the equity shareholders of HOCPL.

Further we have obtained a certificate from M/s. Haren Parekh & Co., an independent firm of chartered accountants dated June 9, 2011 stating that the accounting treatment followed in respect of financials contained in the Scheme as sanctioned by the by the Bombay High Court *vide* its order dated March 16, 2007 and by the High Court of Gujarat *vide* its order dated June 11, 2007, are in compliance with all applicable accounting standards issued by ICAI including Accounting Standard - 14 on 'Accounting for Amalgamations'.

Accordingly, the accounting treatment in the books of accounts our Company have been appropriately given effect from the Appointed Date being April 1, 2005 and as contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956. Further, it is certified that there are no deviations in the accounting of the aforesaid Scheme, from the accounting treatments which have been specified in paragraph 42 of Accounting Standard 14 - Accounting for Amalgamations.

Subsidiaries and Holding Company:

As on the date of the Draft Red Herring Prospectus our Company does not have any subsidiary company and our Company is not a subsidiary of any company.

Funds raising through equity or debt:

For details in relation to our funds raising activities through equity and debt, please refer to the chapters titled '*Financial Indebtedness*' and '*Capital Structure*' beginning on pages 158 and 19 respectively, of the Draft Red Herring Prospectus.

Revaluation of assets:

Our Company has not revalued its assets since its incorporation.

Changes in the activities of our Company during the preceding five years:

There has been no change in the activities being carried out by our Company during the preceding five years from the date of the Draft Red Herring Prospectus which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Injunctions or Restraining Orders:

Our Company is not operating under any injunction or restraining order.

Defaults or Rescheduling of borrowings with financial institutions / banks:

There have been no defaults or rescheduling of borrowings with the financial institutions / banks as on the date of the Draft Red Herring Prospectus.

Strikes and lock-outs:

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of the Draft Red Herring Prospectus, our employees are not unionized.

Time and cost overruns in setting up projects:

As on the date of the Draft Red Herring Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

Shareholders' agreement:

Our Company does not have any subsisting shareholders' agreement as on the date of the Draft Red Herring Prospectus.

Strategic Partners:

Our Company does not have any strategic partner(s) as on the date of the Draft Red Herring Prospectus.

Financial Partners:

As on the date of the Draft Red Herring Prospectus, apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

OUR MANAGEMENT

As per the Articles of Association of our Company, our Board is required to have not less than three Directors and not more than twelve Directors. As on the date of the Draft Red Herring Prospectus, our Board consists of six Directors. The Chairman of our Company Mr. Mohan Dama is an Executive Director. Further, apart from our Chairman our Board has two Whole Time Directors and in compliance with the requirements of clause 49 of the Listing Agreement, three Independent Directors.

Our Board

The following table sets forth the details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus.

Sr. No.	Name, Nationality, Age, Designation, Occupation and Address, DIN	Date of Appointment as Director and Term of Office	Other Directorships
1.	Mr. Mohan Dama <i>Designation:</i> Chairman and Managing Director <i>(Executive and Non Independent)</i> <i>Address:</i> Flat Number 13, 7th Floor, Khatau Apartment, Joshi Lane, Tilak Road, Ghatkopar (East), Mumbai – 400 077, Maharashtra <i>Nationality:</i> Indian <i>Age:</i> 56 years <i>Occupation:</i> Business <i>DIN:</i> 01803334	<i>Date of appointment:</i> As Managing Director on April 1, 2011. <i>Term:</i> Period of three years commencing from April 1, 2011.	<i>Public Limited Companies:</i> Nil <i>Private Limited Companies:</i> 1. Hemani Agro Chem Private Limited; 2. Hemani Chemiorganic Private Limited;
2.	Mr. Premji Hemani <i>Designation:</i> Whole Time Director <i>(Executive and Non Independent)</i> <i>Address:</i> Payal Morden Co-operative Society, Plot Number 273, GIDC Vapile Pardi, Valsad – 396 195, Gujarat <i>Nationality:</i> Indian <i>Age:</i> 58 years <i>Occupation:</i> Business <i>DIN:</i> 01808898	<i>Date of appointment:</i> As Whole Time Director on April 1, 2011. <i>Term:</i> Period of three years commencing from April 1, 2011.	<i>Public Limited Companies:</i> Nil <i>Private Limited Companies:</i> 1. Hemani Agro Chem Private Limited; 2. Hemani Chemiorganic Private Limited;
3.	Mr. Nitin Dama <i>Designation:</i> Whole Time Director <i>(Executive and Non Independent)</i> <i>Address:</i> Sai Krupa, Plot Number 209, Hingwala Lane, Ghatkopar (East), Mumbai – 400 077, Maharashtra	<i>Date of appointment:</i> As Whole Time Director on April 15, 2011. <i>Term:</i> Period of three years commencing from April 15, 2011.	<i>Public Limited Companies:</i> Nil <i>Private Limited Companies:</i> Nil

Sr. No.	Name, Nationality, Age, Occupation and DIN	Designation, Address, and Office	Date of Appointment as Director and Term of Office	Other Directorships
	<p><i>Nationality:</i> Indian</p> <p><i>Age:</i> 46 years</p> <p><i>Occupation:</i> Business</p> <p><i>DIN:</i> 01058731</p>			
4.	Mr. Arvind Mav	<p><i>Designation:</i> Director (Non-executive and Independent)</p> <p><i>Address:</i> 703, Reena Complex, Ramdev Nagar, Vidyavihar (West), Mumbai – 400 084, Maharashtra</p> <p><i>Nationality:</i> Indian</p> <p><i>Age:</i> 40 years</p> <p><i>Occupation:</i> Professional</p> <p><i>DIN:</i> 03517486</p>	<p><i>Date of appointment:</i> As Director on May 4, 2011.</p> <p><i>Term:</i> Liable to retire by rotation at the next AGM.</p>	<p><i>Public Limited Companies:</i></p> <p>Nil</p> <p><i>Private Limited Companies:</i></p> <p>Nil</p>
5.	Mr. Girdhar Bhanushali	<p><i>Designation:</i> Director (Non-executive and Independent)</p> <p><i>Address:</i> 1201/2, Kaveri Co-operative Society, Neelkanth Valley, 7th Rajawadi Road, Ghatkopar (East), Mumbai – 400 077, Maharashtra</p> <p><i>Nationality:</i> Indian</p> <p><i>Age:</i> 53 years</p> <p><i>Occupation:</i> Business</p> <p><i>DIN:</i> 03517496</p>	<p><i>Date of appointment:</i> As Director on May 4, 2011.</p> <p><i>Term:</i> Liable to retire by rotation at the next AGM.</p>	<p><i>Public Limited Companies:</i></p> <p>Nil</p> <p><i>Private Limited Companies:</i></p> <p>Nil</p>
6.	Mr. Korji Hemani	<p><i>Designation:</i> Director (Non-executive and Independent)</p> <p><i>Address:</i> VI – 601, Sanskar Co-operative Society, Shanti Park, Shanti Path, Ghatkopar (East), Mumbai – 400 077, Maharashtra</p> <p><i>Nationality:</i> Indian</p> <p><i>Age:</i> 62 years</p>	<p><i>Date of appointment:</i> As Director on May 4, 2011.</p> <p><i>Term:</i> Liable to retire by rotation at the next AGM.</p>	<p><i>Public Limited Companies:</i></p> <p>Nil</p> <p><i>Private Limited Companies:</i></p> <p>Nil</p>

Sr. No.	Name, Nationality, Age, Occupation and DIN	Designation, Address, Occupation and	Date of Appointment as Director and Term of Office	Other Directorships
		Occupation: Professional		
		DIN: 03514756		

As on the date of the Draft Red Herring Prospectus:

1. None of the above mentioned Directors are on the RBI List of wilful defaulters.
2. None of the Promoters, persons forming part of our Promoter Group, our Directors or persons in control of our Company or our Company are debarred from accessing the capital market by SEBI.
3. None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
4. None of our Directors are/were directors of any company whose shares were suspended from trading by stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five years.
5. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.
6. There are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

Brief Profile of our Directors

Mr. Mohan Dama, Managing Director

For a brief profile of our Promoter Director Mr. Mohan Dama please refer to the chapter titled '*Our Promoters and Promoter Group*' beginning on page 108 of the Draft Red Herring Prospectus.

Mr. Premji Hemani, Whole Time Director

For a brief profile of our Promoter Director Mr. Premji Hemani please refer to the chapter titled '*Our Promoters and Promoter Group*' beginning on page 108 of the Draft Red Herring Prospectus.

Mr. Nitin Dama, Whole Time Director

Mr. Nitin Dama, aged 46 years, is one of the whole time Directors of our Company. He started his carrier with Ideal Dye Chem Industries in 1992 a partnership firm, mainly engaged in trading of chemicals. He joined our Company in the year 2007 and was appointed as a director on July 24, 2010. He has approximately 19 years of experience in the field of manufacturing and trading of chemicals and dyes intermediates. His current role in our Company is to administrate our Company's Unit situated at Ankleshwar. Mr. Nitin Dama was paid remuneration of ₹ 5,88,000 in financial year 2010 – 2011.

Mr. Arvind Mav, Independent Director

Mr. Arvind Mav, aged 40 years, is an Independent Director of our Company. He holds bachelor's degree in Commerce from University of Mumbai. He is a fellow member of Institute of Chartered Accountants of India. He has approximately 13 years of experience in the field of finance and accounting. He is sole proprietor of Arvind K. Mav & Associates, Chartered Accountants. He was appointed as the Independent Director of our Company on May 4, 2011. Mr. Mav has not been paid any sitting fees / remuneration for the financial year 2010 – 2011, as he was appointed on our Board in the financial year 2011 – 2012.

Mr. Girdhar Bhanushali, Independent Director

Mr. Girdhar Bhanushali, aged 53 years, is an Independent Director of our Company. After completing his higher education Mr. Bhanushali started his career as a clearing agent. Thereafter he started a partnership firm M/s. Kalpana Shipping Agency which is engaged in providing clearing & forwarding services for import and export of goods. He has a business experience of approximately 20 years. He was appointed as the Independent Director of our Company on May 4, 2011. Mr. Bhanushali has not been paid any remuneration / sitting fees for the financial year 2010 – 2011, as he was appointed on our Board in the financial year 2011 – 2012.

Mr. Korji Hemani, Independent Director

Mr. Korji Hemani, aged 62 years, is an Independent Director of our Company. He holds bachelor's degree in Commerce from University of Mumbai. He is retired serviceman from custom department, Central Government of India in the year 2010. He was appointed as the Independent Director of our Company on May 4, 2011. Mr. Hemani has not been paid any remuneration / sitting fees for the financial year 2010 – 2011, as he was appointed on our Board in the financial year 2011 – 2012.

Family Relationship between our Directors

None of our Directors are “relatives” within the meaning of section 6 of the Companies Act except as stated below:

Name	Director to whom related	Nature of Relationship
Mr. Mohan Dama	Mr. Premji Hemani	Brother
Mr. Premji Hemani	Mr. Mohan Dama	
Mr. Nitin Dama	Mr. Mohan Dama	Nephew
	Mr. Premji Hemani	

Borrowing powers of our Board

The borrowing powers of our Board are regulated by Article 95 of the Articles of Association of our Company.

Pursuant to an ordinary resolution passed at the EGM of our shareholders held on April 18, 2011 our Directors were authorised to borrow from time to time a sum not exceeding ₹ 1,000 crore on behalf of our Company, pursuant to the provisions of Section 293(1)(d) of the Companies Act.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled ‘Main Provisions of the Articles of Association’ beginning on page 227 of the Draft Red Herring Prospectus.

Remuneration / Compensation and benefits of our Directors

1. Mr. Mohan Dama, Chairman and Managing Director

Mr. Mohan Dama is the Chairman and Managing Director of our Company. He joined the Board of Directors of our Company on August 1, 2007 as a Director. He was appointed as the Chairman of our Company on March 29, 2008. Further, he was appointed as Managing Director of our Company for a term of three years commencing from April 1, 2011 *vide* Board resolution dated April 18, 2011 and confirmed *vide* EGM resolution dated April 18, 2011. The remuneration payable to Mr. Mohan Dama towards salary (inclusive of perquisites, performance bonus and allowances) is ₹ 2,50,000 per month.

2. Mr. Premji Hemani, Whole Time Director

Mr. Premji Hemani is one of the Whole Time Directors of our Company. He has been a Director in our Company since incorporation. He was appointed as an Executive Director on August 1, 2007. Further he was reappointed as a Whole Time Director of our Company for the period of three years with the effect from April 1, 2011 *vide* Board resolution dated April 18, 2011 and confirmed *vide* EGM resolution dated April 18, 2011. The remuneration payable to Mr. Premji Hemani towards salary (inclusive of perquisites, performance bonus and allowances) is ₹ 2,50,000 per month.

3. Mr. Nitin Dama, Whole Time Director

Mr. Nitin Dama is one of the Whole Time Directors of our Company. He has been an Executive Director in our Company since July 24, 2010. He was reappointed as a Whole Time Director of our Company for the period of three years with the effect from April 15, 2011 *vide* Board resolution dated April 15, 2011 and confirmed *vide* EGM resolution dated April 15, 2011. The remuneration payable to Mr. Nitin Dama towards salary (inclusive of perquisites, performance bonus and allowances) is ₹ 58,000 per month.

Non-Executive Directors

Our Independent Directors are not entitled to any sitting fees for attending meetings of the Board, or of any committee of the Board.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's Equity Shares on the Stock Exchanges. Ms. Monali Wakalkar, Company Secretary and Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding of Directors

As per the Articles of Association of our Company, our Directors are not required to hold any qualification shares in our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Directors	No. of Equity Shares held	Percentage (%) of pre-issue Equity Share in our Company
1.	Mr. Mohan Dama	15,18,060	16.86
2.	Mr. Premji Hemani	16,09,250	17.87
	Total	31,27,310	34.73

Interest of Directors

Interest of Promoters, Directors and Key Managerial Personnel

Our Directors may be deemed to be interested to the extent of remuneration payable to them for their services as Managing Director / Whole Time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received / paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

The Directors may also be regarded as interested to the extent of the Equity Shares held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. The Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any either the Director himself, other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before the date of the Draft Red Herring Prospectus or proposed to be acquired by us as on the date of the Draft Red Herring Prospectus. For further details, please refer to the paragraph titled '*Our Property*' in the chapter titled '*Our Business*' beginning on page 59 of the Draft Red Herring Prospectus.

Further, save and except as stated otherwise under the paragraph titled '*Shareholding of Directors*' in the chapter titled '*Our Management*' beginning on page 95 of the Draft Red Herring Prospectus; in '*Annexure -XV*'

under chapter titled 'Financial Information' beginning on page 118 of the Draft Red Herring Prospectus and under the paragraphs titled 'Interest of Promoters in our Company' and 'Common Pursuits' in the chapters titled 'Our Promoters and Promoter Group' and 'Our Group Entities' beginning on pages 108 and 112 respectively, of the Draft Red Herring Prospectus respectively, our Directors do not have any other interests in our Company as on the date of the Draft Red Herring Prospectus.

Our Directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in the Board of Directors during the last three years

Save and except as mentioned herein below, there had been no change in the constitution of our Board during the last 3 years:

Name of the Director	Date of Appointment	Date of Cessation of Directorship	Remarks
Mr. Jayesh Dama	April 1, 2008	January 28, 2011	Resignation
Mr. Nitin Dama	July 24, 2010	-	Appointment
Mr. Arvind Mav	May 4, 2011	-	Appointment
Mr. Girdhar Bhanushali	May 4, 2011	-	Appointment
Mr. Korji Hemani	May 4, 2011	-	Appointment

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the provisions of Clause 49 of Listing Agreement in respect of Corporate Governance specially with respect to the appointment of Independent Directors, constituting the Committees such as Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. 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.

Composition of the Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has six Directors out of which three are independent directors in accordance with the requirement of clause 49 of the Listing Agreement.

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee

To enable efficient functioning with regards to the activities relating to this Issue we have constituted an IPO Committee.

Audit Committee

Our Board constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act and in accordance with Clause 49 of the Listing Agreement. The Audit Committee was constituted at a meeting of the Board of Directors held on May 4, 2011.

As on the date of the Draft Red Herring Prospectus the Audit Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Arvind Mav	Chairman	Independent Director
2.	Mr. Girdhar Bhanushali	Member	Independent Director
3.	Mr. Korji Hemani	Member	Independent Director

Our Company Secretary, Ms. Monali Wakalkar is the secretary to the Audit Committee.

The terms of reference of our Audit Committee are given below:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditor.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:
 - a. Matters required to be included in the Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to the financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board of directors for their approval, including such review as may be required for compliance with provisions of the listing agreement entered into with the Stock Exchanges;
7. Monitoring the, 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;
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
9. 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.
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussing with internal auditors on any significant findings and follow up thereon.
12. 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.
13. 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.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
15. To review the functioning of the 'whistle blower' mechanism, when the same is adopted by our Company and is existing.
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;
18. The Audit Committee shall mandatorily review the following information:
 - a. Management discussion and analysis of financial information and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
19. Terms of reference, power, quorum and other matters in relation to the Audit Committee will be as per Clause 49 of Listing Agreement

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

Meeting of Audit Committee

The Audit Committee is required to meet at least four times in a year and not more than three months will elapse between two meetings. The quorum will be either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present. Our Audit Committee met once during the one year preceding the date of the Draft Red Herring Prospectus. After being constituted on May 4, 2011 our Audit Committee has met once on June 9, 2011.

Remuneration Committee

The constitution of the Remuneration Committee was approved at a meeting of the Board of Directors held on April 15, 2011 and was further reconstituted on May 4, 2011. As on the date of the Draft Red Herring Prospectus the Remuneration Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Arvind Mav	Chairman	Independent Director
2.	Mr. Girdhar Bhanushali	Member	Independent Director
3.	Mr. Korji Hemani	Member	Independent Director

Our Company Secretary, Ms. Monali Wakalkar, is the secretary to the Remuneration Committee.

The scope of Remuneration Committee shall include but shall not be restricted to the following:

1. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
2. to develop and implement a plan for identifying and assessing competencies of directors;
3. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
 - a) the range of skills currently represented on the board;
 - b) the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
 - c) the individual's understanding of technical, accounting, finance and legal matters;
4. to make recommendations for the appointment and removal of directors;
5. ensure that our Company has in place a programme for the effective induction of new directors;
6. to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
7. to recommend to the Board, the remuneration packages of our Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
8. to be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;
9. to implement, supervise and administer any share or stock option scheme of our Company; and
10. to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The quorum necessary for a meeting of the Remuneration Committee shall be two members. After being constituted on April 15, 2011 our Remuneration Committee has met once on May 4, 2011.

Shareholders' / Investors' Grievances Committee

The Shareholders' / Investors' Grievance Committee has been formed by the Board of Directors at the meeting held on May 4, 2011. As on the date of the Draft Red Herring Prospectus the Shareholders' / Investors' Grievance Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Korji Hemani	Chairman	Independent Director
2.	Mr. Arvind Mav	Member	Independent Director
3.	Mr. Girdhar Bhanushali	Member	Independent Director
4.	Mr. Mohan Dama	Member	Non Independent & Executive Director

Our Company Secretary, Ms. Monali Wakalkar is the secretary of the Shareholders' / Investors' Grievance Committee.

This committee will address all grievances of Shareholders / Investors in compliance of the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholders and investor complaints in relation to transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares
4. Issue of duplicate / split / consolidated share certificates;
5. Allotment and listing of shares;
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances;
8. Ensure proper and timely attendance and redressal of investor queries and grievances.
9. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers.

The quorum necessary for a meeting of the Shareholders' / Investors' Grievance Committee shall be two members.

IPO Committee

The Initial Public Offering Committee of our Company has been formed by the Board of Directors at the meeting held on May 4, 2011. As on the date of the Draft Red Herring prospectus The IPO Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Premji Hemani	Chairman	Non Independent & Executive Director
2.	Mr. Korji Hemani	Member	Independent Director
3.	Mr. Arvind Mav	Member	Independent Director

Our Company Secretary, Ms. Monali Wakalkar is the secretary of the IPO Committee.

The broad terms of reference of the IPO Committee of our Company includes:

1. Evaluating the viability of the proposed IPO of the Company vis-a-vis market conditions, investors' interest and recommend to the Board on the timings of the proposed IPO, the number of equity shares that may be offered under the Issue, including pursuant to any Pre-IPO Placement, Reservation, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under the SEBI ICDR Regulations, the objects of the Issue, allocation of the Equity Shares to a specific category of persons and the estimated expenses on the Issue as percentage of Issue size;
2. Identify, appoint and instruct suitable persons, as the committee may think fit, as book running lead manager to the Issue, legal counsel to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto and to negotiate and finalize the terms of their appointment, including mandate letter, negotiation, finalization and execution of the memoranda of understanding etc.;
3. Remunerating all such intermediaries, advisors, agencies and persons as may be involved in or concerned with the Issue, if any, by way of commission, brokerage, fees or the like;

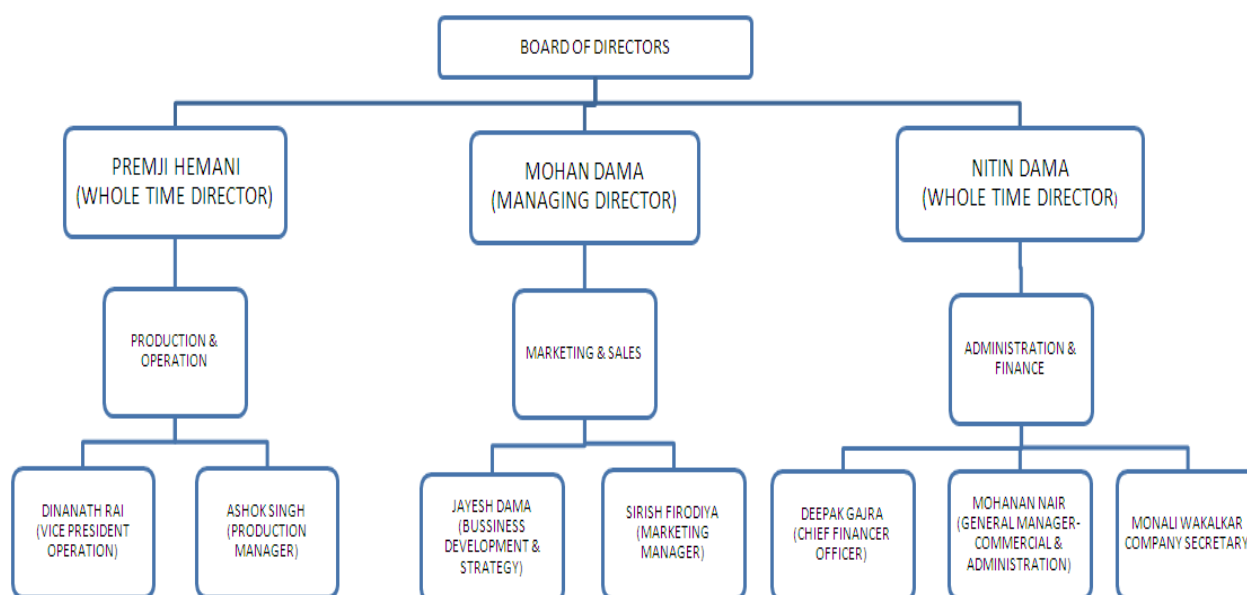
4. Guiding the intermediaries in the preparation and finalization of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap, and approving such documents, including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto;
5. Finalizing and arranging for the submission of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to the SEBI, the Stock Exchanges and other appropriate government and regulatory authorities, institutions or bodies;
6. Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;
7. Approving a suitable policy on insider trading as required under Applicable Laws;
8. Approving any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Issue;
9. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in ₹ or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines, including the SEBI ICDR Regulations;
10. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;
11. Seeking the admission of the Company's Equity Shares into Central Depository Services (India) Limited and National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of the Company's Equity Shares;
12. Determining and finalizing the price band for the Issue, any revision to the price band and the final Issue Price after bid closure;
13. Determining the bid opening and closing dates;
14. Approving and finalizing the basis of allocation and confirming the allocation/allotment/transfer of Equity Shares to the various categories of persons as disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus, in consultation with the book running lead manager, the Stock Exchanges and/or any other entity;
15. Determining the price at which the Equity Shares are offered or issued/allotted to investors in the Issue;
16. Allotment/transfer of the Equity Shares;
17. Authorising/ delegate power to the representative of our Company to seek necessary action for the purpose of the IPO.

The quorum necessary for a meeting of the IPO Committee shall be two members. After being constituted on May 4, 2011 our IPO Committee has met once on June 9, 2011.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Company Secretary and Compliance Officer, Ms. Monali Wakalkar is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Organisational chart of our Company



Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

Mr. Dinanath Rai, aged 59 years, is the Vice President (Operation) of our Company. Mr. Rai has obtained a Bachelor's degree in Technology (chemical) from Banaras Hindu University, Varanasi. He joined our Company as the vice president (operation) on June 30, 2009. Mr. Rai has approximately 34 years of experience in agrochemical industry and, prior to joining our Company, was associated with Hindustan Insecticide Limited, Sumex Chemicals Limited and Heranba Industries Limited. Mr. Rai is currently responsible for manufacture and research related work of our Company. The remuneration paid to him in the financial year 2010 – 2011 was ₹ 9,93,385 inclusive of perquisites and other benefits.

Mr. Ashok Singh, aged 46 years, is the Production Manager of our Company. Mr. Singh has obtained a Bachelor's degree in Technology (chemical) from Banaras Hindu University, Varanasi. He joined our Company as a Plant Manager on November 1, 1997. Mr. Singh has approximately 25 years of experience in Chemical sector (dyes intermediate) and, prior to joining our Company, was associated with Indian Air Force, Medicare Pharma Limited, S. Lal and Company Limited, Vapi Product Industries and M/s. Ideal Dye Chem Industries. Mr. Singh is currently responsible for work pertaining to production of to set up a plant by our Company. The remuneration paid to him in the financial year 2010 – 2011 was ₹ 4,80,000 inclusive of perquisites and other benefits.

Mr. Jayesh Dama, aged 28 years, is the Head, Business Development and Strategy of our Company. He has obtained a Bachelor's degree in Commerce from University of Mumbai. He is associated with our Company since February 1, 2011. Mr. Jayesh Dama is currently responsible for work pertaining to business development and strategy planning of our Company. The remuneration paid to him in the financial year 2010 – 2011 was ₹ 98,000 inclusive of perquisites and other benefits.

Mr. Mohanan Nair, aged 57 years, is the General Manager, Administration of our Company. He has obtained a Bachelor's degree in Commerce from University of Calcutta, Master's degree in Commerce from Agra University and Post Graduate Diploma in Finance from Bharatiya Vidya Bhawan. He joined our Company as a Manager (commercial and administration) on March 1, 2006. He has approximately 38 years of experience in finance and accountancy and, prior to joining our Company, was associated with Luna Chemical Industries Private Limited, Gujarat Organics Limited, M/s. Hallmark Industries, Ashok Organics Industries Limited, Maharashtra State Oil Seeds Commercial & Industrial Corporation Limited, Devidayal Metal Industries Private Limited and C. Doctor & Company Private Limited. Mr. Nair is currently responsible for work pertaining to management and administration of our Company. The remuneration paid to him in the financial year 2010 – 2011 was ₹ 3,93,784 inclusive of perquisites and other benefits.

Mr. Deepak Gajra, aged 46 years, is the Chief Financial Officer of our Company. Mr. Gajra has obtained a Bachelor's degree in commerce from Mumbai University. He joined our Company as Finance Manager on February 1, 2011. Mr. Gajra has approximately 25 years of experience in finance and accountancy and, prior to joining our Company, was associated with M/s. Ketan Parekh & Company, Share Brokers and also worked as an independent financial consultant. His core areas of competence are working capital finance management, accounts finalisation and operational cash flow management. The remuneration paid to him in the financial year 2010 – 2011 was ₹ 48,000 inclusive of perquisites and other benefits.

Mr. Shirish Firodiya, aged 30 years, is the Manager International Business of our Company. Mr. Firodiya has obtained a Bachelor's degree in pharmaceuticals from University of Pune and Master's degree in Business Administration from Bharti Vidyapeeth Deemed University, Pune. He Joined our Company as Manager International Business on June 1, 2011. Mr. Firodiya has approximately 6 years of experience and, prior to joining to our Company, was associated with Tagros Chemicals India Limited, Cipla Limited and Dupen Laboratories Private Limited. Mr. Firodiya is currently responsible for marketing and export of our Company's product. As Mr. Firodiya was appointed in financial year 2011 – 2012, no remuneration was paid to him by our Company in financial year 2010 – 2011.

Ms. Monali Wakalkar, aged 26 years, is the Company Secretary. Ms. Wakalkar has obtained a Bachelor's degree in Commerce and Bachelor's degree in Law from Mumbai University. She is associate member of The Institute of Company Secretaries of India. She joined our Company as a Company Secretary on April 1, 2011. Ms. Wakalkar has approximately 2 years of experience and, prior to joining our Company, was associated with RPG Life Sciences Limited, Fractal Analytics Limited and Makarand M Joshi & Company. Ms. Wakalkar is currently responsible for secretarial work of our Company. As Ms. Monali was appointed in financial year 2011 – 2012, no remuneration was paid to her by our Company in financial year 2010 – 2011.

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- The key management personnel mentioned above are not related parties as per the Accounting Standard 18 except as stated in the Annexure - XV under chapter titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus.

Interests of Key Management Personnel

All our Key Managerial Personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to/ in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

Details of service contracts of our Key Managerial Personnel

Except for the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company.

Shareholding of Key Managerial Personnel

As on date of the Draft Red Herring Prospectus, except as provided below, none of our Key Managerial Personnel are holding shares in our Company.

Sr. No.	Name of the Key Management Personnel	Number of Equity Shares	Percentage (%) of Pre Issue Equity Share in our Company
1.	Mr. Jayesh Dama	6,32,880	7.03

Relation of the Key Managerial Personnel with our Promoter/Directors

None of our Key Managerial Personnel are "related" to the Promoter or Directors of our Company within the meaning of Section 6 of the Companies Act, 1956 except as stated below.

Name	Director to whom related	Nature of Relationship
Mr. Jayesh Dama	Mr. Mohan Dama	Son

Bonus or profit sharing plan for Directors / Key Managerial Personnel

Our Company does not offer any bonus or profit sharing plan with its Directors / Key Managerial Personnel, as on the date of the Draft Red Herring Prospectus.

Change in our Key Managerial Personnel

Following have been the changes in the Key Managerial Personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Designation
1.	Mr. Dinanath Rai	June 30, 2009	-	Appointment
2.	Mr. Jayesh Dama	February 1, 2011	-	Appointment
3.	Mr. Deepak Gajra	February 1, 2011	-	Appointment
4.	Ms. Monali Wakalkar	April 1, 2011	-	Appointment
5.	Mr. Shirish Firodiya	June 1, 2011	-	Appointment

Employees

As on May 31, 2011, we have 697 employees (including 340 under contractual employment). For details of the Employees/ Manpower of our Company, please refer to the paragraph titled '*Manpower*' under chapter titled '*Our Business*' beginning on page 59 of the Draft Red Herring Prospectus.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Payment or Benefit to Officers of our Company (non-salary related)

Except as stated above and the payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our Company in a period of two years before the date of the Draft Red Herring Prospectus, nor is such amount or benefit intended to be paid or given to any officer as on the date of the Draft Red Herring Prospectus.

Retirement Benefits

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are:

1. Mr. Mohan Dama; and
2. Mr. Premji Hemani.

The brief profiles of our Promoters are mentioned herein below:



Mr. Mohan Dama, aged 56 years, is the Chairman and Managing Director of our Company. He started his carrier with Chemi India Corporation in 1979, a partnership firm, mainly involved in manufacturing of chemicals where he was associated till 1994. In 1994, Mr. Dama along with his brother Mr. Premji Hemani, who is also one of our Promoters, founded our Company. He has overall experience of more than three decades in the chemicals and agrochemical sector.

He is in-charge of our marketing and purchasing department. He has been instrumental in opening up various markets such as USA, Japan, Denmark and China for our Company's products. He has also been able to procure various raw materials at economical rate to keep us ahead of our competitors in this cost competitive world.

Voter ID Card: JLM0257758

Driving License Number: MH0320110004692

Address: Flat Number 13, 7th Floor, Khatau Apartment, Tilak Road, Ghatkopar (East), Mumbai – 400 077, Maharashtra



Mr. Premji Hemani, aged 59 years, is a Whole Time Director of our Company. He holds Bachelor's degree in Engineering (Chemical) from Manipal Institute of Technology, Mysore. He has overall experience of more than three decades in the production and R&D of chemicals and agrochemicals.

He started his career with Gharda Chemicals Limited in 1976 where he was in charge of production of intermediates and dyes. Thereafter he joined M/s. Ideal Dye Chem Industries in 1979, a partnership firm, mainly involved in manufacturing of chemicals. He is a cofounder of our Company and overall is in-charge of our Company's production and R&D activities. Over a period he has successfully developed and produced various products viz. 4 B Acid, 2 B Acid, 3, 3 DCB. He has also been instrumental in improving the quality of our major product Meta Phenoxy Benzaldehyde (MPB), a pesticide intermediate.

Voter ID Card: UPC0872862

Driving License Number: 14706/BLR

Address: Payal Morden Co-operative Society, Plot Number 273, GIDC Vapi Pardi, Valsad – 396 195, Gujarat

We confirm that the permanent account number, bank account details and passport number of our promoters have been submitted to BSE and NSE, at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Further our Promoters have not been identified as willful defaulter by RBI or any other Government authority and there are no violations of Securities Law committed by our Promoters in past or pending against them. Our Promoters are not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.

For further details of our Promoters, please refer to the chapter titled 'Our Management' on page 95 of the Draft Red Herring Prospectus.

Our Promoter Group

Our Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI ICDR Regulations is as under:

i. Natural Persons who form part of our Promoter Group:

The following natural persons (being the immediate relatives of our Promoters in terms of the SEBI ICDR Regulations) form part of our Promoter Group:

Relationship	Mr. Mohan Dama	Mr. Premji Hemani
Father	Late Sunderji Dama	Late Sunderji Dama
Mother	Late Chotbai Dama	Late Chotbai Dama
Spouse	Ms. Minal Dama	Ms. Naina Hemani
Brother	Mr. Kanjibhai Dama	Mr. Kanjibhai Dama
	Mr. Karsandas Dama	Mr. Karsandas Dama
	Mr. Bhanjibhai Dama	Mr. Bhanjibhai Dama
	Mr. Valjibhai Dama	Mr. Valjibhai Dama
	Mr. Premji Hemani	Mr. Mohan Dama
Sister	Ms. Laxmiben Kataria	Ms. Laxmiben Kataria
	Ms. Sakriben Fulia	Ms. Sakriben Fulia
Son	Mr. Jayesh Dama	Mr. Jailesh Hemani
Daughter	Ms. Meyuri Dama	Ms. Payal Pattar
		Ms. Bijal Khandelwal
Spouse's Father	Mr. Mithubhai Umershi	Mr. Mangaldas Ranchod
Spouse's Mother	Ms. Ramaben Bhanushali	Ms. Kesarben Ranchod
Spouse's Brother	Mr. Bharat Bhanushali	Mr. Mukesh Kataria
	Mr. Mahesh Bhanushali	
Spouse's Sister	Ms. Jasoda Bhanushali	-
	Ms. Laxmi Bhanushali	
	Ms. Bhanu Bhanushali	

ii. Entities forming part of the Promoter Group

i. Companies

1. Hemani Chemiorganic Private Limited;
2. Hemani Agro Chem Private Limited
3. Lord Enclave Private Limited

ii. Hindu Undivided Family

1. Mohan Sunderji Dama (HUF)
2. Premji Sunderji Hemani (HUF)

iii. Partnership Firm

1. M/s. Ideal Dye Chem Industries
2. M/s. Pramonit International Eximp
3. M/s. Yogeshwar Chemical

iv. Proprietary Concern

1. M/s. Hemani International

Relationship of Promoters with each other and with our Directors

Mr. Mohan Dama and Mr. Premji Hemani are brothers. Except as disclosed herein, none of our Promoters are related to any of our Company's Directors.

Changes in our Promoters

Our present Promoters are our original Promoters and there have been no changes in the control of our Company since its incorporation.

Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus.

Common Pursuits

Our Promoters and Directors are promoters / directors our Group Companies namely, Hemani Chemiorganic Private Limited and Hemani Agro Chem Private Limited which are engaged in the business, *inter alia*, of manufacturing pigments and agrochemical intermediates, agrochemicals, organic and inorganic chemicals, colours pigments and their intermediates which are similar to the business of our Company. Also our Promoters and Directors are partners in M/s. Ideal Dye Chem Industries, M/s. Pramonit International Eximp, M/s. Yogeshwar Chemical, the partnership firms which are also engaged in the business, *inter alia*, of manufacturing and dealing in pigments, agrochemical intermediates, dyes and dyes intermediate which is similar to the business of our Company. Further, Mr. Mohan Dama is the proprietor of M/s. Hemani International which is also engaged in the business *inter alia* of exporting dyes and intermediates which is similar to the business of our Company. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Group Entities. For associated risk factor, please refer to the section titled 'Risk Factors' beginning on page xv of the Draft Red Herring Prospectus.

Interest of Promoters

Our Promoters who are also Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. Our Promoter Directors may also be deemed to be interested to the extent of Equity Shares held by their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, our Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to/from these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, please refer to the Annexure - XV under chapter titled 'Financial Information' beginning on page 118 of the Draft Red Herring Prospectus.

Our Promoters and their immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of the Draft Red Herring Prospectus.

Payment or Benefit to Our Promoter in the last two years

Except as mentioned in the chapter titled 'Our Management' and in the section titled 'Financial Information' beginning on pages 95 and 118 respectively, of the Draft Red Herring Prospectus, no payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Red Herring Prospectus.

There is no bonus plan for our Promoters. Except as disclosed in the chapter titled 'Our Management' of the Draft Red Herring Prospectus, our Promoters are not entitled to a profit-sharing plan.

Other Ventures of our Promoters

Save and except as disclosed in the chapter titled 'Our Group Entities' beginning on page 112 of the Draft Red Herring Prospectus, there are no other ventures of our Promoters in which they have business interests/other interests.

Interest in the Property of our Company

Except the rent received from our Company for using the properties as mentioned under the paragraph titled '*Property*' under the chapter titled '*Our Business*' beginning on page 59 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

Related Party Transactions

For details on our related party transactions please refer to the paragraph titled '*Property*' in the chapter titled '*Our Business*' beginning on page 59 of the Draft Red Herring Prospectus, the paragraph titled '*Interest of Directors*' under the chapter titled '*Our Management*' beginning on page 95 of the Draft Red Herring Prospectus and in the Annexure - XV under the chapter titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus.

Other confirmations

Our Promoter and Promoter Group confirm that they have not been declared as a wilful defaulter by RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Our Promoter, Promoter Group, Group Entities or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group or Group Entities or the Companies with which our Promoter is or was associated as a promoter have not been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

OUR GROUP ENTITIES

As on the date of the Draft Red Herring Prospectus, following entities that are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) form part of our Group Entities and thus, are our Group Companies as defined under SEBI ICDR Regulations:

Sr. No.	Name of Group Entities
Companies	
1.	Hemani Chemiorganic Private Limited
2.	Hemani Agro Chem Private Limited
3.	Lord Enclave Private Limited
Partnership Firms	
1.	M/s. Ideal Dye Chem Industries
2.	M/s. Premonit International Eximp
3.	M/s. Yogeshwar Chemical
Proprietary Concern	
1.	M/s. Hemani International

1. Group Companies

The equity shares of none of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years. Further, unless otherwise stated none of our Group Companies is a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") and none of them is under winding up. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of the Draft Red Herring Prospectus.

1. Hemani Chemiorganic Private Limited ("HCPL")

Corporate Information

HCPL was incorporated on December 27, 1995 as '*Hemani Chemiorganic Limited*' a public limited company under the Companies Act and registered with the Registrar of Companies, Maharashtra, Mumbai. HCPL was converted to a private limited company under the provisions of section 31(1) of the Companies Act pursuant to a fresh certificate of incorporation consequent upon change of name dated September 10, 2003 issued by the Registrar of Companies, Maharashtra, Mumbai. The CIN of HCPL is U24110MH1995PTC095638. The registered office of HCPL is situated at 110, Surat Sadan, Surat Street, Mumbai – 400 009, Maharashtra, India. Presently, HCPL is engaged in the business of manufacturing pigments and agrochemical intermediates.

Capital Structure and Shareholding Pattern

The authorized share capital of HCPL is ₹ 16,00,00,000 divided into 1,60,00,000 equity shares of ₹ 10 each and paid-up share capital of HCPL is ₹ 1,90,70,000 divided into 19,07,000 equity shares of ₹ 10 each. The shareholding pattern of HCPL as on the date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of shareholding
1.	Premji Sunderji Hemani (HUF)	4,40,000	23.07
2.	Mohan Sunderji Dama (HUF)	4,30,000	22.55
3.	Hemani Industries Limited	1,87,000	9.80
4.	Ms. Minal Dama	1,70,100	8.92
5.	Ms. Naina Hemani	1,70,100	8.92
6.	Mr. Mohan Dama	1,69,400	8.88
7.	Mr. Jayesh Dama	1,55,000	8.13
8.	Mr. Premji Hemani	1,35,100	7.08
9.	Nitin Sunderji Dama (HUF)	50,000	2.62
10.	Mr. Digamber Tatke	100	0.01
11.	Mr. Jagdish Bhanushali	100	0.01
12.	Mr. Nitin Dama	100	0.01
Total		19,07,000	100.00

Financial Information

(₹ in lacs, except per share data)

Particulars	For the period ended March 31		
	2008	2009	2010
Equity Capital (par value ₹ 10 per share)	147.00	172.00	190.70
Reserves and Surplus	158.17	383.17	723.55
Misc. expenditure to the extent not written off	1.73	1.73	1.73
Sales/ Income	1.35	-	15.11
Profit / (Loss) after tax	(1.83)	-	(14.92)
Earnings per share	(0.12)	0.00	(0.78)
Net Asset Value Per Share	20.64	32.18	47.85

2. Hemani Agro Chem Private Limited (“HACPL”)

HACPL was incorporated on August 26, 1996 as ‘Hemani Agro Chem Limited’ a public limited company under the Companies Act and registered with the Registrar of Companies, Maharashtra, Mumbai. HCPL was converted to a private limited company under the provisions of section 31(1) of the Companies Act pursuant to a fresh certificate of incorporation consequent upon change of name dated September 10, 2003 issued by the Registrar of Companies, Maharashtra, Mumbai. The CIN of HACPL is U24219MH1996PTC102135. The registered office of HACPL is situated at 110, Surat Sadan, Surat Street, Mumbai – 400 009, Maharashtra, India. HACPL has not commenced any business. The main objects of HACPL in terms of its MoA authorises HACPL, *inter alia*, to carry on the business of manufacturers, producers, importers, exporters, buyers, sellers and agents of and dealers in all kinds of agrochemicals organic and inorganic chemicals colours pigments and their intermediates herbicides weedicides pesticides and insecticides and their by products, intermediates and formulations.

Capital Structure and Shareholding Pattern

The authorized share capital of HACPL is ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each and paid-up share capital of HACPL is ₹ 5,01,200 divided into 50,120 equity shares of ₹ 10 each. The shareholding pattern of HACPL as on the date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Shareholders	Number of shares	Percentage of Shareholding
1.	Mr.Mohan Dama HUF	25,000	7.14
2.	Mr.Premji Hemani HUF	25,000	7.14
3.	Mr.Premji Hemani	20	0.01
4.	Mr.Mohan Dama	20	0.01
5.	Mr.Digamber Tatke	10	Negligible
6.	Mr.Bharat Bhanushali	10	Negligible
7.	Mr.Chhaganlal Chandra	10	Negligible
8.	Ms.Minal Dama	10	Negligible
9.	Ms.Kirit Shah	10	Negligible
10.	Mr.Umesh Hegde	10	Negligible
11.	Ms.Naina Hemani	10	Negligible
12.	Mr.Nitin Dama	10	Negligible
13.	Hemani Chemi Organic Private Limited	3,00,000	85.68
	Total	3,50,120	100.00

Financial Information

(₹ in lacs, except per share data)

Particulars	For the period ended March 31		
	2008	2009	2010
Equity Capital (par value ₹ 10 per share)	0.01	5.01	35.01
Reserves and Surplus	0.00	0.00	270.00
Misc. expenditure to the extent not written off	1.03	1.03	1.83
Sales/Income	0.00	0.00	0.00
Profit / (Loss) after tax	0.00	0.00	0.00
Earnings per share (₹)	0.00	0.00	0.00

Net Asset Value Per Share (₹)	(848.33)	7.94	86.60
-------------------------------	----------	------	-------

3. Lord Enclave Private Limited (“LEPL”)

LEPL was incorporated on May 26, 2004 as “*Lord Enclave Private Limited*” a private limited company under the Companies Act and registered with the Registrar of Companies, West Bengal, Kolkata. The Corporate Identification Number of LEPL is U70101WB2004PTC098649. The registered office of LEPL is situated at 14C, Maharishi Devendra Road, Kolkata – 700 007, West Bengal, India. LEPL has not commenced any business. The main objects of LEPL in terms of its MoA authorises LEPL, *inter alia*, to acquire by purchase, lease, exchange, or otherwise and to sell, transfer alinate, assign dispose of deal in and develop land building, and here ditaments of any tenure or description whatsoever.

Capital Structure and Shareholding Pattern

The authorized share capital of LEPL is ₹ 27,00,000 divided into 2,70,000 equity shares of ₹ 10 each and paid-up share capital of LEPL is ₹ 24,00,000 divided into 2,40,000 equity shares of ₹ 10 each. The shareholding pattern of LEPL as on the date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Shareholders	Number of shares	Percentage of Share Capital (%)
1.	Hemani Agro Chem Private Limited	2,39,600	99.83
2.	Mr. Mohan Dama	400	0.17
	Total	2,40,000	100.00

Financial Information

(₹ in lacs, except per share data)

Particulars	For the period ended March 31		
	2008	2009	2010
Equity Capital (par value ₹ 10 per share)	24.00	24.00	24.00
Reserves and Surplus	552.23	551.43	551.46
Misc. expenditure to the extent not written off	0.46	0.39	0.33
Sales/Income	18.42	11.17	4.49
Profit / (Loss) after tax	0.07	(0.80)	0.02
Earnings per share (₹)	0.03	(0.33)	0.01
Net Asset Value Per Share (₹)	239.90	239.60	239.64

2. Partnership Firm

1. M/s. Ideal Dye Chem Industries

M/s. Ideal Dye Chem Industries is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated June 30, 1978. M/s. Ideal Dye Chem Industries has its office at 110, Surat Sadan, Surat Street, Mumbai – 400 009, Maharashtra. M/s. Ideal Dye Chem Industries is currently engaged in the business *inter alia* of manufacturing dyes and intermediates.

As on the date of the Draft Red Herring Prospectus, M/s. Ideal Dye Chem Industries has two partners, Mr. Premji Hemani and Mr. Mohan Dama. The partners share the profits and losses of M/s. Ideal Dye Chem Industries in equal proportion.

Financial Information

(₹ in lacs)

Particulars	For the period ended March 31		
	2008	2009	2010
Sales	3,395.28	4,126.28	2,616.36
Net Profit	156.14	360.86	78.64
Partners Capital	578.12	767.29	866.79

2. M/s. Premonit International Eximp

M/s. Premonit International Eximp is a partnership firm formed under the Partnership Act, 1932 *vide* partnership deed dated October 12, 1993. M/s. Premonit International Eximp has its office at 12, Khetshi Chatrabhuj Building, Ground Floor, 178, Sant Tukaram Road, Dana Bunder, Mumbai – 400 009, Mumbai, Maharashtra. M/s. Premonit International Eximp is currently engaged in the business *inter alia* of exporting dyes and intermediates.

As on date of the Draft Red Herring Prospectus, M/s. Premonit International Eximp has four partners, Mr. Premji Hemani, Mr. Mohan Dama, Mrs. Minal Dama and Mrs. Naina Hemani. The partners share the profits and losses of M/s. Premonit International Eximp in equal proportion.

Financial Information

Particulars	For the period ended March 31		
	2008	2009	2010
Sales	722.23	868.29	580.22
Net Profit	8.40	42.97	1.41
Partners Capital	166.89	305.87	191.42

(₹ in lacs)

3. M/s. Yogeshwar Chemicals

M/s. Yogeshwar Chemicals is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated May 17, 1999. M/s. Yogeshwar Chemicals has its office at Plot No. 6129/11, 4th Phase, GIDC, Vapi – 396 191, Gujarat. M/s. Yogeshwar Chemicals is currently engaged in the business *inter alia* of manufacturing and trading of chemicals, dyes and dyes intermediates.

As on date of the Draft Red Herring Prospectus, M/s. Yogeshwar Chemicals has two partners Mr. Premji Hemani and Jagdishbahi Bhanushali (HUF). The partners share the profits and losses of M/s. Yogeshwar Chemicals in equal proportion.

Financial Information

The audited financial accounts of M/s. Yogeshwar Chemicals for the last three years are as follows:

Particulars	For the period ended March 31		
	2008	2009	2010
Sales	80.13	134.88	123.17
Net Profit	0.84	4.49	4.07
Partners Capital	22.03	28.74	30.95

(₹ in lacs)

3. Proprietary Concern

1. M/s. Hemani International

M/s. Hemani International is a proprietorship concern of Mr. Mohan Dama formed in 1994. M/s. Hemani International has its office at 110, Surat Sadan, Surat Street, Mumbai – 400 009, Maharashtra, India. M/s. Hemani International is engaged in the business *inter alia* of exporting dyes and intermediates.

Financial Information

Particulars	For the period ended March 31		
	2008	2009	2010
Sales	305.50	130.82	180.49
Net Profit	4.78	10.58	1.03
Capital	46.36	19.42	16.60

(₹ in lacs)

Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus

Negative Net Worth

Except as stated above, none of our Group Entities have negative net worth as on the date of the Draft Red Herring Prospectus.

Related Party Transactions and sales and purchases between our Company and Group Entities

Our Company has not acquired in the past two years before the date of the Draft Red Herring Prospectus nor does it propose to acquire any properties from its Group Companies. For details of related party transactions entered into by our Company with our Group Companies and/ or Promoter Group entities, please refer to Annexure - XV under chapter titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus.

Common Pursuits

Our Promoters and Directors are promoters / directors our Group Companies namely, Hemani Chemiorganic Private Limited and Hemani Agro Chem Private Limited which are engage in the business, *inter alia*, of manufacturing pigments and agrochemical intermediates, agrochemicals, organic and inorganic chemicals, colours pigments and their intermediates which are similar to the business of our Company. Also our Promoters and Directors are partners in M/s. Ideal Dye Chem Industries, M/s. Pramonit International Eximp, M/s. Yogeshwar Chemical, the partnership firms which are also engage in the business, *inter alia*, of manufacturing and dealing in pigments, agrochemical intermediates, dyes and dyes intermediate which is similar to the business of our Company. Further, Mr. Mohan Dama is the proprietor of M/s. Hemani International which is also engaged in the business *inter alia* of exporting dyes and intermediates which is similar to the business of our Company. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Group Entities. For associated risk factor, please refer to the section titled '*Risk Factors*' beginning on page xv of the Draft Red Herring Prospectus.

Business interest of Group Entities in our Company

Except as disclosed under the Annexure - XV under chapter titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus, none of our Group Entities/ associate companies have business interests in our Company.

Other Confirmations

Further, our Group entities have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of our Group entities has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Litigation

For details relating to legal proceedings involving the Promoter and the Group Entities of our Promoter, please refer to the chapter titled '*Outstanding Litigation and Material Developments*' beginning on page 164 of the Draft Red Herring Prospectus.

Payment or Benefit to our Group Entities

Except as stated in the section titled '*Financial Information*' beginning on page 118 of the Draft Red Herring Prospectus, there has been no payment of benefits to our Group Companies during the two years prior to the filing of the Draft Red Herring Prospectus.

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the annual general meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company has not, since incorporation, declared dividends. Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL INFORMATION

**The Board of Directors,
Hemani Industries Ltd.,**

(Previously Known as “Hemani Intermediates Pvt Ltd)
706-710, Reena Complex,
Opp. Nathani Steel,
Vidyavihar (West),
Mumbai – 400 086.

Subject: Financial Information of Hemani Industries Ltd.

Dear Sir,

We have examined the financial information of Hemani Industries Limited annexed to this report, initialed by us for identification, which has been prepared in accordance with the requirements of:

- I. Paragraph B, of Part II of Schedule II of the Companies Act, 1956 (the Act”), and the amendments thereof
- II. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 issued by the Securities and Exchange Board of India (“SEBI”) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- III. Our engagement with the Company requesting us to examine the financial information referred to above and proposed to be included in the offer document of the Company in connection with its Proposed Issue.
- IV. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Hemani Industries Limited, we, M/s. U.B.Sura & Co. Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the ‘Peer Review Board’ of the ICAI.
- V. Audit of the financial statements for the period ended December 31, 2010 and for the years ended 31st, March 2010, 31st, March 2009, 31st, March 2008, 31st, March 2007 and 31st, March 2006 has been conducted by Company’s Statutory Auditor, M/s. Haren Parekh & Co. Further, financial statements for the year ended 31st, March 2010 and 9 months period ended December 31, 2010 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended 31st, March 2009, 31st, March 2008, 31st, March 2007 and 31st, March 2006 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s. Haren Parekh & Co and whose Auditors’ report has been relied upon by us for the said periods.
- VI. The Proposed public issue will be for a fresh issue by the company of 40,00,000 equity shares of ₹ 10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as ‘the issue’). The Offer is made through the 100 percent book building process.
- VII. Financial Information of the Company

We have examined:

1. The attached summary statement of Restated Assets & Liabilities of the Company as at March 31 2006, 2007, 2008, 2009, 2010 and for the period ended December 31, 2010 as prepared by the company and approved by the Board of Directors. (Annexure - I).
2. The accompanying summary statement of Restated Profits & Losses of the Company for the financial years ended March 31 2006, 2007, 2008, 2009, and 2010 and for the period ended December 31, 2010 as prepared by the Company and approved by the Board of Directors. (Annexure - II)

3. The accompanying summary statement of cash flow of the company for the financial year ended March 31 2006, 2007, 2008, 2009, 2010 and for the period ended December 31, 2010 as prepared by the Company and approved by the Board of Directors (Annexure - III)

These statements reflect the Assets and Liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years. These financial statements for all the years have been approved by the Board of Directors of the Company and adopted by the members of the Company for the respective years. The Restated financial statements have been made after making such adjustments and regroupings and after incorporating material amounts and auditor's qualification requiring adjustments as in our opinion are appropriate and are described fully in the Notes appearing in Annexure - V to this report.

- VIII. Based on our examination of these summary statements we confirm that the restated financial information has been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating:
 - a. Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,
 - b. The prior period items which are required to be adjusted are properly stated.
 - c. There are no extra-ordinary items that need to be disclosed separately in the accounts.
 - d. The accounting policies applied for each of the years ended March 31, 2006, 2007, 2008, 2009, 2010 and for the period ended December 31, 2010 is materially consistent with the existing Accounting Standards. (Annexure - IV) except as stated otherwise in Annexure - XIX
 - e. The Restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in restated Financial Statement.
 - f. There was no qualification in the audit reports issued by the statutory auditors for the respective years which would require adjustment in these Restated Financial Statements
 - g. Other Financial information

We have also examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document:-

- i. Statement of Other Income as appearing in Annexure - VI to this report.
- ii. Statement of Accounting & Other Ratios as appearing in Annexure - VII to this report.
- iii. Statement of Capitalization of the company as appearing in Annexure - VIII to this report.
- iv. Statement of Tax Shelters as appearing in Annexure - IX to this report.
- v. Statement of Secured Loans as appearing in Annexure - X to this report.
- vi. Statement of Unsecured Loans as appearing in Annexure - XI to this report.
- vii. Statement of Sundry Debtors as appearing in Annexure - XII to this report.
- viii. Statement of Loans and Advances as appearing in Annexure - XIII to this report.
- ix. Statement of Contingent Liabilities & Capital Commitments as appearing in Annexure - XIV to this report.
- x. Statement of Related Party Transaction as appearing in Annexure - XV to this report.
- xi. Statement of Dividend paid as appearing in Annexure - XVI to this report
- xii. Statement of Long Term Investment as appearing Annexure - XVII to this report.
- xiii. Details of Qualification in Auditors Report as Appearing in Annexure - XVIII to this report

xiv. Details of Changes in significant Policies as Appearing in Annexure - XIX to this report

- IX. In our opinion, the above financial information of the Company read with Significant Accounting Policies & Notes to Accounts attached in Annexure - IV & V to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes.
- X. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other statutory auditor, nor should this report be construed as a new opinion on any of the financial statements referred therein.
- XI. This report is intended solely for your information and for inclusion in the Offer document in connection with the issue of Equity shares of the Company and is not be used, referred to or distributed for any other purpose without our written consent.

Thanking you

For M/s. U. B. Sura & Co.
Chartered Accountants
(Firm Regn. No. – 110620W)

CA - U. B. Sura
Proprietor.
M. No. – 32026
Date : 09/06/2011
Place : Mumbai

Annexure - I

Statement of Assets and Liabilities (As Restated)

(₹ in Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	For period ended 31.12.10
Fixed Assets						
Gross block	3246.30	3793.94	4372.82	5346.93	5644.45	9097.65
Less: Depreciation	1126.82	1436.40	1797.27	2249.81	2760.88	3263.37
Total	2119.48	2357.54	2575.55	3097.12	2883.57	5834.28
Less: Revaluation Reserve						
NET BLOCK	2119.48	2357.54	2575.55	3097.12	2883.57	5834.28
CAPITAL Work -in-Progress					2123.08	
TOTAL - FIXED ASSETS (A)	2119.48	2357.54	2575.55	3097.12	5006.65	5834.28
Investments (B)	23.90	13.16	14.81	14.93	52.36	52.36
Current assets, loans and advances:						
Inventories	618.13	820.97	802.15	941.17	1341.21	1561.22
Sundry debtors	2384.37	3379.88	3302.36	3302.10	3056.31	4483.31
Cash and bank balances	581.05	301.81	182.50	55.30	294.91	240.12
Loans and advances	884.80	1247.81	1880.70	2250.19	1824.33	2096.95
Deferred Tax Assets						
Other Current Assets						
Total (C)	4468.35	5750.47	6167.71	6548.76	6516.76	8381.60
Total assets (A + B + C)	6611.73	8121.17	8758.07	9660.81	11575.77	14268.24
Liabilities and provisions						
Secured loans	881.66	2098.26	2092.58	2114.97	3880.04	3377.44
Unsecured loans	1317.14	1102.16	1362.13	1434.67	1584.61	2367.04
Deferred Tax Liability	241.82	231.82	216.85	215.70	155.85	244.36
Current liabilities	2432.23	2752.39	2599.35	2613.98	2676.74	3936.63
Provisions	436.49	470.00	733.76	980.08	360.18	666.66
Total Liabilities (D)	5309.34	6654.63	7004.67	7359.40	8657.42	10592.13
Net worth (A+B+C-D)	1302.39	1466.54	1753.40	2301.41	2918.35	3676.11
Represented by						
Share capital						
-Equity Share Capital	94.72	94.72	144.09	144.09	144.09	144.09
-Preference Share Capital	0.04	0.04	0.04	0.04	0.04	0.00
-Capital Suspense	49.37	49.37				
Total(a)	144.13	144.13	144.13	144.13	144.13	144.09
Reserves and surplus	1158.26	1322.41	1609.27	2157.28	2774.22	3532.02
Less: Revaluation Reserve						
TOTAL(b)	1158.26	1322.41	1609.27	2157.28	2774.22	3532.02
Less: Miscellaneous Expenditure (To the extent not written off)						
Total(c)						
Net Worth (a+b-c)	1302.39	1466.54	1753.40	2301.41	2918.35	3676.11

Note: Capital Suspense represent value of shares to be allotted to shareholders of Hemani Organics & Chemicals Pvt. Ltd. pursuant to its amalgamation with the company.

Annexure - II

Summary Statement of Profit and Loss, As Restated

(₹ in Lacs)

Particulars	For the year ended					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	For period ended 31.12.10
Income						
Sales of Products Manufactured by the Company	9270.70	9108.85	10870.12	16669.30	13634.12	13872.86
Sales of Products Traded by the Company	2191.55	2109.90	2559.82	2105.75	2176.95	1641.38
					(1045.20)	(1093.05)
Less Excise Duty	(387.97)	(268.97)	(410.25)	(830.71)))
Net Sales	11074.28	10949.78	13019.69	17944.34	14765.87	14421.19
Other Income	201.80	189.02	591.91	482.77	967.59	707.33
Increase/(Decrease) in Inventories	(273.19)	18.29	(38.68)	237.22	338.40	53.16
Total (A)	11002.89	11157.09	13572.92	18664.33	16071.86	15181.68
Expenditure						
Materials consumed	5662.62	6245.57	7632.51	10429.63	8206.38	8349.39
Wages and Staff Costs	124.09	131.01	141.35	197.88	245.83	309.31
Purchase of Traded Goods	2544.11	2018.35	2495.73	2040.75	2007.84	1531.19
Stores & Spares Consumed	34.82	39.31	26.79	70.36	74.34	74.55
Fuel & Electricity	689.44	652.89	831.52	1290.82	1186.07	1102.37
Other manufacturing expenses	176.05	166.19	234.50	259.58	325.14	409.72
Administrative, selling and distribution expenses	1055.51	1174.49	1160.93	2716.58	2272.55	1367.58
Total (B)	10286.60	10427.81	12523.33	17005.60	14318.15	13144.11
Profit Before Interest, Depreciation and Tax	716.25	729.28	1049.59	1658.73	1753.71	2037.57
Depreciation	252.12	309.58	362.55	452.54	511.08	502.49
Profit Before Interest and Tax	464.13	419.70	687.04	1206.19	1242.63	1535.08
Financial Charges	136.51	180.54	265.15	347.33	330.04	263.77
Profit before Taxation	327.62	239.16	421.89	858.86	912.59	1271.31
Provision for Taxation	27.00	85.00	150.00	310.00	355.50	425.00
Provision for Deferred Tax	37.45	(10.00)	(14.97)	(1.15)	(59.84)	88.51
Provision for FBT	0	0	0	2.00	0	0
Total	64.45	75.00	135.03	310.85	295.66	513.51
Profit After Tax but Before Extraordinary Items	263.17	164.16	286.86	548.01	616.93	757.80
Extraordinary items	0	0	0	0	0	0
Net Profit after adjustments	263.17	164.16	286.86	548.01	616.93	757.80
Net Profit Transferred to Balance Sheet	263.17	164.16	286.86	548.01	616.93	757.80

Annexure - III**Summary Statement of Cash Flow:**

(₹ in Lacs)

Particulars	As at					For period ended 31.12.10
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	
Cash Flow from Operating						
A Activities						
Profit before tax, as restated	327.62	239.16	421.89	858.86	912.59	1271.31
Adjustments for						
Depreciation	252.12	309.58	362.55	452.54	511.08	502.49
Dividend Income	(0.90)	(0.16)	(0.21)	(2.44)	(0.81)	(0.92)
Financial Exp.	136.50	180.54	265.14	347.33	330.04	263.77
Profit on Sale of fixed asset			(0.51)			
Profit on sale of long term investment	(7.07)	(1.82)				
Operating Income before working capital changes	708.27	727.3	1048.86	1656.29	1752.9	2036.65
Adjustments for:						
Decrease/(Increase) in Trade & Other Receivables	212.94	(1299.34)	(555.37)	(369.24)	245.79	(1427.01)
Decrease/(Increase) in Inventories	94.06	(202.84)	31.27	(177.34)	(400.04)	(220.01)
Decrease/(Increase) in Loans & Advances	70.51				(193.07)	(217.81)
Decrease/(Increase) in Misc. Exp not w/off						
Increase/(decrease) in Trade Payables & Provisions	426.51	366.27	98.29	299.25	53.56	1206.57
Cash Generated from Operations	1512.29	(408.62)	623.05	1408.96	1459.14	1378.39
Direct Taxes (Net)	(85.45)	(92.71)	(150.00)	(312.00)	(347.29)	(120.00)
Net Cash Flow from Operating Activities	1426.84	(501.33)	473.05	1096.96	1111.85	1258.39
Cash Flow from Investing						
B Activities						
Purchase of Fixed Assets & CWIP	(681.48)	(547.64)	(585.14)	(974.10)	(2420.60)	(1330.14)
Investments Made	(0.74)		(1.65)	(0.11)	(37.42)	0.00
Dividend Income	0.90	0.16	0.21	2.44	0.81	0.92
Sale of Fixed asset			5.09			0.00
Sale of Investment	80.03	12.56				0.00
Net Cash used from Investing Activities	(601.29)	(534.92)	(581.49)	(971.77)	(2457.21)	(1329.22)
Cash Flow from Financing						
C Activities						
- Share Capital						(0.04)
Change in the Borrowings						
- Proceeds from Long Term Borrowings (Banks)	29.11	1154.02	259.96	94.95	957.38	(219.56)
-proceeds from Long Term Borrowings (Others)					241.44	738.91
-Proceeds from Short Term Borrowings (Banks)	48.23				716.19	(239.50)
Repayment of Long Term Borrowings (Net)	(195.18)	(216.47)	(5.68)			

Particulars	As at					For period ended
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
- Interest Paid	(136.50)	(180.54)	(265.15)	(347.33)	(330.04)	(263.77)
Net Cash Flow from Financing Activities	(254.34)	757.01	(10.87)	(252.38)	1584.97	16.04
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	571.21	(279.24)	(119.31)	(127.20)	239.61	(54.79)
Cash & Cash Equivalents at Beginning of the Year	9.84	581.05	301.81	182.50	55.30	294.91
Cash & Cash Equivalents at End of the Year	581.05	301.81	182.50	55.30	294.91	240.12

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
- Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

Annexure - IV

1) SIGNIFICANT ACCOUNTING POLICIES -

A) SYSTEM OF ACCOUNTING

The Company follows mercantile system of accounting and recognize income and expenditure on accrued bases. The accounts are prepared in accordance with accounting standards prescribed by the Institute of Chartered Accountants of India and provisions of Companies Act 1956 except that no write off has been made in respect of premium paid for leasehold land.

B) FIXED ASSETS

Fixed Assets are stated at cost of Acquisition and pre-operative expenses capitalized less Depreciation.

C) DEPRECIATION

Depreciation has been provided on straight-line method at the rates provided in Schedule XIV of the Companies Act 1956. The Depreciation on assets added during the year has been provided on pro-rata basis with reference to the data on which the assets were put to use. No Depreciation has been provided on the Fixed Assets which have been not put to use during the year.

D) EXPENDITURE DURING CONSTRUCTION

Expenditure during construction period is being included under capital work in progress and the same is allocated to Fixed Assets on completion of installation/construction

E) INVESTMENTS

Long Term Investments are valued at cost after appropriate adjustment if any for diminution in their value which are other than temporary in nature.

F) INVENTORIES

a) Raw materials, packing material, consumable stores are valued at cost or net realizable value whichever is lower. The cost is determined on the basis of first in first out method.

b) Work-in-progress and finished goods are valued at lower of cost or net realizable value.

c) Work-in-progress and finished goods include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

G) FOREIGN CURRENCY TRANSACTION

During the year, the foreign currency transactions relating to sales & purchase are translated at the rates prevailing at the time of settlement of the transactions. Amounts remaining unsettled of these transactions at the Balance Sheet date are translated at the rates prevailing at the end of the accounting year. The net gain/loss arising from such transactions are charged to relevant heads in Profit & Loss Account.

H) EMPLOYEES BENEFITS

b) Short Term Employees Benefits -

All employee benefits payable within twelve months of rendering service are recognized in the period in which the employee renders the related service.

b) Post Employment / Retirement Benefits

Contribution to Defined Contribution Plans such as Provident Fund etc., are charged to the profit and loss account.

c) Gratuity

Liability towards gratuity, covering eligible employees, is provided and funded on the basis of year end actuarial valuation.

I) BORROWING COST

Interest and other costs in connection with the borrowing of funds are capitalized up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

J) IMPAIRMENT OF FIXED ASSETS

When the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

K) CONTINGENT LIABILITIES

Contingent Liabilities are not provided but are disclosed in the notes.

L) TAXATION

Provision for current tax has been made on the basis of estimated total income computed in accordance with provisions of Income Tax Act 1961.

Deferred Tax is provided using the liability method in respect of taxation effect arising from material timing difference between the accounting and tax treatment of income and Expenditure based on tax rates enacted.

M) L) EARNING PER SHARE

Basic earning per share is calculated by dividing the net Profit for the year attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

Annexure - V**NOTES TO RESTATED ACCOUNTS FOR THE PERIOD ENDED 31.12.2010 & YEAR ENDED 31.03.2010****1. LEASEHOLD LAND PREMIUM**

Till 31.03.2010 no amount was written off in respect of lease premium paid for lease hold land. During the current year the company has written off proportionate lease premium attributable to the period starting from date of acquiring leasehold right of land till 31.12.2010 as detailed below.

Leasehold premium for the period up to 31.03.2010	₹ 1888274/-
Leasehold premium for the period From 01.04.10 to 31.12.10	₹ 263381/-

The Leasehold land premium written off in restated statement over the various year are as under

<u>F.Y. 2005-06</u>	<u>F.Y.2006-07</u>	<u>F.Y.2007-08</u>	<u>F.Y.2008-09</u>	<u>F.Y.2009-10</u>
₹1.77 lacs	₹1.93 Lacs	₹1.93 Lacs	₹1.93 Lacs	₹1.93 Lacs

2. GRATUITY

The Company started providing for gratuity liability from the F.Y.2008-09 on the basis of actuary valuation up to 31.03.2009. During the F.Y.2008-09 provision for gratuity liability was made at ₹ 25.87 lacs for the gratuity liability accrued up to 31.03.2008. For the purpose of restatement, gratuity liability was apportioned for F.Y.2005-06, F.Y.2006-07 & F.Y.2007-08 as under.

<u>F.Y. 2005-06</u>	<u>F.Y.2006-07</u>	<u>F.Y.2007-08</u>
₹2.98 lacs	₹3.32 lacs	₹3.69 lacs

3. Provision for tax of earlier year

The following Provision for tax of earlier year made in the accounts pertains to financial year 2002-03 & earlier years and hence in restated financials, these provisions are adjusted against balance in reserves as on 01.04.2005 being first day of the restated financials included here.

<u>Financial year in which provision for tax of earlier year made</u>	<u>Amount (₹ in lacs)</u>
F.Y.2006-07	7.71
F.Y.2009-10	197.20
Period from 01.04.10 to 31.12.10	83.62

4. Auditors Remuneration consist of

	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	₹ 2,00,000	₹ 2,20,600
	<u>₹ 2,00,000</u>	<u>₹ 2,20,600</u>

**5. Earning Per Share
Year**

	Current Year	Previous
	(Amount in ₹)	(Amount in ₹)
Net Profit for the year attributable to the Ordinary Shareholders	757.80 lacs	616.93
Weighted average number of Equity Shares of ₹ 100/- each	1,44,092	1,44,092
Basic and Diluted Earning of ₹ 100/- each	525.91	428.15

6. Deferred Tax Liabilities is attribute to the following items.

<u>Deferred Tax Liabilities :-</u>	<u>Current Year</u>	<u>Previous Year</u>
---	----------------------------	-----------------------------

Accelerated depreciation	2,44,36,489	1,55,85,430
--------------------------	-------------	-------------

7. Expenditure on employees drawing remuneration of ₹ 24,00,000.00 if employed throughout the year or of ₹ 2,00,000.00 per month employed for part of the year.

<u>Year</u>	<u>Current Year</u>	<u>Previous</u>
Number of Employees	NIL	NIL

Director Remuneration consist of

Salary	2,32,000	----
Contribution to Provident Fund	2,340	----
TOTAL	2,34,340	----

8. Additional information required under Scheme VI of the Companies Act, 1956 (as certified by Management is as under)

A) Capacity & Productions

	<u>Current Year</u>	<u>Previous Year</u>
1) Licensed Capacity	N.A.	N.A.
2) <u>Installed Capacity</u>	*x*	*x*
Chemical Intermediates	9384.000 M.T.	6000.000 M.T.
3) Production	4245.377 M.T.	5184.004 M.T.

x as certified by management

<u>Year</u>	<u>Current Year</u>	<u>Previous</u>
B) <u>Sales</u> -		
	<u>Quantity</u>	<u>Quantity</u>
	<u>₹ In Lakhs</u>	<u>₹ in Lakhs</u>
<u>A) MANUFACTURED GOODS</u>		
1) Chemicals	4513.977 M.T. 13872.86	4998.454 M.T. 13634.12
<u>B) TRADED</u>		
1) Chemicals	808.11 M.T. 1641.38	1112.067 M.T. 2176.95

C) Raw Material Consumed

	<u>Current Year</u>	<u>Previous Year</u>
	<u>Qty. (MT)</u>	<u>Qty. (MT)</u>
	<u>₹ In Lakhs</u>	<u>₹ In</u>
	<u>Lakhs</u>	
Various Chemicals	25720.138 8349.39	29005.028 8206.38

D) Quantitative details of goods manufactured

	<u>Current Year</u>	<u>Amount</u>	<u>Previous Year</u>	<u>Amount</u>
<u>Opening Stock</u>	<u>Quantity</u>	<u>(In Lacs.)</u>	<u>Quantity</u>	<u>(In Lacs)</u>
Chemicals	324.943	653.84	139.393 M.T.	361.47
	<u>Current Year</u>	<u>Amount</u>	<u>Previous Year</u>	<u>Amount</u>
	<u>Quantity</u>	<u>(In Lacs)</u>	<u>Quantity</u>	<u>(In</u>
<u>Closing Stock</u>				
Chemicals	56.343 M.T.	249.59	324.943 M.T.	
<u>TRADED GOODS</u>				
Chemicals	20.000 M.T.	6.96	----	---

E) Value of Raw Materials Consumed

	<u>Current Year</u>	<u>Previous Year</u>
	<u>Value %</u>	<u>Value%</u>
	<u>₹ In Lakhs</u>	<u>₹ In Lakhs</u>
1) Imported	19.00 1586.63	27.46 2253.88
2) Indigenous	81.00 6762.76	72.54 5952.50

F) Value of Stores & Spares Consumed

	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Value %</u>	<u>₹ In Lakhs</u>	<u>Value %</u>	<u>₹ In Lakhs</u>
1) Imported	NIL	NIL	NIL	NIL
2) Indigenous	100%	74.55	100%	74.34

G) Expenditure in Foreign Currency

	<u>Current Year</u>	<u>Previous Year</u>
	<u>₹ In Lakhs</u>	<u>₹ In Lakhs</u>
1) CIF Value of Import	907.53	1753.83
2) Commissions	21.01	82.08
3) Subscription Charges	1.17	
4) Interest	87.04	14.42
5) Traveling	--	0.67
6) Capital Goods	5.79	--
7) Legal & Professional Fees	4.62	

H) Earnings in Foreign Currency

	<u>Current Year</u>	<u>Previous Year</u>
FOB Value of exports	9259.84	9869.90

9. The balance of Sundry Creditors, Sundry Debtors, Loans Advances, are subject to confirmation and reconciliation.
10. The Company operates in a single business segment viz. 'chemicals' and therefore in the context of Accounting Standard No. 17, disclosure of segment wise information is not applicable.
11. The Company does not possess information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006. Consequently the liability, if any, of interest which would be payable under The Micro small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made on the books of accounts.
12. In the opinion of the Board of Directors, the current assets and loans and advances have value on realization at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

Annexure - VIStatement of Other income

(₹ in Lacs)

Particulars	As at						Related/ Not Related to Business Activity	Nature
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10		
Export Incentives	191.31	185.55	438.92	394.31	662.29	475.71	Y	
Vatav Kasar	1.34	0.04		2.50	10.96	1.29	Y	
Short term Capital Gain		1.82					N	
Long Term Capital Gain	7.07						N	
Sales Tax Refund			8.32	1.91			Y	
Exchange Rate Difference				81.61		42.16	Y	
Excise Refund					293.53	179.76	Y	
Dividend Received	0.90	0.16	0.21	2.44	0.81	0.91	N	
Profit on Cancellation of Forward Contract			139.93			7.50	Y	
Misc. Receipt	1.18		4.02				Y	
Prior Year Income Tax		1.00					N	
Excess depreciation of earlier years							Y	
		0.45						
Profit on sale of Plant & Machinery			0.51				Y	
Total	201.80	189.02	591.91	482.77	967.59	707.33		

Annexure - VII

Statement Of Accounting And Other Ratios

(₹ in Lacs)

Particulars	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Net Profit as restated (₹ in Lacs)	263.17	164.16	286.86	548.01	616.93	757.80
Net Worth (₹ in Lacs)	1,302.39	1,466.54	1,753.40	2,301.41	2,918.35	3,676.11
Return on Net worth (%)	20.21	11.19	16.36	23.81	21.14	20.61
Equity Share at the end of year (in Nos.)	94,724	94,724	1,44,092	1,44,092	1,44,092	1,44,092
(Face Value ₹ 100)	100	100	100	100	100	100
Weighted No of Equity Shares	94,724	94,724	1,31,750	1,44,092	1,44,092	1,44,092
Basic & Diluted Earnings per Equity Share	277.83	173.30	217.73	380.32	428.15	525.91
Net Asset Value/Book Value per Equity share (Based on no of share at the end of year)	1,374.93	1,548.22	1,216.86	1,597.18	2,025.33	2,551.22

Note:-

1. Earnings per share (₹) = Profit available to equity shareholders / Weighted No. of shares outstanding at the end of the year
2. Diluted Earnings Per Share(₹) = Profit available to equity shareholders / Weighted Average no. of shares outstanding at the end of the year adjusted for the effects of dilutive options.
3. Return on Net worth (%) = Restated Profit after taxation / Net worth x 100
4. Net asset value/Book value per share (₹) = Net worth / No. of equity shares
5. The Company does not have any revaluation reserves or extra-ordinary items.

Annexure - VIII**Capitalization Statement:***(₹ In Lacs)*

Particulars	Pre Issue	Post Issue*
	As at 31.12.2010	
Debt :		
Secured		
Short term debt	1626.46	
Long term debt	1750.98	
Unsecured	2367.04	
Total Debt	5744.48	
Shareholders Funds		
Equity Share Capital	144.09	
Reserves and Surplus	3532.02	
Less: Revaluation Reserves		
Less: Misc. Expenditure		
Total Shareholders' Funds	3676.11	
Long Term Debt/ Shareholders' Funds	0.48	
Total Debt / Shareholders Fund	1.56	

* Post issue calculations can be done only on the conclusion of the book building process.

Annexure - IX**STATEMENT OF TAX SHELTER***(₹ In Lacs)*

Particulars	As At					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Profit Before Tax	332.37	244.41	427.50	860.79	914.52	1252.42
Tax rate						
-- Normal Tax rate	33.66	33.66	33.99	33.99	33.99	33.22
-- Minimum Alternative Tax rate	8.42	11.22	11.33	11.33	15.45	19.93
-- Short Term Capital Gain U/S 111(A)	11.22					
Notional Tax at normal rates	109.50	82.27	145.31	292.58	310.85	416.05
Tax at Special Rate	0.79	0.00	0.00	0.00	0.00	0.00
Total Tax (A)	110.29	82.27	145.31	292.58	310.85	416.05
Permanent differences						
Other adjustments	(0.68)	(0.94)	2.16	9.42	(9.87)	0.98
Disallowances						
Total (B)	(0.68)	(0.94)	2.16	9.42	(9.87)	0.98
Timing Differences						
Depreciation as per Books	250.35	307.20	360.62	450.61	509.15	521.38
Depreciation as per Income Tax	203.46	310.56	312.32	420.78	379.12	541.91
Difference between tax depreciation and book depreciation	46.89	(3.36)	48.30	29.83	130.03	(20.53)
Other adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Foreign income included in the statement	0.00	0.00	0.00	0.00	0.00	0.00
Total (C)	46.89	(3.36)	48.30	29.83	130.03	(20.53)
Net Adjustments (B+C)	46.21	(4.30)	50.46	39.25	120.16	(19.55)
Tax expense/(savings) thereon (D)	15.55	(1.45)	17.15	13.34	40.84	(6.49)
Total Taxation (E = A+D)	125.84	80.82	162.46	305.92	351.69	409.56
Brought forward losses set off (Depreciation)	(173.84)	0.00	0.00	0.00	0.00	0.00
Tax effect on the above (F)	(58.51)	0.00	0.00	0.00	0.00	0.00
Net tax for the year/period (E+F)	67.33	82.82	162.46	305.92	351.69	409.56
Tax payable as per MAT	27.99	27.42	48.44	97.53	155.42	249.61
Tax expense recognised	27.00	85.00	150.00	310.00	355.50	425.00
Tax as per return of income						

Tax payable as per computation made for provision for tax.

Annexure - X**Statement of Secured Loans**

(₹ in Lacs)

Particulars	As At					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Term loan from Banks	312.17	429.1	342.28	842.84	2014.08	1750.98
Working Capital / Cash Credit from Banks	569.49	1669.16	1750.30	1149.78	1865.96	1617.91
Deposit Loans						
Others				122.35		8.55
Total	881.66	2098.26	2092.58	2114.97	3880.04	3377.44

Principal Terms of Sanctioned Loans and Assets Charged as Security

Name of the lender	Facility	Sanctioned Amount (₹ In Lacs Unless otherwise stated)	Amount Outstanding as on 31.12.10 (₹ In Lacs)	Rate of Interest	Repayment Schedule
DBS BANK LTD.	ECB Loan	USD 15,00,000	USD 15,00,000 Equal to ₹670.50	LIBOR+200 BPS	Quarterly

Securities offered – ECB loan from bank is secured by first and Exclusive charge on fixed assets financed by DBS Bank, First pari passu charge on all plant & Machineries except those financed by other banks, First Pari passu charge on factory land & building at Vapi & Dahej, Second Pari passu charge on factory land & building at Ankleshwar, Second Pari passu charge on all the assets of the borrower, Personal Guarantee of Mohan Dama, Premji Hemani, Naina Hemani & Minal Dama.

DBS BANK LTD.	1) Packing Credit/Export Bill Discounting, 2) LC/Buyers Credit undertaking 3) Purchase Invoice Discounting/Sales Invoice Discounting	1) 400.00 2) 400.00 3) 400.00	1) 77.00	As Mutually agree	--
---------------	--	-------------------------------	----------	-------------------	----

Securities offered - Working Capital Loan is Secured by First Pari passu Charge on current asset of the company, First pari passu charge on movable fixed assets of the company except assets financed by other banks, First Pari passu charge on factory land & building at Vapi & Dahej, Second Pari passu charge on factory land & building at Ankleshwar, Personal Guarantee of Directors

CITI BANK	ECB LOAN	USD 15,00,000	USD 15,00,000 Equal to ₹670.50	JPY LIBOR+1.5%	Quarterly
-----------	----------	---------------	-----------------------------------	----------------	-----------

Securities offered - ECB Loan is Secured by First & Exclusive charge on fixed assets funded through CITI BANK ECB. First Pari Passu charge by way of hypothecation on all present & future movable property located at Vapi, Dahej & Ankleshwar (Excluding Machineries exclusively financed by other banks). First pari passu charge by way of equitable mortgage on immovable property owned by company at Vapi & Dahej, Second pari passu charge by way of equitable mortgage on immovable property owned by company at Ankleshwar, Second pari passu charged by way of hypothecation on all existing and future current assets inclusive of all stocks & book debts. Personal Guarantee of Mohan Dama, Premji Hemani, Naina Hemani & Minal Dama.

CITI BANK	Working Capital Loan	₹1450.00	₹ 948.56	As Agreed form time to time	--
-----------	----------------------	----------	----------	-----------------------------	----

Securities offered – Working Capital loan from bank is secured by first and pari passu charge on current assets, Pari passu charge on all movable fixed assets, Pari passu charge on factory land & building at Vapi, Dahej & Ankleshwar. Personal Guarantee of Mohan Dama, Premji Hemani, Naina Hemani & Minal Dama, Corporate guarantee of Hemani Chemi organics pvt.ltd.

Name of the lender	Facility	Sanctioned Amount (₹ In Lacs Unless otherwise stated)	Amount Outstanding as on 31.12.10 (₹ In Lacs)	Rate of Interest	Repayment Schedule
AXIS BANK LTD.	1) Cash Credit/ Post ship.Credit/Export bill discounting 2) LC 3) LER	1) 600.00 2) 500.00 3) 400.00	1) ₹592.32	Presently 11.50%	--
Securities offered – Working Capital loan from bank is secured by pari passu charge on the current assets of the company, both present & future. Collateral: Extension of first charge by way of equitable mortgage/hypothecation on entire Immovable /Movable asset of the company financed through axis bank. First pari passu charge along with Citi bank & DBS bank by way of equitable mortgage/hypothecation on entire fixed assets of the company excluding those assets financed by other bank. Second charge by way of equitable mortgage/hypothecation on entire immovable/movable fixed assets financed Dombivli Nagrik sahakari bank Ltd., Citi Bank & DBS bank. Personal Guarantee of Mohan Dama, Premji Hemani.					
AXIS BANK	TERM LOAN	₹850.00	₹ 332.03	Presently 12.25%	Monthly
Securities offered - Term loan from bank is secured by first and pari passu charge on current assets, Pari passu charge on all movable fixed assets, Pari passu charge on factory land & building at vapi, dahej & ankleshwar. Personal Guarantee of Mohan Dama, Premji Hemani, Naina Hemani & Minal Dama, Corporate guarantee of Hemani Chemi organics pvt.ltd.					
BANK OF INDIA	LOCAL BILL DISCOUNTED AGAINST LC	₹8.55	₹8.55	9.50%	-
ICICI BANK	AUTO LOAN	₹16.00	₹2.80	11.47%	Monthly
Securities offered – Auto Loan is secured by hypothecation of car					
HDFC BANK	AUTO LOAN-1	₹36.00	₹31.31	16.00%	Monthly
Securities offered – Auto Loan is secured by hypothecation of car					
HDFC BANK	AUTO LOAN-1	₹36.00	₹31.31	16.00%	Monthly
Securities offered – Auto Loan is secured by hypothecation of car					
HDFC BANK	AUTO LOAN-3	₹7.25	₹6.84	16.00%	Monthly
Securities offered – Auto Loan is secured by hypothecation of car					

Annexure - XI**Statement of Unsecured Loans:**

(₹ in Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
From Promoters / Directors						
Jayesh Mohan Dama					71.46	94.50
Premji S. Hemani			66.45	30.86	155.42	135.66
Mohan S. Dama (Prop. Hemani International)			1.07	82.84	87.83	51.95
Minal Mohan Dama	256.85	227.56				
Bharat Karsandas Dama	8.87	4.31				
Naina Premji Hemani	128.12	134.02				
Sub - Total (a)	393.84	365.89	67.52	113.70	314.71	282.11
From shareholders						
Minal Mohan Dama			199.11	213.78	193.86	171.57
Mohan S. Dama HUF	302.48	349.29	407.07	386.30	272.03	320.17
Mohan S. Dama	117.60	14.30				
Premji S. Hemani HUF	162.06	160.40	310.99	343.05	368.03	428.05
Premji S Hemani	51.12	43.45				
Naina Premji Hemani			146.74	159.33	170.21	238.42
Nitin K. Dama	128.56	5.64	2.64	2.64		
Jayesh Mohan Dama	15.77	31.32	2.28	43.79		
Nitin K. Dama (HUF)	93.37	93.37	76.17	16.17		
Kishore Mavji Bhanushali	3.54	3.54	3.54			
Meena Kishore Kataria	2.98	2.98	2.98			
Bharat Karsandas Dama			4.31			
Sub - Total (b)	877.48	704.30	1155.83	1165.06	1004.13	1158.21
From group company / subsidiaries and material associate company						
Autopal Trade Impex Private Limited						
Hemani Agro Chem Ltd					226.00	226.00
Hemani Chemi Organics P. Ltd	30.37	21.97	21.97			
Lord Enclave Pvt. Ltd.						533.00
Sub - Total (c)	30.37	21.97	21.97		226.00	759.00
From Others/Corporate Bodies						
India Bulls Financial Service Ltd			45.00	33.61	18.97	6.22
Oregon Commercial Ltd.	15.00	10.00	10.00	10.00		
Religare Finvest Ltd.						97.20
Panchseel Organics Ltd.	0.45					
Sub - Total (d)	15.45	31.97	55.00	43.61	18.97	103.42
Note:- The above Unsecured Loans from India Bulls Financial Service Ltd & Religare Finvest Ltd. are repayable on by monthly installment & other loans from group cos, directors & share holders on demand basis and there is no fixed repayment schedule.						
Loans From Banks						
Standard Chartered Bank			29.13	20.52	10.42	1.73
Barclays Bank PLC			32.68	22.41	10.38	32.59
Bank of India Mandvi Branch- Unit I				31.37		
Bank of India Mandvi Branch- Unit II				38.00		
HDFC Bank Ltd.						30.00
Sub - Total (e)			61.81	112.30	20.79	64.32
Total (a + b + c + d + e)	1317.14	1102.16	1362.13	1434.67	1584.61	2367.04

Note: All of the above Unsecured Loans from banks are repayable on by monthly installment basis.

Annexure - XII**Statement of Sundry Debtors:**

(₹ in Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Outstanding for the period exceeding Six months	32.88	3.79	12.58	302.07	139.18	97.65
Other Debts	2351.49	3376.09	3289.78	3000.03	2917.13	4385.66
Total	2384.37	3379.88	3302.36	3302.10	3056.31	4483.31

Note: There are no debtors related to the directors or promoters of Hemani Industries Limited, except stated herein below:

(₹ in Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Hemani International	55.13	6.86	-	153.29	39.74	-
Premonit International Eximp	149.78	11.38	14.77	-	-	-
TOTAL	204.91	18.24	14.77	153.29	39.74	-

Annexure - XIII**Statement of Loans & Advances:**

(₹ in Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
Advances recoverable in Cash or in Kind	854.25	1207.26	1844.20	2198.27	1715.95	1993.62
Deposits	30.55	40.55	36.50	51.92	108.38	103.33
Total	884.80	1247.81	1880.70	2250.19	1824.33	2096.95

Note: - There are no loans & advances related to the directors or promoters of Hemani Industries Limited, except as stated herein below:

Annexure - XIV**Statement of Contingent Liabilities**

The details of the contingent liability of the company are as follows:

(₹ In Lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
1) Income Tax Demand (Net of tax Deposited)	123.92	83.92	68.75	72.20	20.42	
2) Corporate Guarantee given to banks for loans availed by Hemani Chemi Organics Pvt.Ltd.				1710.00	1710.00	1710.00
3) Claim Against Co.not acknowledge as debt	5.19	5.19	5.19	5.19	5.19	5.19
4) Estimate amount of contracts remaining to be executed on Capital Account					200.51	116.67
5) Guarantee given to GPCB						1.00
6) LC Outstanding						569.61
7) The Penalty if any payable for a negligence causing accident in the factory resulting in workers death.					1.00	1.00
8) Two workers of the company has claimed that they were retrenched without any reason or notice and hence they should be reinstated and they should be compensated for loss of wages. The Amount of compensation payable, if any, is not determinable.						

Annexure - XV**Related party disclosure in accordance with AS - 18**

The company has entered into following related party transactions during financial year ended March 31, 2006, 2007, 2008, 2009, 2010 and for the period ended December 31, 2010. Such parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India.

List of Related Parties

Sr. No.	Name of the Promoters	Relationship
1.	Mr. Mohan S. Dama	Promoter
2.	Mr. Premji S. Hemani	Promoter

Sr. No.	Name of the Company	Relationship
1.	Minal M. Dama	Promoter Group
2.	Naina P. Hemani	Promoter Group
3.	Mohan S. Dama Huf	Promoter Group
4.	Jayesh Mohan Dama	Promoter Group
5.	Premji S. Hemani Huf	Promoter Group
6.	Nitin K. Dama	Promoter Group
7.	Nitin K. Dama Huf	Promoter Group
8.	Bharat K. Dama	Promoter Group

Sr. No.	Name of the Company	Relationship
1.	Hemani International	Group / Associate Company
2.	Premonit International Eximp	Group / Associate Company
3.	Ideal Dye Chem Industries	Group / Associate Company
4.	Hemani Agro Chem Pvt Ltd	Group / Associate Company
5.	Hemani Chemiorganic Pvt Ltd	Group / Associate Company
6.	Dhavaldeep Ind. Syndicate	Group / Associate Company
7.	B. K. Enterprises	Group / Associate Company
8.	Yogeshwar Chemicals	Group / Associate Company
9.	Bhanu Packaging	Group / Associate Company
10.	H. B. Dama	Group / Associate Company
11.	Kush Shipping	Group / Associate Company
12.	Lord Enclave Pvt.Ltd.	Group / Associate Company

(₹ In lacs)

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.2010
Purchase of goods						
Ideal Dye Chem Industries	2448.35	2264.28	2305.50	1856.59	2032.08	1551.86
Dhavaldeep Ind. Syndicate	24.42	15.49	33.53	4.96	17.68	14.43
B. K. Enterprises	16.30	57.20	134.49			34.28
Yogeshwar Chemicals	17.90	17.95	32.97	45.68	41.98	29.81
Bhanu Packaging	58.39	64.70	80.11	127.65	101.04	90.17
Hemani Chemiorganic Pvt Ltd						855.57
Purchase of Capital Goods						
Dhavaldeep Ind. Syndicate	8.54		1.70	15.30	11.04	
B. K. Enterprises	22.50	1.59	2.84			
Sale of goods						
Hemani International	265.14	692.54	281.45	107.28	147.72	
Premonit International Eximp	1294.03	604.08	499.79	688.02	513.67	
Ideal dye chem. Industries	287.89	216.66	431.13	467.52	122.73	226.32

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.2010
Sale of Capital Goods						
Hemani Chemiorganic Pvt Ltd					26.66	
Services Paid						
H. B. Dama	15.28	26.40	5.54	16.70	16.29	10.90
Kush Shipping	17.73	9.79	10.33			7.97
Outstanding Balance Payable in respect Of goods & services purchased						
Ideal Dye Chem Industries	430.62	728.71	397.92	559.84	361.72	64.02
Dhavaldeep Ind. Syndicate	1.14	4.26	-	0.50	3.00	5.02
B. K. Enterprises	12.60	0.55	42.55			15.49
Yogeshwar Chemicals	2.88	1.43	4.88	5.60	6.28	11.95
Bhanu Packaging	12.58	23.66	17.73	16.45	16.81	23.78
H. B. Dama	2.68	0.85	1.32	3.88	0.93	3.57
Kush Shipping	2.48	2.77	2.85			3.83
Hemani Chemiorganic Pvt Ltd						171.92
Outstanding Balance Receivable in respect Of Sales						
Premonit International Eximp	149.78	11.38	14.77			
Hemani International	55.13	6.86		153.29	39.74	
Advance outstanding against supply of goods						
Dhavaldeep Ind. Syndicate			3.18			
Advance outstanding against supply to be made						
Premonit International Eximp					19.21	16.93
Remuneration paid						
Nitin K.Dama						2.34
Interest Paid						
Mohan S. Dama	10.18			9.54	13.37	3.09
Minal M. Dama	8.70	8.70	21.53	23.59	31.31	15.80
Naina P. Hemani	5.75	6.37	15.42	17.57	23.65	17.50
Nitin K.Dama Huf			1.00			
Premji S. Hemani	3.19	5.10		8.35	20.75	11.16
Mohan S. Dama Huf		15.01	19.47	39.17	41.76	25.49
Jayesh M. Dama		4.79	2.54		5.43	10.04
Premji S. Hemani Huf		7.25	9.41	37.28	41.75	34.25
Professional Fees Paid						
Jayesh M. Dama				50.94	20.00	
Investment made in share capital						
Hemani Chemiorganic Pvt Ltd					37.40	37.40

Particulars	As at					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.2010
Unsecured Loan Received						
Mohan S. Dama	73.16	51.20	90.03	286.85	143.63	116.44
Mohan S. Dama Huf	255.00	124.82	117.28	231.73	43.29	73.99
Minal M. Dama	39.63	38.21	19.10	42.67	32.55	55.95
Naina P. Hemani	9.67	5.90	14.92	15.59	21.28	69.85
Nitin K. Dama	34.00					
Nitin K. Dama Huf	80.00		0.90			
Jayesh M. Dama		35.80	6.28	53.38	29.74	50.06
Premji S. Hemani Huf	126.00	33.41	154.24	33.06	97.13	69.25
Premji S. Hemani	15.57	73.33	23.00	60.00	296.88	16.16
Hemani Chemiorganic Pvt Ltd					89.83	
Hemani Agro Chem Pvt Ltd					337.00	
Lord Enclave Pvt.Ltd.					70.00	533.00
Unsecured Loan given / repayment						
Mohan S. Dama	42.10	154.50	103.26	205.08	138.65	152.32
Mohan S. Dama Huf	20.00	78.00	59.50	252.50	157.56	25.85
Minal M. Dama	5.38	67.50	47.55	28.00	52.47	78.24
Naina P. Hemani			2.20	3.00	10.40	1.65
Nitin K.Dama	21.67	122.92	3.00			
Nitin K.Dama Huf			18.10			
Jayesh M. Dama		20.25	35.32	11.88	2.07	27.02
Premji S. Hemani Huf		35.07	3.65	1.00	72.16	9.24
Premji S. Hemani	0.60	81.00		95.60	172.32	35.92
Hemani Chemiorganic Pvt Ltd	20.63	8.40		21.97	82.24	7.59
Bharat K. Dama		4.56				
Hemani Agro Chem Pvt Ltd					111.00	
Lord Enclave Pvt.Ltd.					70.00	
Outstanding						
Unsecured Loan						
Mohan S. Dama	117.60	14.30	1.07	82.84	87.83	51.95
Mohan S. Dama Huf	302.48	349.30	407.07	386.30	272.03	320.17
Minal M. Dama	256.85	227.56	199.11	213.78	193.86	171.57
Naina P. Hemani	128.12	134.02	146.74	159.33	170.21	238.42
Nitin K. Dama	128.56	5.64	2.64			
Nitin K. Dama Huf	93.37	93.37	76.17			
Jayesh M. Dama	15.77	31.32	2.28	43.79	71.46	94.50
Premji S. Hemani Huf	162.06	160.40	310.99	343.05	368.03	428.05
Premji S. Hemani	51.12	43.45	66.45	30.86	155.42	135.66
Hemani Chemiorganic Pvt Ltd	30.37	21.97	21.97		7.59	
Bharat K. Dama	8.87	4.31	4.31			
Hemani Agro Chem Pvt Ltd					226.00	226.00
Lord Enclave Pvt.Ltd.						533.00

Annexure - XVI**Statement of Dividend paid:****No Dividend Paid Till Date****Annexure - XVII****Schedule of Investments**

(₹ In Lacs)

PARTICULARS	AS AT					
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.12.10
LONG TERM (AT COST)						
IN SHARES (UNQUOTED)						
Shares in Dombivli Nagari Sahakari Bank. Ltd	6.00	6.00	6.00	6.00	6.00	6.00
Shares in Janata Sahkari Bank Ltd.	0.50	0.50	0.50	0.50	0.50	0.50
Units- HDFC Ltd.	10.74					
Ankleshwar Research & Analytical Centre	0.25	0.25	0.25	0.25	0.25	0.25
Bharuch Echo-Aqua Infrastructure Ltd.	5.36	5.36	6.19	6.19	6.19	6.19
Bharuch Environ Infrastructure Ltd.	1.05	1.05	1.87	1.88	1.88	1.88
The Greater Co-op Bank Ltd.				0.11	0.11	0.11
Shares in hemani Chemiorganic Pvt Ltd.					37.40	37.40
Shares in Shamrao Vitthal Co-op bank.Ltd					0.03	0.03
Short Term						
Total	23.90	13.16	14.81	14.93	52.36	52.36

Annexure - XVIII

There were no qualifications in the Auditors' report for the year ending on March 31, 2006, 2007, 2008, 2009 and 2010 and for period ended December 31, 2010.

Annexure - XIX**Changes in the Significant Accounting Policies.**

1. The Company till 31.03.2010 has not been writing off premium paid in respect of leasehold land. From the financial year 2010-11 the company changed its accounting policy and started writing off premium paid in respect of leasehold land over period of lease. The effect of change in accounting policy in the restated financials are given in Annexure - V
2. Till the F.Y.2007-08 the company has not provided for gratuity liability. The Company changed its accounting policy from F.Y.2008-09 by providing gratuity liability on the basis of actuary valuation. The effect of change in accounting policy in the restated financials are given in Annexure - V

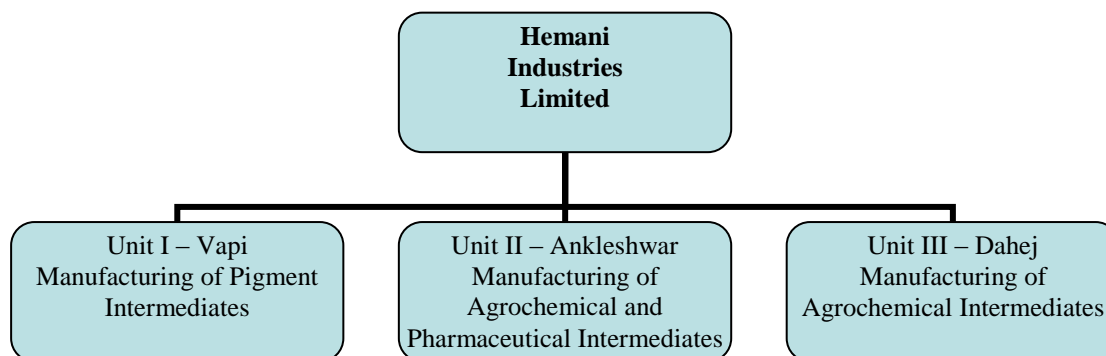
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements included in the Draft Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page xv, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company on a consolidated basis, and, unless otherwise stated, is based on our restated consolidated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year ("Fiscal Year") are to the twelve-month period ended March 31 of that year.

Overview

Our Company is engaged in the business of manufacturing a range of Agrochemical Intermediates (Pesticides and Pesticides Intermediates), Pigment Intermediates, Organic Pigment Intermediates, Dyes and Dyes Intermediates and other speciality chemicals, with a major focus on export market. We are a Government recognised export house catering to the demanding needs of the industry in terms of quality and capacity. Our Company caters to over 100 clients across the globe. We market and export our products to Japan, the entire European Union, USA, South American countries, South Africa, China, Russia, Korea, Taiwan, Turkey, Egypt and others countries spanning all the major continents.

Currently we have three units, one each in Vapi, Ankleshwar and Dahej (Bharuch), while our corporate and registered office is situated in Mumbai.



We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands.

Our quality control & research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

In tune with International standards, we have an internal facility for treatment of the waste generated at all our three units through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

Certain Factors Affecting Our Results of Operations

We believe that the following factors have affected our results of operations in the past and may affect our results of operations in the future.

1. *Nature of business:* Due to the nature of the chemical business, it involves high level of regulatory compliance with various environmental laws, high capital requirements. Our operations may be adversely effected if we are not able to comply with the applicable laws.

2. *Availability of financing:* We will require additional debt funding, to fund future operational needs and service debt payments. The amount of such additional required funding will depend on certain factors, such as whether the various projects are completed within budget, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional funding may not be available as and when required, or may not be available on terms acceptable to us. Our operating results and future growth will depend on our ability to optimize our financial resources and to source adequate resources, including working capital commensurate with the size of our business.
3. *Changes in interest rates:* The interest rates on all of our borrowings may fluctuate. The interest rates on all of our borrowings are subject to adjustment based on the prime lending rate, the base rate or benchmark rate of the respective lenders. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase.
4. *Compliance with environmental laws and regulations:* Our business require compliance with various environmental statutes and regulations. These laws and regulations and any related investigations can cause project delays and may require a commitment of substantial management time, which could significantly add to the cost of a project. Moreover, these laws and regulations are becoming more stringent, and we expect them to be more stringently enforced in the future.
5. *Changes in labour costs:* Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe and in certain Asian countries such as Korea, Japan and Singapore for comparably skilled professionals. However, wage levels have increased significantly in recent years, especially for skilled workers, and we may need to continue to increase the existing levels of our employee compensation to remain competitive and manage attrition, which could negatively affect our profit margins and financial condition. Availability and retention of management and labour having required expertise is also critical for the completion of projects and the management of day to day operations.
6. *Regulatory environment in India:* Taxes and other levies imposed by the Government of India or state governments, as well as tax exemptions, financial policies, subsidies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Recent Developments

Significant developments after December 31, 2010 that may affect the future of our operations

After the date of last balance sheet i.e. December 31, 2010, our Company has made a Bonus issue of 75,64,830 Equity Shares in the ratio of 5.25:1 on March 16, 2011. Further, our Company has made progress in the implementation of the Project, which has been detailed under section titled '*Objects of the Issue*' beginning on page 30 of the Draft Red Herring Prospectus. Except as stated above, the Directors of our Company confirm that in their opinion, there have not been any significant developments.

Critical Accounting Policies

The critical accounting policies have been extracted from the significant accounting policies set forth in the restated financial statements of the Company.

A) SYSTEM OF ACCOUNTING

The Company follows mercantile system of accounting and recognize income and expenditure on accrued bases. The accounts are prepared in accordance with accounting standards prescribed by the Institute of Chartered Accountants of India and provisions of Companies Act 1956 except that no write off has been made in respect of premium paid for leasehold land.

B) FIXED ASSETS

Fixed Assets are stated at cost of Acquisition and pre-operative expenses capitalized less Depreciation.

C) DEPRECIATION

Depreciation has been provided on straight-line method at the rates provided in Schedule XIV of the Companies Act 1956. The Depreciation on assets added during the year has been provided on pro-rata basis with reference to the data on which the assets were put to use. No Depreciation has been provided on the Fixed Assets which have been not put to use during the year.

D) EXPENDITURE DURING CONSTRUCTION

Expenditure during construction period is being included under capital work in progress and the same is allocated to Fixed Assets on completion of installation/construction

E) INVESTMENTS

Long Term Investments are valued at cost after appropriate adjustment if any for diminution in their value which are other than temporary in nature.

F) INVENTORIES

a) Raw materials, packing material, consumable stores are valued at cost or net realizable value whichever is lower. The cost is determined on the basis of first in first out method.

b) Work-in-progress and finished goods are valued at lower of cost or net realizable value.

c) Work-in-progress and finished goods include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

G) FOREIGN CURRENCY TRANSACTION

During the year, the foreign currency transactions relating to sales & purchase are translated at the rates prevailing at the time of settlement of the transactions. Amounts remaining unsettled of these transactions at the Balance Sheet date are translated at the rates prevailing at the end of the accounting year. The net gain/loss arising from such transactions are charged to relevant heads in Profit & Loss Account.

H) EMPLOYEES BENEFITS

a) Short Term Employees Benefits -

All employee benefits payable within twelve months of rendering service are recognized in the period in which the employee renders the related service.

b) Post Employment / Retirement Benefits

Contribution to Defined Contribution Plans such as Provident Fund etc., are charged to the profit and loss account.

c) Gratuity

Liability towards gratuity, covering eligible employees, is provided and funded on the basis of year end actuarial valuation.

I) BORROWING COST

Interest and other costs in connection with the borrowing of funds are capitalized up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

J) IMPAIRMENT OF FIXED ASSETS

When the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

K) CONTINGENT LIABILITIES

Contingent Liabilities are not provided but are disclosed in the notes.

L) TAXATION

Provision for current tax has been made on the basis of estimated total income computed in accordance with provisions of Income Tax Act 1961.

Deferred Tax is provided using the liability method in respect of taxation effect arising from material timing difference between the accounting and tax treatment of income and Expenditure based on tax rates enacted.

M) EARNING PER SHARE

Basic earning per share is calculated by dividing the net Profit for the year attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

Summary Results of Operations

The following table presents our restated consolidated statement of profit and loss data in lacs of Rupees and expressed as a percentage of total income for the nine months ended December 31, 2010, Fiscal 2010, Fiscal 2009 and Fiscal 2008.

	Nine months ended December 31, 2010		Fiscal 2010		Fiscal 2009		Fiscal 2008	
	₹ in lacs	% of Total Income	₹ in lacs	% of Total Income	₹ in lacs	% of Total Income	₹ in lacs	% of Total Income
INCOME								
Sales of Products Manufactured by the Company	13872.86		13634.12		16669.3		10870.12	
Sales of Products Traded by the Company	1641.38		2176.95		2105.75		2559.82	
Less: Excise Duty	-1093.05		-1045.2		-830.71		-410.25	
Net Sales	14421.19		14765.87		17944.34		13019.69	
Other Income	707.33		967.59		482.77		591.91	
Increase/(Decrease) in Inventories	53.16		338.4		237.22		-38.68	
Total Income	15181.68	100	16071.86	100	18664.33	100	13572.92	100
EXPENDITURE								
Materials consumed	8349.39	55.00	8206.38	51.06	10429.63	55.88	7632.51	56.23
Wages and Staff Costs	309.31	2.04	245.83	1.53	197.88	1.06	141.35	1.04
Purchase of Traded Goods	1531.19	10.09	2007.84	12.49	2040.75	10.93	2495.73	18.39
Stores & Spares Consumed	74.55	0.49	74.34	0.46	70.36	0.38	26.79	0.20
Fuel & Electricity	1102.37	7.26	1186.07	7.38	1290.82	6.92	831.52	6.13
Other manufacturing expenses	409.72	2.70	325.14	2.02	259.58	1.39	234.5	1.73
Administrative, selling and distribution expenses	1367.58	9.01	2272.55	14.14	2716.58	14.55	1160.93	8.55
Total Operating Expenditure	13144.11	86.58	14318.15	89.09	17005.6	91.11	12523.33	92.27
Earnings before Interest, Depreciation and Tax	2037.57	13.42	1753.71	10.91	1658.73	8.89	1049.59	7.73
Interest and Finance Charges	263.77	1.74	330.04	2.05	347.33	1.86	265.15	1.95
Depreciation	502.49	3.31	511.08	3.18	452.54	2.42	362.55	2.67
Total Expenditure	13,910.37	91.63	15,159.27	94.32	17,805.47	95.40	13,151.03	96.89
Profit/(Loss) before tax	1,271.31	8.37	912.59	5.68	858.86	4.60	421.89	3.11
Current tax	425	2.80	355.5	2.21	310	1.66	150	1.11
Fringe benefit tax					2			
Deferred tax	88.51	0.58	-59.84	-0.37	-1.15	-0.01	-14.97	-0.11
Total Tax	513.51	3.38	295.66	1.84	310.85	1.67	135.03	0.99
Net Profit/(Loss) after tax	757.80	4.99	616.93	3.84	548.01	2.94	286.86	2.11

Principal Components of our Profit and Loss Statement

Income

Our income mainly consists of sales, which includes both sale of products manufactured by our company and sale of products traded by our Company.

The break-up of our revenues into Domestic Sales and Export Sales is mentioned below:

(₹ in lacs, except percentages)

Particulars	Export Sales	Domestic Sales	Net Sales
2007-08	7669.34	5350.35	13,019.69
% of Net Sales	58.91%	41.09%	100.00%
2008-09	12069.97	5874.37	17,944.34
% of Net Sales	67.26%	32.74%	100.00%
2009-10	10048.46	4,717.40	14,765.87
% of Net Sales	68.05%	31.95%	100.00%
9 Months ended December 31, 2010	9,442.30	4978.89	14,421.19
% of Net Sales	65.48%	34.52%	100.00%

The unit wise break-up of our revenues is mentioned below:

(₹ in lacs, except percentages)

Particulars	Unit I Vapi	Unit II Ankleshwar	Unit III Dahej	Total Net Sales
2007-08	8,094.12	4,925.57	-	13019.69
% of Net Sales	62.17%	37.83%	-	100.00%
2008-09	9,185.70	8,578.64	-	17764.34
% of Net Sales	51.71%	48.29%	-	100.00%
2009-10	7,495.94	7,269.93	-	14765.87
% of Net Sales	50.77%	49.23%	-	100.00%
9 Months ended December 31, 2010	5,831.79	6,098.64	2490.76	14421.19
% of Net Sales	40.44%	42.29%	17.27%	100.00%

Other income

The following table sets out the principal components of our other income and their respective percentage of our total income for the periods indicated.

(₹ in lacs, except percentages)

Particulars	December 31, 2010	March 31, 2010	March 31, 2009	March 31, 2008	Related/Not Related to Business Activity
Export Incentives	475.71	662.29	394.31	438.92	Y
Vatav Kasar	1.29	10.96	2.50		Y
Short term Capital Gain					N
Long Term Capital Gain					N
Sales Tax Refund			1.91	8.32	Y
Exchange Rate Difference	42.16		81.61		Y
Excise Refund	179.76	293.53			Y
Dividend Received	0.91	0.81	2.44	0.21	N
Profit on Cancellation of Forward Contract	7.50			139.93	Y
Misc. Receipt				4.02	Y
Prior Year Income Tax					N
Excess depreciation of earlier years					Y
Profit on sale of Plant & Machinery				0.51	Y
Total	707.33	967.59	482.77	591.91	

Expenditure

Our expenditures consist primarily of material consumed, purchase of traded goods, power & fuel, employee and administrative expenses, interest expense and depreciation among others.

The following table sets out the principal components of our expenditures and their respective percentage of our total operating expenditures for the periods indicated.

(₹ in lacs, except percentages)

	Nine months ended December 31, 2010	% of total expenditure	Fiscal 2010	% of total expenditure	Fiscal 2009	% of total expenditure	Fiscal 2008	% of total expenditure
Materials consumed	8349.39	60.02	8206.38	54.13	10429.63	58.58	7632.51	58.04
Wages and Staff Costs	309.31	2.22	245.83	1.62	197.88	1.11	141.35	1.07
Purchase of Traded Goods	1531.19	11.01	2007.84	13.24	2040.75	11.46	2495.73	18.98
Stores & Spares Consumed	74.55	0.54	74.34	0.49	70.36	0.40	26.79	0.20
Fuel & Electricity	1102.37	7.92	1186.07	7.82	1290.82	7.25	831.52	6.32
Other manufacturing expenses	409.72	2.95	325.14	2.14	259.58	1.46	234.5	1.78
Administrative, selling and distribution expenses	1367.58	9.83	2272.55	14.99	2716.58	15.26	1160.93	8.83
Total Operating Expenditure	13144.11	94.49	14318.15	94.45	17005.6	95.51	12523.33	95.23
Interest and Finance Charges	263.77	1.90	330.04	2.18	347.33	1.95	265.15	2.02
Depreciation	502.49	3.61	511.08	3.37	452.54	2.54	362.55	2.76
Total Expenditure	13910.37	100.00	15159.27	100.00	17805.47	100.00	13151.03	100.00

Results of Operations

Nine months ended December 31, 2010

Income

Our total income in the nine months ended December 31, 2010 was ₹ 15,181.68 lacs.

Sales

In the nine months ended December 31, 2010, we did gross sales of ₹ 15,514.24 lacs. This included sales of products manufactured by our Company of ₹ 13,872.86 lacs and sales of products treaded by our company of ₹ 1,641.38 lacs. The Net Sales (gross sales less excise duty) of our Company for the nine months ended December 31, 2010 stood at ₹ 14,421.19 lacs. This included export sales of ₹ 9,442.30 lacs and domestic sales of ₹ 4,978.89 lacs.

Other income

Other income in the nine months ended December 31, 2010 equalled ₹ 707.33 lacs, mainly consisting of export incentives, excise refund, exchange rate difference and Profit on Cancellation of Forward Contract as detailed in table above.

Expenditure

Our total expenditure equalled ₹ 13910.37 lacs in the nine months ended December 31, 2010. This constituted 91.63% of our total income.

The breakdown of total expenditure before tax is summarized below:

Material Consumed

Material consumed were ₹ 8,349.39 lacs in the nine months ended December 31, 2010, which constituted 55% of our total income. Further, material consumed constituted 60.02% of our total expenditure.

Purchase of Traded Goods

Cost of Purchase of Traded Goods was ₹ 1,531.19 lacs in the nine months ended December 31, 2010, which constituted 10.09% of our total income. Further, material consumed constituted 11.01% of our total expenditure.

Wages and Staff Cost

Our Wages and Staff Cost stood at ₹ 309.31 lacs in in the nine months ended December 31, 2010. Wages and Staff Cost constituted 2.04% of our total income. Further, it constituted 2.22% of our total expenditure.

Other Expenses

Other expenses included the following:

	(₹ in lacs, except percentages)		
	Amount	% to Total Income	% to Total Expenditure
Stores & Spares Consumed	74.55	0.49%	0.54%
Fuel & Electricity	1102.37	7.26%	7.92%
Other manufacturing expenses	409.72	2.70%	2.95%
Administrative, selling and distribution expenses	1367.58	9.01%	9.83%

Earnings before interest, depreciation and tax

As a result of the foregoing, we incurred a EBIDT profit loss of ₹ 2037.57 lacs before interest, depreciation and tax for the nine months ended December 31, 2010.

Interest and finance charges

Interest and finance charges were ₹ 263.77 lacs in the nine months ended December 31, 2010, reflecting a full nine months of interest and finance charges on our Company's indebtedness of ₹ 5,744.48 lacs at December 31, 2010.

Depreciation

Depreciation expense equalled ₹ 502.49 lacs in the nine months ended December 31, 2010, reflecting primarily depreciation on buildings, plant and machinery, equipments, furniture and fixtures, office equipment and vehicles.

Profit before Tax

As a result of the foregoing, our PBT for the nine months ended December 31, 2010 was ₹ 1,271.31 lacs.

Profit after Tax

As a result of the foregoing, our PAT for the nine months ended December 31, 2010 was ₹ 757.80 lacs. Our PAT margin stood at 4.99%.

Fiscal 2010 Compared to Fiscal 2009

Income

Our total income in Fiscal 2010 of ₹ 16,071.86 lacs represented a decrease of 13.89% over total income of ₹ 18,664.33 lacs in Fiscal 2009. This decrease was primarily due to overall reduction in sale price mainly due to reduction in crude prices. Reduction in crude oil prices also led to decrease in raw material cost which was passed on to the customers.

Sales

Gross Sales in Fiscal 2010 of ₹ 15,811.07 lacs decreased 15.79% from gross sales of ₹ 18,775.05 lacs in Fiscal 2009. The decrease in sales was for the reasons as mentioned above.

Gross sales during Fiscal 2010 included sales of products manufactured by our Company of ₹ 13,634.12 lacs and sales of products treaded by our company of ₹ 2,176.95 lacs. Gross sales during Fiscal 2009 included sales of products manufactured by our Company of ₹ 16,669.30 lacs and sales of products treaded by our company of ₹ 2,105.75 lacs.

Other income

Other income in Fiscal 2010 amounted to ₹ 967.59 lacs, which represented a increase of 100.42% over our other income of ₹ 482.77 lacs in Fiscal 2009. The increase in other income was primarily the result of increase in export incentives and excise refund.

Expenditure

Our total expenditure amounted to ₹ 15129.27 lacs in Fiscal 2010, a decrease of 14.86% over total expenditure of ₹ 17,805.47 lacs in Fiscal 2009. Our total expenditure as a percentage of total income was 94.32% in Fiscal 2010 compared to 95.40% in Fiscal 2009. This decrease was primarily due to overall reduction in sale price mainly due to reduction in crude prices. Reduction in crude oil prices also led to decrease in raw material cost.

The breakdown of total expenditure before tax is summarized below:

Material Consumed

Material consumed were ₹ 8,206.38 lacs in the Fiscal 2010 showing a decrease 21.32% over the Fiscal 2009 figure of ₹ 10,429.63 lacs. Material Consumed constituted 51.06% of our total income and 54.13% of our total expenditure for Fiscal 2010. Material Consumed constituted 55.88% of our total income and 58.58% of our total expenditure for Fiscal 2009.

Purchase of Traded Goods

Cost of Purchase of Traded Goods was ₹ 2007.84 lacs in the Fiscal 2010 showing a decrease 1.61% over the Fiscal 2009 cost of ₹ 2,040.75 lacs. Cost of Purchase of Traded Goods constituted 12.49% of our total income and 13.24% of our total expenditure for Fiscal 2010. It constituted 10.93% of our total income and 11.46% of our total expenditure for Fiscal 2009.

Wages and Staff Cost

Wages and staff cost was ₹ 245.83 lacs in the Fiscal 2010 showing a increase 24.23% over the Fiscal 2009 cost of ₹ 197.88 lacs. Wages and staff cost constituted 1.53% of our total income and 1.62% of our total expenditure for Fiscal 2010. It constituted 1.06% of our total income and 1.11% of our total expenditure for Fiscal 2009. In addition to higher salaries, the increase in employee cost is also on account of increase in manpower.

Administrative Selling & Distribution Expenses

Administration Selling and Distribution Expenses was ₹ 2,272.55 lacs in the Fiscal 2010 showing a decrease 16.35% over the Fiscal 2009 cost of ₹ 2,716.58 lacs. It constituted 14.14% of our total income and 14.99% of our total expenditure for Fiscal 2010. It constituted 14.55% of our total income and 15.26% of our total expenditure for Fiscal 2009.

Other Expenses

Other expenses included the following:

(₹ in lacs, except percentages)

	Fiscal 2010			Fiscal 2009			Increase/ Decrease
	Amount	% to Total Income	% to Total Expenditure	Amount	% to Total Income	% to Total Expenditure	

	Fiscal 2010			Fiscal 2009			Increase/ Decrease
	Amount	% to Total Income	% to Total Expenditure	Amount	% to Total Income	% to Total Expenditure	
Stores & Spares Consumed	74.34	0.46	0.49	70.36	0.38	0.40	5.66
Fuel & Electricity	1186.07	7.38	7.82	1290.82	6.92	7.25	-8.11
Other manufacturing expenses	325.14	2.02	2.14	259.58	1.39	1.46	25.26

Earnings before interest, depreciation and tax

As a result of the foregoing, our earnings before interest, depreciation and tax increased from ₹ 1,658.73 lacs in Fiscal 2009 to ₹ 1,753.71 lacs in Fiscal 2010, which represented an increase of 5.73%.

Interest and finance charges

Interest and finance charges were ₹ 330.04 lacs in Fiscal 2010, a decrease from interest and finance charges of ₹ 347.33 lacs in Fiscal 2009. The decrease is mainly due to decrease in utilisation of working capital loans and replacement of high cost debts with ECBs carrying lesser interest costs. It constituted 2.05% of our total income and 2.18% of our total expenditure for Fiscal 2010. It constituted 1.86% of our total income and 1.95% of our total expenditure for Fiscal 2009.

Depreciation

Depreciation was ₹ 511.08 lacs in Fiscal 2010, an increase of 12.94% from depreciation of ₹ 452.54 lacs in Fiscal 2009. The increase was primarily due to additions of fixed assets in Fiscal 2010.

Profit/(loss) before tax

We had a profit before tax in Fiscal 2010 of ₹ 912.59 lacs, compared to a profit before tax of ₹ 868.86 lacs in Fiscal 2009. The increase in PBT was due to the reasons as discussed above.

Provision for tax

We provided for ₹ 355.50 lacs of current tax in Fiscal 2010, compared to ₹ 310.00 lacs of current tax in Fiscal 2009. In addition, we did not provide for fringe benefit tax in Fiscal 2010, as compared to provisions of ₹ 2.0 in Fiscal 2009 because the fringe benefit tax was withdrawn with effect from April 1, 2009.

Net profit /(loss) after tax

As a result of the foregoing, we had a net profit after tax of ₹ 616.93 lacs in Fiscal 2010, compared to a net profit after tax of ₹ 548.01 lacs in Fiscal 2009. The net profit in Fiscal 2010 increased mainly due to increase in operations and reduction in cost for the reasons as detailed above. PAT margin stood at 3.84% of total income for Fiscal 2010 as compared to 2.94% for Fiscal 2009.

Fiscal 2009 Compared to Fiscal 2008

Income

Our total income in Fiscal 2009 of ₹ 18,664.33 lacs represented an increase of 37.51% over total income of ₹ 13,572.92 lacs in Fiscal 2008. This increase was primarily due to overall increase in sale price mainly due to increase in crude prices and increase in production.

Sales

Gross Sales in Fiscal 2009 of ₹ 18,775.05 lacs increased by 15.79% from gross sales of ₹ 13,429.94 lacs in Fiscal 2008. The increase in sales was for the reasons as mentioned above.

Gross sales during Fiscal 2009 included sales of products manufactured by our Company of ₹ 16,669.30 lacs and sales of products treaded by our company of ₹ 2,105.75 lacs. Gross sales during Fiscal 2008 included sales

of products manufactured by our Company of ₹ 10,870.12 lacs and sales of products treaded by our company of ₹ 2,559.82 lacs.

Other income

Other income in Fiscal 2009 amounted to ₹ 482.77 lacs, which represented a decrease of 18.44% over our other income of ₹ 591.91 lacs in Fiscal 2008. The decrease in other income was primarily the result of decrease in export incentives and Profit on Cancellation of Forward Contract.

Expenditure

Our total expenditure amounted to ₹ 17,805.47 lacs in Fiscal 2009, an increase of 35.39% over total expenditure of ₹ 13,151.03 lacs in Fiscal 2008. Our total expenditure as a percentage of total income was 95.40% in Fiscal 2009 compared to 96.89% in Fiscal 2008. This increase is commensurate with the increase in sales of our Company.

The breakdown of total expenditure is summarized below:

Material Consumed

Material consumed were ₹ 10,429.63 lacs in the Fiscal 2009 showing a increase 36.65% over the Fiscal 2008 figure of ₹ 7,632.51 lacs. The increase is commensurate with the increase in revenues. Material Consumed constituted 55.88% of our total income and 58.58% of our total expenditure for Fiscal 2009. Material Consumed constituted 56.23% of our total income and 58.04% of our total expenditure for Fiscal 2008.

Purchase of Traded Goods

Cost of Purchase of Traded Goods was ₹ 2,040.75 lacs in the Fiscal 2009 showing a decrease 18.23% over the Fiscal 2008 cost of ₹ 2,495.73 lacs. The sale of traded goods also decreased by 17.74% during the same periods. Cost of Purchase of Traded Goods constituted 10.93% of our total income and 11.46% of our total expenditure for Fiscal 2009. It constituted 18.39% of our total income and 18.98% of our total expenditure for Fiscal 2008.

Wages and Staff Cost

Wages and staff cost was ₹ 197.88 lacs in the Fiscal 2009 showing a increase 39.99% over the Fiscal 2008 cost of ₹ 141.35 lacs. Wages and staff cost constituted 1.06% of our total income and 1.11% of our total expenditure for Fiscal 2009. It constituted 1.04% of our total income and 1.07% of our total expenditure for Fiscal 2008.

Administrative Selling & Distribution Expenses

Administration Selling and Distribution Expenses was ₹ 2,716.58 lacs in the Fiscal 2009 showing a increase 134% over the Fiscal 2008 cost of ₹ 1,160.93 lacs. It constituted 14.55% of our total income and 15.26% of our total expenditure for Fiscal 2009. It constituted 8.55% of our total income and 8.83% of our total expenditure for Fiscal 2008. This increase was mainly due to increase in freight forwarding, freight export, insurance expanses, water pollution control expenses etc.

Other Expenses

Other expenses included the following:

(₹ in lacs, except percentages)

	Fiscal 2009			Fiscal 2008			Increase/ Decrease
	Amount	% to Total Income	% to Total Expenditure	Amount	% to Total Income	% to Total Expenditure	
Stores & Spares Consumed	70.36	0.38	0.40	26.79	0.20	0.20	162.64
Fuel & Electricity	1,290.82	6.92	7.25	831.52	6.13	6.32	55.24
Other manufacturing expenses	259.58	1.39	1.46	234.50	1.73	1.78	10.70

Earnings before interest, depreciation and tax

As a result of the foregoing, our earnings before interest, depreciation and tax increased from ₹ 1,049.59 lacs in Fiscal 2008 to ₹ 1,658.73 lacs in Fiscal 2009, which represented an increase of 58.04%.

Interest and finance charges

Interest and finance charges were ₹ 347.33 lacs in Fiscal 2009, an increase from interest and finance charges of ₹ 265.15 lacs in Fiscal 2008. It constituted 1.86% of our total income and 1.95% of our total expenditure for Fiscal 2009. It constituted 1.95% of our total income and 2.02% of our total expenditure for Fiscal 2008.

Depreciation

Depreciation was ₹ 452.54 lacs in Fiscal 2009, an increase of 24.82% from depreciation of ₹ 362.55 lacs in Fiscal 2008. The increase was primarily due to additions of fixed assets in Fiscal 2009.

Profit/(loss) before tax

We had a profit before tax in Fiscal 2009 of ₹ 858.86 lacs, compared to a profit before tax of ₹ 421.89 lacs in Fiscal 2008. The increase in PBT was due to the reasons as discussed above.

Provision for tax

We provided for ₹ 310.00 lacs of current tax in Fiscal 2009, compared to ₹ 150 lacs of current tax in Fiscal 2008.

Net profit/(loss) after tax

As a result of the foregoing, we had a net profit after tax of ₹ 548.01 lacs in Fiscal 2009, compared to a net profit after tax of ₹ 286.86 lacs in Fiscal 2008. The net profit in Fiscal 2009 increased mainly due to increase in operations and reduction in cost for the reasons as detailed above. PAT margin stood at 2.94% of total income for Fiscal 2009 as compared to 2.11% for Fiscal 2008.

Net Cash Flows and Outflows

The following table presents our consolidated cash flow data for the periods indicated:

	(₹ in lacs)			
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Nine months ended December 31, 2010
Net cash generated from/(used in) operating activities	473.05	1096.96	1111.85	1258.39
Net cash generated from/(used in) investing activities	(581.49)	(971.77)	(2457.21)	(1329.22)
Net cash generated from/(used in) financing activities	(10.87)	(252.38)	1584.97	16.04
Net increase/(decrease) in cash and cash equivalents	(119.31)	(127.20)	239.61	(54.79)

Net Cash from Operating Activities

Net cash from or used in operating activities includes flows and outflows from changes in operating assets and liabilities, trade and other receivables and trade payables.

The working capital adjustments are as follows:

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Nine months ended December 31, 2010
Decrease/(Increase) in Trade & Other Receivables	(555.37)	(369.24)	245.79	(1427.01)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Nine months ended December 31, 2010
Decrease/(Increase) in Inventories	31.27	(177.34)	(400.04)	(220.01)
Decrease/(Increase) in Loans & Advances			(193.07)	(152.61)
Increase/(decrease) in Trade Payables & Provisions	98.29	299.25	53.56	1141.37

Net Cash from Investing Activities

Net cash used in investing activities includes funds paid in connection with our capital expenditures and net cash inflows and outflows from other investments.

Net cash used in investing activities for the nine months ended December 31, 2010 was ₹ 1,329.22 lacs. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 1,330.14 and dividend income of ₹ 0.92 lacs

Net cash used in investing activities was ₹ 2,457.21 in Fiscal 2010. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 2,420.60 lacs, purchases of investments of ₹ 37.42 lacs and dividend income of 0.81 lacs.

Net cash used in investing activities was ₹ 971.77 lacs in Fiscal 2009. This mainly reflected purchases of long-term investments of ₹ 974.10 lacs.

Net cash used in investing activities was ₹ 581.49 lacs in Fiscal 2008. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 585.14 lacs and sale of fixed asset of ₹ 5.09 lacs.

Net Cash from Financing Activities

Net cash used in financing activities includes inflows and outflows from borrowings and interest and finance charges paid.

Net cash from financing activities for the nine months ended December 31, 2010 was ₹ 16.04 lacs. This mainly reflected repayment of long-term bank borrowings of ₹ 219.56 lacs, proceeds from other long term borrowings of ₹ 738.91 lacs, repayment of short term bank borrowings of ₹ 239.50 lacs, payment of interest and financial charges of ₹ 263.77 lacs and redemption of preference shares of ₹ 0.04 lacs.

Net cash from financing activities for the Fiscal 2010 was ₹ 1,584.97 lacs. This mainly reflected proceeds from long-term bank borrowings of ₹ 957.38 lacs, proceeds from other long term borrowings of ₹ 241.44 lacs, proceeds from short term bank borrowings of ₹ 716.19 lacs and offset by payment of interest and financial charges of ₹ 330.04 lacs.

Net cash used in financing activities for the Fiscal 2009 was ₹ 252.38 lacs. This mainly reflected proceeds from long-term bank borrowings of ₹ 94.95 lacs and offset by payment of interest and financial charges of ₹ 347.33 lacs.

Net cash used in financing activities for the Fiscal 2008 was ₹ 10.87 lacs. This mainly reflected proceeds from long-term bank borrowings of ₹ 259.96 lacs, repayment of other long term borrowings of ₹ 5.68 lacs and further offset by payment of interest and financial charges of ₹ 180.54 lacs.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to interest rate risk primarily as a result of loans from commercial banks, financial institutions and non-banking financial companies. We had ₹ 5,744.48 lacs in loans that are subject to interest as of December 31, 2010, which exposes us to market risk as a result of changes in interest rates. This includes secured loans of ₹ 3,377.44 lacs and unsecured loans of ₹ 2,367.04 lacs. Upward fluctuations in interest rates would increase the cost of new debt and interest cost of outstanding variable rate borrowings. In addition, any

increase in interest rates could adversely affect our ability to service long-term debt, which would in turn adversely affect our results of operations.

Inflation

According to the Department of Economic Affairs of the Ministry of Finance, India's annual overall inflation rate as measured in terms of wholesale price index (all commodities) was approximately 9.90% in 2010, 8.41% in 2008 and 7.61% in 2008.

Foreign Exchange Fluctuations

We are exposed to risks from fluctuations in foreign exchange fluctuations, since majority of our revenues are from exports.

Analysis of Certain Changes

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years other than as described herein.

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in '*Factors Affecting our Results of Operations*' and the uncertainties described in the section entitled '*Risk Factors*' beginning on page xv of the Draft Red Herring Prospectus. To our knowledge, except as we have described in the Draft Red Herring Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties

Our business has been affected, and we expect to continue to be affected, by the trends identified above in '*Factors Affecting our Results of Operations*' and the uncertainties described in the section entitled '*Risk Factors*' beginning on page xv of the Draft Red Herring Prospectus. To the best of our knowledge and belief, except as we have described in the Draft Red Herring Prospectus, there are no known material factors which we expect to have a material adverse impact on our revenues or income from continuing operations for the nine months ended December 31, 2010.

Future relationship between expenditure and revenues

Except as described in under section titled '*Risk Factors*' and chapters titled '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on pages xv, 59 and 143 of the Draft Red Herring Prospectus respectively, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Increase in our revenue

We anticipate expanding our businesses with the development of a variety of projects, which will add to our ability to generate revenue. For more details please refer to the chapter titled '*Our Business*' beginning on page 59 of the Draft Red Herring Prospectus.

Significant regulatory changes

Except as described in the chapter titled '*Key Regulations and Policies*' beginning on page 82 of the Draft Red Herring Prospectus, there have been no significant regulatory changes that we expect could affect our income from continuing operations.

New products or business segments

Our Company has not announced any new product and segment, other than through the Draft Red Herring Prospectus.

Seasonality of business

Our Company's business is not seasonal in nature.

Significant dependence on single or few suppliers or customers

Customers' contribution:

Particulars	9 months ended December 31, 2010
Top 3 (%)	41.66
Top 5 (%)	54.63

Suppliers Contribution:

Particulars	9 months ended December 31, 2010
Top 3 (%)	30.56
Top 5 (%)	37.96

Competitive conditions

We expect to face the competitive conditions described in 'Our Business' and in the section titled 'Risk Factors' beginning on pages 59 and xv respectively, of the Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from financial institutions for conducting its business. Following is a summary of our Company's outstanding borrowings as on December 31, 2010:

		(₹ in lacs)
Sr. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	3,377.44
2.	Unsecured Borrowings	2,367.04

1. Secured Borrowings

Set forth below is a brief summary of the outstanding secured borrowings of our Company, together with a brief description of certain significant terms of such financing arrangements:

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate	Repayment Schedule	Security
1.	Citibank N. A, Bahrain	External commercial borrowing by way of a Term Loan facility of Japanese Yen equivalent to US\$ 15,00,000 through letter dated March 9, 2011	US\$ 15,00,000 equivalent to ₹ 670.50 lacs	Interest will be payable at the end of each Interest Period. The interest rate payable will be the sum of the relevant JPY LIBOR and the margin.	In 17 equal quarterly instalments, 15 months from the date of first drawdown	<ul style="list-style-type: none"> • First and exclusive charge on fixed assets funded thru Citibank ECB; • Pari passue charge on all movable fixed assets of our Company (except fixed assets financed by term lenders of which they have exclusive charge); • Pari passu charge on factory land and building at Vapi, Dahej and Ankleshwar; • Second pari passue charge on current assets of our Company; • Personal guarantee of Mr. Mohan Dama, Mr. Premji Hemani, Ms. Minal Dama and Ms. Naina Hemani collectively constituting 77% stake of our Company; • Corporate guarantee of Hemani Chemie Organics Private Limited; and • DPN and LOC.
2.	DBS Bank Limited	External commercial borrowing by way of a Foreign Currency Loan of US\$ up to 15,00,000	US\$ 15,00,000 equivalent to ₹ 670.50 lacs	The applicable LIBOR plus 200 bps excluding applicable with holding	In 16 equal quarterly instalments, 15 months	<ul style="list-style-type: none"> • First and exclusive charge on fixed assets financed by DBS Bank; • First pari passue charge on all plant and machineries except

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate	Repayment Schedule	Security
		through letter ref no. CDT/ADMIN/341/2009 dated November 16, 2009		tax. All interest payments shall be made in arrears at the end of each interest period and calculated on the basis of the actual number of days elapsed in a year of 360 days.		those financed by other banks; <ul style="list-style-type: none"> • First pari passu charge on factory land and building at Vapi and Dahej; • Second pari passu charge on on factory land and building at Ankleshwar; • Second parri passu charge on the current assets of our Company; and • Personal guarantee of Mr. Mohan Dama, Mr. Premji Hemani, Ms. Minal Dama and Ms. Naina Hemani along with latest network statements duly certified by chartered accountant.
3.	Axis Bank Limited	(a) Cash credit facility of ₹ 125 lacs through letter ref no. AXIS/WZ/A DV/40/2008 -09 dated April 15, 2008 (b) Post shipment Export Credit facility of ₹ 475 lacs through letter ref no. AXIS/WZ/A DV/40/2008 -09 dated April 15, 2008 (c) Letter of Credit of ₹ 500 lacs through letter ref no. AXIS/WZ/A DV/40/2008	₹ 592.32 lacs	(a) BPLR – 2.50 %, i.e., Currently being 12.25% per annum payable monthly (b) Up to 90 days BPLR – 4.50 %, i.e., Currently being 10.25% per annum 90 days to 180 days BPLR – 2.00 %, i.e., 12.25% per annum	-	(a) Primary: First hypothecation charge over the entire current assets including stock and book debts of our Company ranking pari passu with Citibank. Collateral: <ul style="list-style-type: none"> • Extension of first charge by way of equitable mortgage/hypothecation on entire immovable/movable fixed assets of our Company financed through term loan sanctioned by Axis Bank Limited • First pari passu charge along with Citibank by way of equitable mortgage/hypothecation on entire fixed assets of our Company, excluding those assets financed by Dombivli Nagari Sahakari Bank Limited; • Second charge by way of equitable mortgage/hypothecation on entire immovable / movable fixed assets financed by Dombivli

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate	Repayment Schedule	Security
		-09 dated April 15, 2008				<p>Nagari Sahakari Bank Limited; and</p> <ul style="list-style-type: none"> Personal guarantee of Mr. Mohan Dama and Mr. Premji Hemani <p>(b) Primary</p> <ul style="list-style-type: none"> Export bills with title to goods duly indorsed in favour of the bank and all other security applicable to cash credit facility. <p>Collateral As mentioned for cash credit facility</p> <p>(c) Goods procured under Letter of Credit. As stipulated for cash credit facility</p>
4.	Axis Bank Limited	Term loan of ₹ 850 lacs through letter ref no. AXIS/WZ/ADV/40/2008-09 dated April 15, 2008	₹ 332.03 lacs	BPLR – 2.50 %, i.e., Currently being 12.25% per annum payable monthly	Moratorium of 12 months from the date of first disbursement. Repayment in 59 monthly instalments of ₹ 14.20 lacs each and last instalment of ₹ 12.20 lacs. Monthly interest to be services separately.	<p>Primary: Exclusive first charge by way of mortgage/hypothecation of immovable/ movable fixed assets of our Company financed through Term Loan Sanctioned by Axis Bank.</p> <p>Collateral:</p> <ul style="list-style-type: none"> Extension of first hypothecation charge over the entire current assets including stock and book debts of our Company ranking pari passu with other working capital bankers; First pari passu charge along with Citibank by way of equitable mortgage/hypothecation on entire fixed assets of our Company, excluding those assets financed by Dombivli Nagari Sahakari Bank Limited; Second charge by way of equitable mortgage/hypothecation on entire immovable / movable fixed assets

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate	Repayment Schedule	Security
						financed by Dombivli Nagari Sahakari Bank Limited; and <ul style="list-style-type: none"> • Personal guarantee of Mr. Mohan Dama and Mr. Premji Hemani
5.	DBS Bank Limited	Working Capital Facility of ₹ 400 lacs through letter ref. no. CDT/ADMIN/34 2/2009 ("Facility") dated November 16, 2009	₹ 77 lacs	As mutually agreed	Subject to the Facility being repayable on demand	<ul style="list-style-type: none"> • First pari passu charge on current assets of our Company; • First pari passu charge on movable fixed assets of our Company (except assets financed by other banks); • First pari passu charge on factory land and building at Vapi and Dahej; • Second pari passu charge on on factory land and building at Ankleshwar; and • Personal guarantee of Promoters/Directors along with latest networth statements duly certified by chartered accountant
6.	Citibank A.	N. Working Capital Facility of ₹ 1,450 lacs through letter dated March 9, 2011	₹ 948.56 lacs	As applicable from time to time, and agreed prior to each draw down	-	<ul style="list-style-type: none"> • Pari passu charge on the current asset of our Company; • Pari passu charge on all movable fixed assets of our Company (except fixed assets financed by term lenders of which they have exclusive charge); • Pari passu charge on factory land and building at Vapi, Dahej and Ankleshwar; • 10% cash margin on usance LC/ Sight LC; • Drawing power will be calculated in terms of the prevalent RBI directives and Citibank guidelines; • Margin of 30% on stocks /book debts would be maintained for the purpose of drawing power. Group

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate	Repayment Schedule	Security
						<p>Company receivables would not be considered for drawing power calculation;</p> <ul style="list-style-type: none"> • Personal guarantee of Mr. Mohan Dama, Mr. Premji Hemani, Ms. Minal Dama and Ms. Naina Hemani collectively constituting 77% stake of our Company; • Corporate guarantee of Hemani Chemie Organics Private Limited; and • DPN and LOC

Auto loans (repayable in monthly instalments) secured against hypothecation of cars

Sr. No.	Name of the Lender	Facility	Amount Outstanding (as on December 31, 2010)	Interest Rate
1.	ICICI Bank	Auto loan of ₹ 6.20 lacs	₹ 5.69 lacs	9.78%
2.	ICICI Bank	Auto loan of ₹ 16.00 lacs	₹ 2.80 lacs	11.47%
3.	HDFC Bank	Auto loan of ₹ 36.00 lacs	₹ 31.31 lacs	16.00%
4.	HDFC Bank	Auto loan of ₹ 36.00 lacs	₹ 31.31 lacs	16.00%
5.	HDFC Bank	Auto loan of ₹ 7.25 lacs	₹ 6.84 lacs	16.00%

Apart from the above secured loans our Company has availed a letter of credit backed bill discounting facility of ₹ 8.55 lacs from Bank of India.

Restrictive Covenants

Pursuant to the financing arrangements described above our Company shall not, without the prior written consent, in some cases, or without prior written intimation to our lenders:

- Undertake or permit any merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction;
- Shall not utilise the proceeds of the loans for (a) subscription to or purchase of shares / debentures other than as mentioned in the respective agreements; (b) repayment of dues to promoters / associate concerns / inter corporate deposits etc. (c) extending loans to subsidiaries or associate companies or making any inter-corporate deposits;
- Issue any debentures, raise any loans, accept deposits from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees except normal trade guarantees or temporary loans and advances granted to staff or contractors or suppliers in the ordinary course of business or to raising of unsecured loans, overdrafts, cash credit, or other facilities from banks in the ordinary course of business;
- Declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to its lenders up to the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor;
- Revalue its assets any time during the currency of the loans;

- (f) Dispose of or enter into any arrangements or shall create in favour of any other party any lien or charge by way of hypothecation, pledge or otherwise however nor create any encumbrances of any kind whatsoever on the said shares pledged/or to be pledged or any part thereof;
- (g) make any material change in the scope or nature of its business;

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Directors, Promoters and Group Entities and there are no defaults, non-payment of statutory dues, over-dues to banks / financial institutions / small scale undertaking(s), defaults against banks / financial institutions / small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue / other liabilities, proceedings initiated for / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoters or our Group Entities that would result in a material adverse effect on our business taken as a whole.

Further, except as disclosed hereunder our Company, our Directors, our Promoters or our Group Entities have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

For details of the contingent liabilities of our Company please refer to the section titled ‘Financial Information’ beginning on page 118 of the Draft Red Herring Prospectus.

I. Outstanding litigations involving our Company

A. Outstanding litigations against our Company

Civil Case

1. SPI Containers Private Limited (“**Plaintiff**”) has filed a summary suit bearing number 1472 of 2008 (“**Suit**”) against our Company (“**Defendant**”) before the Court of Civil Judge at Ahmedabad (“**Court**”).

The Plaintiff has preferred the Suit, being aggrieved by the alleged non payment of ₹ 3,74,007 towards outstanding bills pertaining to purchase of M. S. Drums (barrels) in the month of October, 2006 by the Defendant. The Plaintiff has prayed *inter alia* for (a) A decree of ₹ 3,74,007 towards principal outstanding amount plus ₹ 1,44,679 towards interest at the rate of 24% per annum from the date of the bill till the date of suit, aggregating to ₹ 5,19,000; and (b) for costs of the Suit.

The Defendant has filed its written statement on November 15, 2009 wherein it submitted *inter alia* that (a) the quality of the drums did not meet the market standards and the drums supplied by the Plaintiff were rusted; (b) drums supplied by the Plaintiff were of sub standard quality and therefore caused leakage and the Defendant suffered heavy losses.

Labour cases

1. Rakesh Patel (“**Claimant**”) has filed a case bearing reference number LCV 330 of 2005 before the Valsad Labour Court, against Hemani Industries Limited (“**Respondents**”). The Claimant has claimed that he was working as an electrician wireman, from November 24, 1999 till January 29, 2005 at the factory premises of the Respondents, drawing wages at the rate of ₹ 103.66 per day and that with effect from January 29, 2005 the Claimant was retrenched from the employment, without any notice or reason whatsoever. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from January 29, 2005 till such time that his employment is restated. The Respondents in their reply have denied all such claims made by the Claimant and have also denied that the Claimant was ever an employee of the Respondents. The matter is pending before the Valsad Labour Court for want of evidence.
2. Umesh Kumar Rai (“**Claimant**”) has filed a case bearing reference number LCV 269 of 2006 before the Valsad Labour Court, against Hemani Industries Limited (“**Respondents**”). The Claimant has claimed that he was working as a first class boiler attendant, from March 23, 2000 till September 24, 2005 at the factory premises of the Respondents, drawing wages at the rate of ₹ 7,050 per month and that with effect from September 24, 2005 the Claimant was retrenched from the employment, without any notice or reason whatsoever. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from September 24, 2005 till such time that his employment is restated. The

Respondents in their reply have denied the claims made by the Claimant and have stated that the Claimant has voluntarily left the employment with effect from September 24, 2005 and that he was last drawing salary at the rate of ₹ 4,030 per month. The matter is pending before the Valsad Labour Court for want of evidence.

3. There is one case bearing number 32 of 2010 pending before the Chief Judicial Magistrate, Ankleshwar filed by the Factory Inspector, Ankleshwar against the Company. The case is regarding a fatal accident that occurred in the factory premises of the Company on May 19, 2010 wherein one of the employees Mr. Amirinder Shivbachhan Sharma died in the accident. The Company has compensated the family of Mr. Amirinder Shivbachhan Sharma with ₹ 1.75 lacs. However the matter is pending for hearing and final disposal before the Chief Judicial Magistrate, Ankleshwar.

B. Outstanding litigations by our Company

Civil Cases

1. An appeal bearing number OA/20/2010/PT/MUM/6520 dated September 1, 2010 (“**Appeal**”) has been filed by Sajan India Limited (“**Appellant**”) against the Controller of Patent & Designs (**Respondent No. 1**), Mumbai, the Assistant Controller of Patents & Design, Mumbai (**Respondent No. 2**) and our Company (**Respondent No. 3**) against the order of the Respondent No. 2 dated April 12, 2010 (“**Impugned Order**”) in the matter of post grant opposition in the Indian Patent Number 213318 under section 25(2) of the Patents Act, 1970.

Appellant had applied for grant of patent in respect of an invention titled ‘the process for preparation of 3,3 Dichloro Benzedine Hydrochloride’ before Respondent No. 1 on January 31, 2006 (Patent No. 213318 (153/MUM/2006)). The request for examination was made on April 10, 2006 and the said patent was published on May 12, 2006. The patent application was examined by the examiner under section 12 and 13 of the Patents Act, 1970 and the Appellant was granted a patent in respect to the said invention for a term of 20 years from January 31, 2006 under Patent number 213318.

Respondent No. 3 had on or about January 22, 2009 filed post grant opposition against the said Patent number 213318 under section 25(2) of the Patents Act, 1970 on the basis that invention has been used in India before the said date of grant and that the invention is obvious and does not involve any inventive step. The Appellant in its reply stated that the Patent was granted after considering the patentability aspect by the examiner and Respondent No. 1. After hearing the parties and having considered the facts of the case the Respondent No. 2 *vide* the Impugned Order revoked the said Patent number 213318 to the Appellant. Being aggrieved by Impugned Order Appellant filed an Appeal before the Intellectual Property Appellate Board, Chennai on the grounds *inter alia* that: (a) Respondent No. 2 erred in straight away revoking the granted Patent inspite of the granted Patent having novelty and inventive steps; (b) Respondent No. 2 failed to appreciate that said Patent had been granted after duly considering and being satisfied with the condition of novelty and inventive steps during the examination; and (c) Respondent No. 2 failed to appreciate that the Respondent No. 3 is not an interested party, and have failed to prove its interest in filing an opposition under section 25(2) of the Patents Act, 1970.

The Appellant has accordingly prayed *inter alia* that the Patent being granted under Patent number 213318 should not be removed, rectified, amended from the register of Patents and that cost be awarded to the Appellant for the proceedings. The Appeal is currently pending before the Intellectual Property Appellate Board, Chennai.

II. Outstanding litigations involving our Directors and Promoters

For environmental case involving our promoters please refer ‘*Environmental cases*’ in this section under the head ‘*Outstanding litigations against our Group Entities*’.

III. Outstanding litigations involving our Group Entities

C. Outstanding litigations against our Group Entities

M/s. Ideal Dye Chem Industries

Income Tax Cases

Assessment Year -2008-09

An appeal bearing number 6069/Mum-2010 (“**Appeal**”) is pending before the Income Tax Appellate Tribunal (“**I.T.A.T.**”), Mumbai filed by Ideal Dye Chem Industries (“**Appellant**”) challenging the order dated June 7, 2010 (“**Impugned Order**”) passed by Commissioner of Income Tax (Appeals), Mumbai (“**CIT (Appeals)**”) under sections 143(3) of the Income Tax Act, 1961 for the Assessment Year 2008 – 09. CIT (Appeals) *vide* the Impugned Order, dismissed the appeal bearing number CIT(A)-37/L.T-486/ACC-12/09-10 filed by the Appellant against the assessment order dated November 30, 2009 of Assistant Commissioner of Income Tax, Central Circle -12. Based on a survey dated October 10, 2007 in the premises of the Appellant, the Assistant Commissioner of Income Tax, Central Circle -12 passed an assessment order under section 143 (3) of the Act, determining the additional business income of ₹ 33.99 lacs. Appellant has filed the present Appeal, *inter alia* on the grounds that CIT (Appeals) erred in confirming the addition made by the assessment officer to the value of closing stock of ₹ 33.99 lacs being value of work in progress as on date of search even though the appellant had included value of work in process as on last day of financial year in the value of closing stock while preparing profit and loss account. The matter is pending before the I.T.A.T.

Environmental cases

There are four cases, 8 of 1989, 67 of 1989, 897 of 1989 and 2114 of 1989 pending before the Judicial Magistrate First Class, Pardi filed by the Gujarat Pollution Control Board (‘GPCB’) against M/s. Ideal Dychem Industries and its then existing partners, Mr. Premji Hemani, Mr. Mohan Dama, Ms. Radha Dama, Mr. Amrut Dama, Mr. Naresh Dama and Ms. Parwati Dama (‘Respondents’). GPCB has stated that M/s. Ideal Dychem Industries has been using Benzidine Di-hydrochloride, Nitrobenzene, caustic soda, flakes, formaldehyde, hydrochloric acid, methanol, betanaphthol, sodium nitrite, sulphuric acid etc. as raw materials in its manufacturing activities and has been releasing contaminated water and other effluents without duly treating the same in terms of the applicable regulations which is in contravention of section 24, 25, 26 of Water (Prevention and Control of Pollution) Act, 1974 and thereby has been continuously contaminating the Kolak river. GPCB has stated that such contravention is punishable under the provisions of section 43, 44 and 47 of Water (Prevention and Control of Pollution) Act, 1974 and that strict action should be taken against M/s. Ideal Dychem Industries and its partners for the aforesaid contraventions. The matters are pending before the Judicial Magistrate First Class, Pardi.

Labour cases

1. Ramgyan V. Rajbhar (“**Claimant**”) has filed a case bearing reference number LCV 126 of 2005 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondents**”). The Claimant has claimed that he was working as a helper, from December 19, 2002 till October 8, 2004 at the factory premises of the Respondents, drawing wages at the rate of ₹ 93 per day and that with effect from October 8, 2004 the Claimant was retrenched from the employment, without any notice or reason whatsoever. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from October 8, 2004 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that there was no employer-employee relation between the Claimant and the Respondents. The matter is pending before the Valsad Labour Court for want of evidence.
2. Pappu R. Patel (“**Claimant**”) has filed a case bearing reference number LCV 329 of 2005 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondent**”). The Claimant has claimed that he was working as a helper, from December 11, 2002 till January 7, 2005 at the factory premises of the Respondent, drawing wages at the rate of ₹ 93 per day and that with effect from January 7, 2005 the Claimant was not taken back on employment when he intended to resume work after taking leave for approximately one month for personal reasons. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from January 7, 2005 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that there was no employer-employee relation between the Claimant and the Respondents and that the Claimant was an employee of a contractor. The matter is pending before the Valsad Labour Court for want of evidence.
3. Deepak Singh (“**Claimant**”) has filed a case bearing reference number LCV 265 of 2005 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondent**”). The Claimant has claimed that he was working as a boiler fireman, from January 1, 2002 till October 5, 2005 at the factory premises of the Respondent, drawing wages at the rate of 3,800 per month and that with effect from October 5, 2005 the Claimant was retrenched from the employment, without any notice or reason whatsoever. The Claimant has

prayed that his employment be restated and that he should be compensated for the loss of wages from October 5, 2005 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that as per the records of the Respondents the Claimant was never an employee of the Respondents. The matter is pending before the Valsad Labour Court for want of evidence.

4. Jagdish N. Yadav (“**Claimant**”) has filed a case bearing reference number LCV 138 of 2004 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondent**”). The Claimant has claimed that he was working as a boiler operator, from January 1, 2002 till August 7, 2003 at the factory premises of the Respondent, drawing wages at the rate of 4,200 per month and that with effect from August 7, 2003 the Claimant was retrenched from the employment, without any notice or reason whatsoever. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from August 7, 2003 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that the Claimant was on a contract employment of three months at the rate of ₹ 4,000 per month and that he left employment within one month. The matter is pending before the Valsad Labour Court for want of evidence.
5. Kedar Prasad Yadev (“**Claimant**”) has filed a case bearing reference number LCV 138 of 2004 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondent**”). The Claimant has claimed that he was working as a thermo pack operator, from January 27, 2003 till January 9, 2004 at the factory premises of the Respondent, drawing wages at the rate of 93 per day and that with effect from February 9, 2004 the Claimant was not taken back on employment when he intended to resume work after having returned from his native. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from August 7, 2003 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that the Claimant had voluntarily left his employment for personal reason and did not join back employment in spite of repeated reminders by the Respondent. The matter is pending before the Valsad Labour Court for want of evidence.
6. Suryadev Kumar Singh (“**Claimant**”) has filed a case bearing reference number LCV 102 of 2005 before the Valsad Labour Court, against Ideal Dye Chem Industries Limited (“**Respondent**”). The Claimant has claimed that he was working as a boiler operator, from February 1, 1997 till August 6, 2004 at the factory premises of the Respondent, drawing wages at the rate of 82 per day and that with effect from August 6, 2004 the Claimant was retrenched from the employment. The Claimant has prayed that his employment be restated and that he should be compensated for the loss of wages from August 6, 2004 till such time that his employment is restated. The Respondents in their reply have denied the claims made by the Claimant and have stated that the Claimant had voluntarily left his employment for personal reason and did not join back employment in spite of repeated reminders by the Respondents. The matter is pending before the Valsad Labour Court for want of evidence.

D. Outstanding litigations by our Group Entities

NIL

IV. Potential Litigations

E. Potential Litigation by our Group Entities

Hemani Chemi Organics Private Limited

1. A legal notice dated August 3, 2009 was issued for and on behalf of Hemani Chemi Organics Private Limited (“**HCOPL**”) to M/s. Apoorva Consultants, Vapi (“**MAC**”) wherein HCOPL alleged, *inter alia*, that MAC has committed fraud upon HCOPL by submitting a project report which in the opinion of HCOPL is false and bogus and that MAC was always aware of the fact that no such project can be commenced or is viable. *Vide* the said legal notice HCOPL has demanded from MAC repayment of principal amount of ₹ 10,00,000 paid by HCOPL to MAC towards the project report along with interest at the rate of 18% per annum. MAC *vide* letter dated August 10, 2009 of its legal advisor had replied to the said legal notice and, *inter alia*, denied all the allegations made by HCOPL. Further, MAC states that they are not only entitled to ₹ 10,00,000 paid to them by HCOPL but also to the remaining amount of ₹ 15,00,000 towards their outstanding fees and damages for breach of contract by HCOPL. HCOPL *vide* another legal notice dated September 7, 2009 addressed to MAC expressed, *inter alia*, its intention to file a FIR with the police against MAC under section 420 of the Indian Penal Code. MAC *vide* letter dated September 26, 2009 of its legal

advisor replied to the said legal notice wherein, *inter alia*, MAC denied all the allegations made by HCOPL including of having committed any offence publishable under section 420 of the Indian Penal Code.

V. Details of the past penalties imposed on our Company / Directors

As on the date of the Draft Red Herring Prospectus, no penalties have been imposed on our Company or any of our Directors.

VI. Amounts owed to small scale undertakings or any other creditors

As on date of the Draft Red Herring Prospectus our Company does not owe a sum exceeding ₹ 1,00,000 which has been outstanding for a period of more than 30 days to any Small Scale Undertakings or any other creditors.

VII. Material developments occurring after last balance sheet date, that is, December 31, 2010

Except as stated in the Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since December 31, 2010, which is the date of the most recent financial statements included in the Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect our profitability, our financial condition or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Except for pending approvals mentioned under this Section, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Governmental agencies, required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet received/applied for any licenses, consents, permissions or approvals for the carrying out any proposed activities as contained in the chapter titled 'Objects of the Issue' beginning on page 30 of the Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

I. GENERAL

1. Certificate of Incorporation bearing number 11-76416 of 1994 dated February 3, 1994, has been issued to our Company by the Additional Registrar of Companies, Maharashtra at Mumbai, in the name of Hemani Intermediates Private Limited.
2. Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company dated April 15, 2011 has been issued to our Company by the Deputy Registrar of Companies, Maharashtra, Mumbai pursuant to conversion of our Company to public limited company bearing the name Hemani Intermediates Limited.
3. Fresh Certificate of Incorporation Consequent upon Change of Name dated May 3, 2011, has been issued to our Company by the Deputy Registrar of Companies, Maharashtra, Mumbai, pursuant to change of name of our Company to Hemani Industries Limited.
4. Permanent Account Number ("PAN"), AAACH1117Q has been allotted to our Company by the Income Tax Department, Government of India as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
5. Tax Deduction Account Number ("TAN"), MUMH08249D has been allotted to our Company by the Income Tax Department, Government of India as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
6. State Sales Tax registration number 24250900426 has been issued to our Company on February 27, 2002 by the Assistant Commissioner of Commercial Tax (1), Vapi, Commercial Tax Department, Government of Gujarat. The same is valid from July 1, 2002 and until cancellation.
7. Certificate of Importer-Exporter Code (IEC) bearing IEC number 0395018544 has been issued to our Company on July 12, 1995 *vide* certificate dated August 19, 2010, by the Foreign Trade Development Officer, Mumbai (Office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India). The same is valid for our Company's units at:
 - 780/1 and 2, 40, Shed Area, GIDC, Vapi – 396 195, Gujarat;
 - 706 – 710, Reena Complex, Vidyavihar (West), Mumbai – 400 086, Maharashtra;
 - Unit – II, Plot number – 3207/A&B and 3208/1&2, GIDC Industrial Estate, Ankleshwar – 393 002, Gujarat; and
 - Unit – III, CH/5, GIDC Industrial Estate, Dahej – 392 140, Talvagra, Bharuch, Gujarat.
8. Registration-Cum-Membership Certificate bearing registration number CHEM/SSM/H-1/2010-11/9670 has been issued to our Company on April 8, 2010 by CHEMEXCIL– Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council, Mumbai (Ministry of Commerce & Industry, Government of India) for Panel – I Dyes and Dye Intermediates. The same is valid till March 31, 2015.
9. Letter bearing Code number 37-19407-34 SF dated October 7, 1994 has been issued to our Company for registration of employees' and factories establishments under Section 2(12) of the Employee State Insurance Act, 1948, by the Regional Director, Ahmedabad (Gujarat Regional Office, Employees State Insurance Corporation). The registration is valid w.e.f. May 16, 1993.
10. Letter for allotment of Code number GJ/SRT/30462 dated June 26, 1996, from the Regional Provident Fund Commissioner Incharge, Employees' Provident Fund Organisation, Sub Regional Office, Surat to

our Company, under the Employees Provident Funds and Miscellaneous Provision Act, 1952, for our Company's unit at Ankleshwar.

11. Certificate of Registration under Gujarat Value Added Tax Act, 2003, bearing number 24250900426 dated February 27, 2002, issued by the Assistant Commissioner of Commercial Tax (1), Vapi to our Company. The same is valid for our Company's units at Vapi, Ankleshwar and Dahej, from July 1, 2002 until cancellation.
12. Certificate of Registration under the Central Sales Tax (Registration and Turnover) Rules, 1957, bearing number 24750900426 dated June 23, 1994, issued by the Commercial Tax Officer, Vapi, registering our Company as a dealer under Sections 7(1) / 7(2) of the Central Sales Tax Act, 1956. The same is valid for our Company's units at Vapi, Ankleshwar and Dahej, from February 7, 1994 until cancellation.
13. EPCG Licence

Sr. No.	Licence number	Date	CIF value/duty saved (in ₹)	Export Obligation (in US\$)	Validity for fulfilling obligation (in years)	Export obligation items
1.	0330026464	June 29, 2010	1,34,91,117.00	2,81,946.01	6	i. Meta Phenoxy Benzaldehyde ii. Meta Bromo Nitrobenzene iii. Meta Bromo Anisole iv. Lambda Cyhlothrins v. 3,3 Dichloro Benzidine Dihydrochloride

VAPI UNIT

14. Consents to Establish *vide* Consent Order dated September 30, 2008, under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986, issued by the Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar for establishing our Company's unit at Vapi, District – Valsad, Gujarat.
15. License bearing registration number ACL/VAL/CLL/158/2006 dated December 4, 2006 by the office of the Assistant Commissioner of Labour, Valsad, Gujarat to our Company's unit at Vapi under Section 12 (2) of the Contract Labour (Regulation and Abolition) Act, 1970. The same is valid till September 30, 2011.
16. Central Excise Registration Certificate bearing Registration Number AAACH1117QXM001 dated April 9, 2007 has been issued to our Company by the Assistant Commissioner of Central Excise, Division I, Vapi, under the Central Excise Act, 1944 for manufacturing at plot number 780/1 & 2, 779/1/B, 779/3/A, 40, Shed Area, Shed number C1B – 6129, GIDC, Vapi Industrial Area, Valsad – 396 195, Gujarat. The same is valid until cancellation.
17. Certificate of registration bearing number R349013666 dated October 8, 2001, for registration of our Company as an employer under sub section (1) of section 5 of the Gujarat State Tax on Professions, Trades, Callings, and Employment Act, 1976, issued by the Profession Tax Officer, Vapi Division, Gujarat. The same is valid until cancellation.
18. Profession Tax registration number being E349082829, *vide* Certificate dated January 22, 1997, issued by the Profession Tax Officer, Vapi Division, Gujarat to our Company under Section 5(2) of the Gujarat State Tax on Professions, Trades, Callings, and Employment Act, 1976. The same is valid until cancellation.
19. License to store compressed gas in cylinders bearing License number G/WC/GJ/06/1494(G23853) dated November 26, 2008 has been granted to our Company, under Explosives Act, 1884, by the Joint Chief Controller of Explosives, Mumbai for storage of 960 hydrogen cylinders at our Company's unit at 779/3A, 40 Shed Area, GIDC, Vapi, District – Valsad, Gujarat. The same is valid till September 30, 2011.

20. Letter for allotment of Code number GJ/SRT/31042/ENF/III/1543, dated September 18, 1997, from the Regional Provident Fund Commissioner, Employees' Provident Fund Organisation, Sub Regional Office, Surat, to our Company under the Employees Provident Funds and Miscellaneous Provision Act, 1952, for our Company's unit situated at Vapi and at Ideal Dyechem Industries, Silvassa Road, Vapi. The same is valid from May 3, 1994 until cancellation.
21. Entrepreneurs Memorandum Number 240251300583 has been allocated to our Company on October 22, 2007 by the General Manager & Deputy Commissioner of Industries, District Industries Centre, Valsad, on acknowledgement for filing memorandum for setting up medium manufacturing enterprise at Plot number 780/1 & 2, 40, Shed Area, G. I. D. C. Vapi – 396 195, District – Valsad, Gujarat.
22. Consent and Authorisation certificate bearing Consent Order number 10298, dated February 13, 2008, has been issued to our Company by the Environmental Engineer, Gujarat Pollution Control Board under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management, Handling and Transboundary Movements) Rule, 2008, for use of outlet for the discharge of trade effluent and emission in the manufacture of 3, 3 Dichlorobenzidine – HCL at our Company's unit at Vapi. The same is valid till May 25, 2012.
23. License to Import and Store Petroleum in Installation bearing Licence number PHQ/GJ/15/1376(P10907) dated June 12, 1994 issued by the Controller of Explosives, Vadodara (Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry, Government of India) to import and store petroleum, for importation of 100 KL 'Petroleum Class A in bulk' at our Company's unit situated at Vapi. The same is valid till December 31, 2013.
24. Certificate For The Use Of A Boiler issued by the Assistant Director of Boilers, Gujarat, Vapi to our Company, under Indian Boilers Act, 1923 to use IBL make 130 sq. mt. capacity bearing Boiler no. GT/5441 at Plot number 780/1 & 2, 40, Shed Area, Vapi, Gujarat. The same is valid from March 23, 2011 to March 22, 2012.
25. Service Tax registration certificate bearing STC number AAACH1117QST001, dated May 6, 2009, issued by the Assistant Commissioner of Central Excise & Customs, Vapi to our Company's unit situated at Vapi Unit. The same is valid until cancellation.
26. License to Work a Factory bearing License Number 099643 and Registration Number 30(303.3)229/A dated November 3, 2009, has been issued to our Company by the Deputy Director, Industrial Safety and Health, Valsad (Directorate Industrial Safety & Health, Gujarat State) under the provisions of the Factories Act, 1948, for unit situated at Plot number 780/2, 40, Shed Area, G. I. D. C., Vapi, District – Valsad, Gujarat. The same is valid up to December 31, 2011.
27. Renewal of license bearing number P/HQ/GJ/15/1376 dated November 30, 2010, issued by the Deputy Chief Controller of Explosives, Petroleum & Explosives Safety Organization (PESO) for existing Petroleum Class "A" installation at plot no. 780/2, G.I.D.C., Vapi. The same is now valid upto December 31, 2013.
28. Letter bearing number 5130 dated July 24, 2008 from Dakshin Gujarat Vij Company Limited to our Company for sanctioning and approval of power supply load upto 750 KVA at our Company's unit at Vapi.
29. Letter dated March 19, 2001 from the Office of the Electrical Inspector, Surat for approval of installation of 380 KVA D. G. Set for our Company's unit situated at Vapi.
30. Certificate bearing number 15-0277-003-10650 dated November 20, 2008 for registration of D. G. Set of 500 KVA, issued by the Chief Auditor for Collector of Electricity Duty, Gandhinagar to our Company.
31. Certificate bearing serial number 62 and book number 20 dated March 4, 2011 has been issued to our Company by the Inspector of Legal Metrology & Consumer Affairs, Vapi Division (Legal Metrology and Science Control, Gujarat State) under The Standards Of Weights And Measures (Enforcement) Act, 1985 for specifications detailed therein. The same is valid until March 4, 2012.

ANKLESHWAR UNIT

32. No Objection Certificate dated April 25, 1991 has been issued to our Company by the Member Secretary, Gujarat Pollution Control Board, Gandhinagar for setting up of our Company's industrial plant at Ankleshwar, District – Bharuch, Gujarat.
33. Registration cum Licence to Work a Factory bearing licence 099139 and Registration number 30(301.4)926/A dated December 19, 2006, has been issued to our Company by Deputy Director, Industry Safety and Health, for the unit at 3208, GIDC, Ankleshwar, District – Bharuch, Gujarat. The same is valid upto December 31, 2011.
34. Registration Certificate dated November 13, 1995 bearing number 206/1995 has been issued to our Company by the Assistant Commissioner of Labour and Registering Officer, Bharuch (Government of Gujarat), for registration under Contract Labour (Regulation and Abolition) Act, 1970 in favour of M/s. Gayatri Enterprises.
35. Central Excise Registration Certificate bearing Registration Number AAACH1117QXM002 dated November 28, 2007 has been issued to our Company by the Assistant Commissioner of Central Excise, Division I, Ankleshwar under the Central Excise Act, 1944 for manufacturing at plot numbers 3207A, 3207B, B3208-1 and B3208-2, GIDC, Ankleshwar Industrial Estate, Ankleshwar – 393 002, Bharuch, Gujarat. The same is valid until cancellation.
36. Profession Tax registration Number is PE-2110001331 dated November 11, 2007, issued by the Profession Tax Commissioner, Ankleshwar, Gujarat *vide* a certificate, under Section 5(2) of the Gujarat State Tax on Professions, Trades, Callings, and Employment Act, 1976.
37. Certificate For The Use Of A Boiler issued by Assistant Directors, Boilers, Gujarat State, Bharuch to our Company, under Indian Boilers Act, 1923, bearing boiler number GT-4614 at Plot number 3208, GIDC, Ankleshwar, Gujarat. The same is valid from October 14, 2010 to October 13, 2011.
38. Licence to Import and Store Petroleum in Installation bearing Licence number P/HQ/GJ/15/1802(P12157) dated November 15 1996, issued by the Chief Controller of Explosives, Vadodara (Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry, Government of India) under the Petroleum Rules, 2002, for importation of 20 KL 'Petroleum Class A in bulk' at Plot number 3208, opposite UPL, GIDC, Ankleshwar, Gujarat. The same is valid till December 31, 2012.
39. Consent and Authorisation bearing Consent Order number AWH-34218 has been issued to our Company on October 13, 2009 by the Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar, under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management, Handling and Transboundary Movements) Rule, 2008, for manufacture of various specified products at our Company's unit at Ankleshwar. The same is valid till May 15, 2014.
40. Entrepreneurs Memorandum Number 240211300144 has been allocated to our Company on March 25, 2007 by the Joint Commissioner of Industries & General Manager, District Industries Centre, Bharuch on acknowledgment for filing memorandum for medium manufacturing enterprise at Plot number 3208, GIDC Ankleshwar – 393 002, District – Bharuch, Gujarat.
41. Licence to Electrical Contractors bearing licence number G/HT/C-255 dated November 21, 1995 has been issued to our Company by the Secretary, Licensing Board, Gandhinagar (Energy and Petrochemicals Department, Government of Gujarat), to carry out Electric Installation Works in Gujarat. The same is valid upto December 31, 2011.
42. Letter bearing number 3720 dated June 15, 2011 from Dakshin Gujarat Vij Company Limited to our Company for sanctioning and approval of power supply load upto 700 KVA at our Company's unit at Ankleshwar.
43. Letter dated January 28, 2003 from the General Manager, Vadodara, Gujarat Electricity Board for consent for installation of a Captive Power Plant of 0.5MW (625KVA) capacity comprising of a 625KVA T.G. set at our Company's unit at Ankleshwar.
44. Letter from the Gujarat Electricity Board for consent for installation of D. G. Set of 500 KVA at our Company's unit at Ankleshwar.

45. Certificate bearing serial number 39 and book number 48 dated March 23, 2010 has been issued to our Company by the Inspector of Legal Metrology & Consumer Affairs, Vapi Division (Legal Metrology and Science Control, Gujarat State) under The Standards of Weights and Measures (Enforcement) Act, 1985 for specification detailed therein. The same is valid until March 23, 2012.
46. Certificate bearing serial number 6 and book number 2 dated May 11, 2011 has been issued to our Company by the Inspector of Legal Metrology & Consumer Affairs, Vapi Division (Legal Metrology and Science Control, Gujarat State) under The Standards of Weights and Measures (Enforcement) Act, 1985 for specifications detailed therein. The same is valid until May 11, 2012.

DAHEJ UNIT (DISTRICT – BHARUCH)

47. License to Manufacture Insecticides bearing Licence number 660 dated December 20, 2010, has been issued to our Company under the Insecticides Act, 1968 and the Insecticides Rule, 1971 by the Deputy Director of Agriculture (Pesticide) Gujarat, Gandhinagar. The same is valid for our Company's unit at Plot number CH-5, G. I. D. C. Industrial Estate, Dahej, District – Bharuch, Gujarat until December 31, 2011.
48. Registration Certificate dated July 20, 2009 bearing number 20/2009 has been issued to our Company by the Assistant Commissioner of Labour and Registering Officer, Bharuch (Government of Gujarat), for registration under Contract Labour (Regulation and Abolition) Act, 1970 in favour of M/s. Shri Krishna Engineering and Construction Company, Ankleshwar.
49. Central Excise Registration Certificate bearing Registration Number AAACH1117QXM003 dated August 4, 2009, has been issued to our Company by the Deputy Commissioner /Assistant Commissioner of Central Excise, Bharuch under the Central Excise Act, 1944 for manufacturing at our Company's unit at CH – 5, GIDC, Dahej – 392 140, Vagra, Bharuch, Gujarat. The same is valid until cancellation.
50. License to Work a Factory, bearing license number 7908 dated September 6, 2010, under the provisions of the Factories Act, 1948, issued by the Directorate, Industrial Safety & Health, Gujarat, to our unit situated at Plot number CH-5, G. I. D. C. Industrial State, Dahej, Bharuch. The same is valid up to December 31, 2014.
51. Entrepreneurs Memorandum Number 240211301428 has been allocated to our Company on July 16, 2010 by the General Manager, District Industries Centre, Bharuch on acknowledgement filing memorandum for setting up medium manufacturing enterprise at Plot number CH-5, GIDC Industrial Estate, Dahej– 392 130, Village – Vagara, District – Bharuch, Gujarat.
52. Entrepreneurs Memorandum Number 240211300312 has been allocated to our Company on December 22, 2008, by the General Manager, District Industries Centre, Bharuch on acknowledgement filing memorandum for setting up medium manufacturing enterprise at Plot number CH-5, GIDC Industrial Estate, Dahej – 392 130, Village – Vagara, District – Bharuch, Gujarat.
53. Registration Code number GJ/SRT/38203 dated June 22, 2010, issued by the Regional Provident Fund Commissioner, Surat, Gujarat to our Company for Bharuch Unit with effect from May 1, 2010 under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
54. Consents to Establish *vide* Consent Order number CTE 37465, dated May 18, 2010, under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules 1989, issued by the Environmental Engineer, Gujarat Pollution Control Board for establishing our Company's unit at Dahej, District – Bharuch, Gujarat.
55. License to Import and Store Petroleum in Installation bearing Licence number P/HQ/GJ/15/5085(P240215) dated June 22, 2010, issued by Joint Chief Controller of Explosives, Nagpur (Petroleum & Explosives Safety Organisation, Ministry of Commerce & Industry, Government of India) under the Petroleum Rules, 2002, for storage of 24 KL of 'Petroleum Class A in bulk' at CH/5, GIDC Industrial Estate, Dahej, Taluka – Vagara, District – Bharuch, Gujarat. The same is valid until December 31, 2012.

56. Solvent license bearing licence number W-185 has been issued to our Company on September 21, 2010 by the District Magistrate, Bharuch, for underground storage and consumption to use solvent hexane (Class A) upto 2,400 KL per year. The same is valid upto December 31, 2012.
57. Solvent license bearing licence number 183/2011 has been issued to our Company on January 18, 2011 by the District Magistrate, Kachchh – Bhuj, for storage and use of 2400 KL of hexane per year. The same is valid upto January 17, 2012.
58. License bearing number 47/11-12, dated on April 11, 2011, issued by the Superintendent of Prohibition and Excise, Bharuch to our Company, to store and use spirit and alcohols recovered during the production process at Dahej unit. The same is valid upto March 31, 2012.
59. License bearing number 27/11-12 dated March 22, 2011, issued by the Superintendent of Prohibition and Excise, Bharuch to our Company, to produce and store Navsar at Dahej unit. The same is valid from April 1, 2011 upto March 31, 2012.
60. License bearing number POL/WS/2855 dated June 25, 2010, issued by the District Magistrate, Bharuch under Section 2 of the Poison Act, 1919, to our Company, to process and self use Sodium Cyanide upto 25 MT at the Dahej unit. The same is valid till December 31, 2011.
61. License to Store Compressed gas in pressure vessels bearing License number S/HO/GJ/03/1280(S41526) dated June 22, 2010 has been issued to our Company by the Chief Controller of Explosive, Vadodara (Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry, Government of India) for storage of ISO BUTYLENE at our Company's unit at Bharuch. The same is valid till March 31, 2013.
62. Letter bearing number 5952 from Dakshin Gujarat Vij Company Limited to our Company for sanctioning and approval of power supply load upto 650 KVA at our Company's unit at Dahej.
63. Letter dated August 13, 2010 from the Electrical Inspector, Vadodara for approval of installation of 1010 KVA D. G. Set to work as stand by source for our Company's unit situated at Dahej.
64. Certificate bearing serial number 82 and book number 17 dated April 20, 2011 has been issued to our Company by the Inspector of Legal Metrology & Consumer Affairs, Bharuch Division (Legal Metrology and Science Control, Gujarat State) under The Standards of Weights and Measures (Enforcement) Act, 1985 for specifications detailed therein. The same is valid until April 20, 2012.
65. Certificate bearing serial number 59 and book number 19 dated May 26, 2011 has been issued to our Company by the Inspector of Legal Metrology & Consumer Affairs, Bharuch Division (Legal Metrology and Science Control, Gujarat State) under The Standards of Weights and Measures (Enforcement) Act, 1985 for specifications detailed therein. The same is valid until May 26, 2012.

APPLICATIONS MADE FOR LICENSES TO BE RENEWED

Sr. No.	Type of license or approval	Date of expiry of license	Date of application	Authority before whom the application is made
Registered Office				
1.	Shops & Establishment registration	NA	June 16, 2011	Brihanmumbai Mahanagarpalika Ward, Mumbai
Dahej Unit				
2.	Licence to use a boiler	November 24, 2010	November 24, 2010	Assistant Directors, Boilers, Bharuch

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on April 18, 2011. The shareholders have, by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the Extraordinary General Meeting of our Company held on May 17, 2011, approved the Issue.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have given in-principle approval for the Issue pursuant to letters dated [●] and [●] respectively, and [●] is the Designated Stock Exchange.

Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoters, the Promoter Group, Group Entities or the person (s) in control of our Company have not been debarred from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been debarred from accessing the capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by Stock Exchange(s) for more than 3 months during the five years prior to the date of filing the Draft Red Herring Prospectus or (b) delisted from the stock exchanges.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Our Company, our Directors, our Promoters and the relatives of the Promoters (as defined under the Companies Act) and our Group Entities have not been identified as wilful defaulters by RBI or any other government authorities. Our Promoters and the Group Entities of our Promoters have further confirmed that there are no violations of securities laws committed by them in the past or currently pending against them.

Eligibility for this Issue

Our Company is an “unlisted issuer” in terms of the SEBI ICDR Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI ICDR Regulations. Our Company is eligible to make the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations.

Regulation 26(1) of the SEBI (ICDR) Regulations states as follows:

“26.(1) An unlisted company may make an initial public offering (IPO) of equity shares only if it meets all the following conditions:

- (a) The company has net tangible assets of at least ₹ 300 lacs in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:*

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

- (b) The company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;*

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of section 205 of Companies Act, 1956;

- (c) The company has a net worth of at least ₹ 100 lacs in each of the preceding 3 full years (of 12 months each);
- (d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity indicated by the new name; and
- (e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)”

Our Company's net tangible assets, monetary assets, net profit and net worth derived from the Auditor's Report included in the Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2010 are set forth below:

	(₹ in lacs)				
Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Net Tangible Assets ¹	5,671.45	5,088.28	3,359.95	2,312.53	2,127.46
Monetary Assets ²	292.48	347.27	70.23	197.31	314.97
Monetary Assets as a % of Net Tangible Assets	5.16%	6.82%	2.09%	8.53%	14.80%
Net Worth ³	3,676.11	2,918.35	2,301.41	1,753.40	1,466.54
Distributable Profits ⁴	757.80	616.93	548.01	286.86	164.16

¹“Net Tangible Assets” are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities) excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

²Monetary Assets are defined as the sum of cash in hand, non trade Investments, balance with scheduled bank in current accounts, fixed deposits and public deposit account with the Government, if any.

³Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves and share application money) and after deducting miscellaneous expenditure not written off, if any.

⁴Distributable profits have been computed in terms Section 205 of the Companies Act, 1956.

This Issue is being made through the Book Building Process. In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall be not less than 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of the Company, Equity Shares will be offered to the public for subscription in accordance with In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended. In accordance with the SEBI ICDR Regulations, not more than 50% of the Issue shall be available for allocation to QIBs.

If the minimum public shareholding requirements of Rule 19(2)(b) of the SCRR are not met, the entire application money will be refunded forthwith.

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 QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs, subject to valid Bids 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 from them at or above the Issue Price.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please refer to the chapter titled ‘Issue Procedure’ beginning on page 191 of the Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 19, 2011 WHICH READS AS FOLLOWS:

“WE, THE BOOK RUNNING LEAD MANAGER, TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (THE “SEBI” OR “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 SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE 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. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN ₹ 1,000 LACS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO

DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND 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 THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY 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 BRLM ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Note:

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Draft Red Herring Prospectus with the Registrar of Companies, Mumbai in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Mumbai in terms of sections 56, 60 and 60B of the Companies Act.

Disclaimer Statement of our Company and the BRLM

Our Company and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website www.hemanigroup.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 Issue Agreement entered into between the BRLM with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Each of the BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Neither our Company, nor its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Mumbai, India.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in Equity Shares) public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500 lacs, pension funds with a minimum corpus of ₹ 2,500 lacs, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, and to permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, and other eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold the Equity Shares. The Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to, observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai, Maharashtra, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to the date of the Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the IPO Grading Agency

[●]

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies at Registrar of Companies, Maharashtra, 100, Everest Building, Marine Drive, Mumbai – 400 002, Maharashtra, India.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. [●] shall be the Designated Stock Exchange with which the basis of allotment shall be finalised.

In case the permission to deal in, and for an official quotation of, the Equity Shares are not granted by any of the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) days after the day from which the Issuer becomes liable to repay it then our Company, then the Company and every Director of our Company who is an officer in default shall, on and from expiry of eight (8) days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve (12) Working Days of Bid/ Issue Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

“Any person who-

- (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

Consents

Consents in writing of our Directors, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisor to the Issue, the Bankers to our Company, the BRLM, the Registrar to the Issue, the Syndicate Members, the Escrow Collection Banks, Refunds Bank(s) and the IPO Grading Agency to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and

such consents will not be withdrawn upto the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

M/s. Haren Parekh & Company, Chartered Accountant, our Statutory Auditor has given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus for registration to the RoC.

M/s. U. B. Sura & Co., Chartered Accountant, our Peer Review Auditor has given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus for registration to the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn until the time of delivery of the Prospectus for registration with the Registrar of Companies.

Expert Opinion

Except the statement of tax benefits, report of our Statutory Auditors, M/s. Haren Parekh & Company, Chartered Accountant, June 9, 2011 and the report of [●] issued in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), and except as stated elsewhere in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ [●] lacs. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the BRLM and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

(₹ in lacs)			
Activity	Expenses* (₹ in lacs)	% of Issue Size	% of Issue expenses
Lead management, underwriting and selling commission	[●]	[●]	[●]
IPO Grading Expenses	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Registrar's fees, legal fees, listing fees, etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* Will be incorporated after finalization of the Issue Price

Details of Fees Payable

Fees payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as stated in the engagement letter signed and executed between our Company and the Book Running Lead Manager, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm on all Working Days during the Bid / Issue Period.

Underwriting Commission, Brokerage and Selling Commission

The selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into between our Company and the BRLM based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, or Revised CANs if required, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated May 18, 2011, signed and executed between our Company and the Registrar to the Issue, a copy of which will be available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds in any of the modes described in the Red Herring Prospectus and the Prospectus or send allotment advice by registered post / speed post.

Previous public or rights issues

Our Company has not made any public or rights issue since its incorporation.

Previous issue of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the chapter titled '*Capital Structure*' beginning on page 19 of the Draft Red Herring Prospectus.

Commission or brokerage on previous issues

Since this is the initial public offering of our Company's Equity Shares no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any public or rights issue during the last three years.

Except as disclosed in the chapter titled "*Our Group Entities*" our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the Stock Exchanges and has not made any public/ rights issue during the past three years.

Performance vis-a-vis Objects Previous Issues of our Company and our Group / Associate Entities

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group/ Associate Entities has made any public issues in the past ten years except as disclosed in the chapter titled '*Our Group Entities*' beginning on page 112 of the Draft Red Herring Prospectus.

Outstanding debentures or bond issues

As on the date of the Draft Red Herring Prospectus, our Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

As on the date of the Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

Our Company is an "unlisted issuer" in terms of the SEBI ICDR Regulations, and this being the "Initial Public Offering" in terms of the SEBI ICDR Regulations no stock market data is available for the Equity Shares of our Company.

Disclosure on Investor Grievances and Redressal System

The Agreement signed between the Registrar to the Issue and our Company entered into on May 18, 2011 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last

date of dispatch of the letters of allotment or refund orders, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs or the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations), giving full details such as name and address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs or details of the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations) where the ASBA Form was submitted by the ASBA Bidders.

The Registrar shall act as a nodal agency for redressing complaints of ASBA and non-ASBA investors including providing guidance to ASBA investors regarding approaching the SCSBs concerned.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have also constituted Shareholders' / Investors' Grievance Committee of the Board of Directors *vide* resolution passed as the Board Meeting held on May 4, 2011, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer to the chapter titled '*Our Management*' beginning on page 95 of the Draft Red Herring Prospectus.

Our Company has appointed Ms. Monali Wakalkar, Company Secretary as the Compliance Officer for this Issue and she may be contacted for redressal of any complaints at:

Ms. Monali Wakalkar
Hemani Industries Limited
 706 – 710, Reena Complex,
 Vidyavihar (West),
 Mumbai – 400 086,
 Maharashtra
Tel No: + 91 - 22- 6140 7600;
Fax No: + 91 - 22- 2513 4483;
Email: c.secretary@hemanigroup.com
Website: www.hemanigroup.com

Investors can also contact the Registrar to the Issue for redressal of any complaints relating to the Issue at the following address:

Sharepro Services (India) Private Limited
 13AB, Samhita Warehousing Complex,
 Sakinaka Telephone Exchange Lane,
 Off Andheri Kurla Road,
 Sakinaka,
 Andheri (East),
 Mumbai - 400 072,
 Maharashtra
Tel No: +91- 22- 6191 5402 / 5404
Fax No: +91- 22- 6191 5444
Website: www.shareproservices.com
Email: hemani.ipo@shareproservices.com
Contact Person: Mr. Subhash Dhingreja / Mr. Kumresan V
SEBI Registration No: INR000001476

Disposal of Investor Grievances by our listed Group Entities

For more information please refer to the chapter titled '*Our Group Entities*' beginning on page 112 of the Draft Red Herring Prospectus.

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in the last three years.

Capitalisation of reserves or profits during the last five years

Our Company has made a bonus issue of 75,64,830 Equity Shares on March 16, 2011 by capitalisation of free reserves. For details of the same, please refer to the chapter titled '*Capital Structure*' beginning on page 19 of the Draft Red Herring Prospectus.

Revaluation of assets during the last five years

Our Company has not revalued its assets for a period of five years prior to the date of the Draft Red Herring Prospectus.

SECTION VIII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the SCRA, our Memorandum and Articles of Association, conditions of RBI approval, if any, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the Allotment Advice and Confirmation of Allocation Note (“CAN”), Listing Agreements with the Stock Exchanges 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 subject to applicable laws, 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, Stock Exchanges, RBI, FIPB, 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 and our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and/or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled ‘*Main Provisions of the Articles of Association*’ beginning on page 227 of the Draft Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend, if declared, to our shareholders as per the provisions of the Companies Act, the Articles of Association of our Company and the Listing Agreements entered into with the Stock Exchanges.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. The Issue Price is [●]. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law. The Price Band and Minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM. These will be published by our Company at least two Working Days prior to the Issue/Bid opening date, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated.

Compliance with SEBI Rules and Regulations

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

Rights of the Equity Shareholder

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to

the section titled ‘*Main Provisions of the Articles of Association*’ beginning on page 227 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is 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 multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the Bidders, as the case may be, the Equity Shares that are 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 such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company’s Registered Office or with the Registrar of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant will prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including devolvement of the Underwriters, if any, within 60 days from the Bid / Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will not be less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes

liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

BID/ISSUE Program

Bid/Issue opens on: [●], 2011	Bid/Issue closes on (For QIB Bidders)*: [●], 2011
	Bid/Issue closes on (For NON QIB Bidders): [●], 2011

**Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of three Working Days*

Arrangement for Disposal of Odd Lots

The Equity Shares of our Company will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/ or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in chapter titled '*Capital Structure*' beginning on page 19 of the Draft Red Herring Prospectus, and except as provided in our Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please refer to section titled '*Main Provisions of the Articles of Association*' beginning on page 227 of the Draft Red Herring Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

ISSUE STRUCTURE

Public Issue of 40,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lacs, (hereinafter referred to as the “Issue”).

The Issue will constitute 30.76% of the fully diluted total post issue paid-up equity share capital of our Company. The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 20,00,000 Equity Shares	Not less than 6,00,000 Equity Shares or Issue less allocation to Qualified Institutional Bidders and Retail Individual Bidders	Not less than 14,00,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Qualified Institutional Bidders
Percentage of the Issue Size available for allocation	Not more than 50% of the Issue shall be available for allocation to QIBs. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.	Not less than 15% of the Issue shall be available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Issue shall be available for allocation or Issue less allocation to QIB Bidders and Non Institutional Bidders
Basis of Allotment, if respective category is oversubscribed	(a) [●] Equity Shares, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter such that the Bid Amount does not exceed ₹ 2,00,000
Maximum Bid	Such number of Equity Shares in multiples of [●] not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiples of [●] not exceeding the size of the Issue, subject to applicable investment limits	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ₹ 2,00,000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity	[●] Equity Shares and in multiples of [●] Equity	[●] Equity Shares and in multiples of [●] Equity

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	Shares.	Shares.	Shares.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Shares.	[●] Equity Shares and in multiples of one Equity Shares.	[●] Equity Shares and in multiples of one Equity Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Qualified Institutional Bidders	Resident individuals, Indian NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident individuals, Indian NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value.
Terms of Payment***	Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA	Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA	Full Bid Amount on bidding; in case of ASBA Bidders, full Bid Amount shall be blocked by the SCSBs pursuant to Bid being submitted by ASBA

**Subject to valid Bids being received at or above the Issue Price. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, 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 from them at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company, the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.*

***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 case of ASBA Bidders, SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB at the time of Bidding.

Book Building Procedure

In terms of Rule 19(2)(b)(i) of the SCRR, this is an Issue for at least 25% of the post-Issue capital of our Company. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

In the event of under-subscription, if any, in any category, the unsubscribed portion would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Non- retail investors are mandatorily required to make use of the ASBA facility. All Bidders including ASBA Bidders can submit their Bids through the Syndicate (at ASBA bidding locations). Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate / sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts including DP ID, PAN and beneficiary account number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form or the ASBA Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum Application Form or the ASBA Bid cum Application Form was submitted in joint names, Bidders are required to ensure that the beneficiary accounts are held in the same joint names in the same sequence in which they appeared in the Bid cum Application Form or the ASBA Bid cum Application Form.

Bid cum Application Form and ASBA Bid cum Application Form

Retail Bidders shall use only 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. Non- retail Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being "ASBA" obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the

Syndicate or their affiliates (at ASBA bidding locations). Such 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.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB with whom the ASBA Account is maintained or to a member of the Syndicate (Syndicate / Sub – syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors and submit the same to SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form	Colour of ASBA Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount does not exceed ₹ 2 lacs.	[●]	[●]
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount exceeds ₹ 2 lacs.	Not applicable	[●]
Non-Residents and Eligible NRIs applying on a repatriation basis where the Bid Amount does not exceed ₹ 2 lacs.	[●]	[●]
Non-Residents, Eligible NRIs, FVCIs Multilateral and bilateral development financial institutions and FIIs applying on a repatriation basis where the Bid Amount exceeds ₹ 2 lacs.	Not applicable	[●]

Who can Bid?

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form / ASBA Bid cum Application Form as follows: “Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws.
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual bidding in QIB portion;
- Persons eligible to invest under all applicable laws, regulations, rules and guidelines;
- Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by a resolution no. F. No. 2/3/2005- DD II dated November 23, 2005 of the Government of India, published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Multilateral and Bilateral Development Financial Institutions; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per the current RBI regulations, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by Associates and Affiliates of BRLM and Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members are entitled to Bid for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

As per the SEBI ICDR Regulations, 5% of the QIB Portion, has been specifically reserved for Allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than 2,00,000 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 be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single 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 over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Bids is being made.

Multiple Bids

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Non Residents including Eligible NRIs or FIIs or FVCIs on a repatriation basis

There is no reservation in the Issue for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. In accordance with FEMA and the regulations framed there under, OCB's cannot BID in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bids by Eligible NRIs

1. Bid cum Application Forms for Eligible NRIs applying on a repatriation basis ([●] in colour if under the retail portion, [●] ASBA Bid cum Application Forms to be used if the Bid amount exceeds ₹ 2 lacs) will be made available at our Registered Office and with the Syndicate (at ASBA bidding locations) or SCSBs and the Registrar to the Issue, as the case may be.
2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("NRO") accounts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts should use the application form meant for Resident Indians ([●] in color if under the retail portion, [●] ASBA Bid cum Application Forms to be used if the Bid amount exceeds ₹ 2 lacs) and shall not use the form meant for any reserved category.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2 lacs would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2 lacs would be considered under Non-Institutional Portion for the purposes of allocation. Eligible NRIs Bidding under the Non- Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

As per 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 issued capital (*i.e.* 10% of 1,30,05,750 Equity Shares). In respect of an FII investing in our 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 or 5% of our total issued capital in case such sub-account is a foreign corporate or a foreign individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of the Draft Red Herring Prospectus, our Company has not passed such resolution and the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, may issue, or otherwise deal in offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory

authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters, including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of such venture capital fund or FVCI respectively. However, venture capital funds or FVCIs may invest only upto 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance 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 USD 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 by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form or ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 lac, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Directors, the officers of the Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to Bids by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.
- (b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.
- (c). With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject such bid, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form / ASBA Bid cum Application Form, subject to such terms and conditions that our Company, the BRLM may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid cum Application Form / ASBA Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form / ASBA Bid cum Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Bidders. Our Company, its Directors, officers, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Our Company, the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2 lacs. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2 lacs. If the Bid Amount is over ₹ 2 lacs due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion only if the Bidding was done through ASBA. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 2 lacs. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid amount upon submission of the Bid. The identity of QIB Bidding in the Issue under the QIB Portion shall not be made public during the Issue Period.

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 2 lacs for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to ₹ 2 lacs 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 allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date.**

Non-retail Investors i.e. QIBs and Non Institutional Investors who intend to participate in the Issue are mandatorily required to submit their Bids through the ASBA facility.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid. The maximum and minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Information for the Bidders:

- (a) The Red Herring Prospectus will be filed by our Company with the RoC at least 3 days before the Bid / Issue Opening Date.
- (b) Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate and at our Registered Office. For ASBA Bidders, Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the BSE and the NSE and the Designated Branches of the SCSBs.
- (c) 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 or the ASBA Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. In addition, electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (d) Our Company, the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated.
- (e) Eligible Bidders who are interested in Bidding for the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may

be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.

- (f) The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (and, in the ASBA Bidding Locations, by members of the Sub - syndicate) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.
- (g) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified excluding (i) persons resident in the state of Sikkim; (ii) the Central or State Governments and the (iii) officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

ASBA Bidders

ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate or SCSB will be rejected.

- (a) Copies of ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available for downloading and printing, from the websites of the Stock Exchanges (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening Date. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. The BRLM and the SCSBs will provide the hyperlink to the BSE or the NSE on their websites.
- (b) The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non- retail Investors who are required to apply in this Issue through the ASBA process and retail Investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Bid cum Application Forms and that the same are made available on the websites of the SCSBs.
- (c) ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLM or members of the Syndicate/ sub-syndicate members located in the ASBA Bidding Locations. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.
- (d) The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form. ASBA Bidders in ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.
- (e) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the applicable Designated Branch or members of the Syndicate/ sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat. In case the amount available in the bank account specified

in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.

- (f) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders other than ASBA Bidders can obtain ASBA Bid cum Application Forms and Revision Forms from the members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders can obtain ASBA Bid cum Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs and the members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders can also obtain a copy of the ASBA Bid cum Application Forms and/or ASBA Revision Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

Bids and revisions of Bids must be:

- i) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- ii) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms, Revision Forms or ASBA Bid cum Application Form, or Revision Forms or in the ASBA Revision Form are liable to be rejected. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- iii) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
- iv) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2 lacs. In case the Bid Amount is over ₹ 2 lacs 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 option to Bid at cut-off price 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.
- v) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] thereafter such that the Bid Amount exceeds ₹ 2 lacs. Bids cannot be made for over the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under the applicable laws or regulations.
- vi) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- vii) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- viii) Bids through ASBA must be made only in the prescribed ASBA Bid cum Application Form (if submitted in physical mode) or electronic mode. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

- ix) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms (other than Bid cum Application Forms or Revision Forms used by ASBA Bidders) 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.

In case of physical ASBA Bids, the ASBA Bidder shall submit the Bid cum Application Form bearing the stamp of the Designated Branch or the member of the Syndicate at the relevant Designated Branch or the relevant member of the Syndicate at Syndicate ASBA Bidding Locations, respectively. In case the ASBA Bidder submits its Bid through a member of the Syndicate at a Syndicate ASBA Bidding Location, the Bid will be uploaded by that member of the Syndicate in the electronic bidding system of the Stock Exchanges and the Bid cum Application Form will then be forwarded to the concerned SCSB for further action including signature verification and blocking of funds. In case of application in electronic form, the ASBA Bidder shall submit the Bid cum Application Form either through the internet banking facility available with the SCSBs, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with the SCSB, and accordingly register such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, 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 and should be preserved for future reference including for investor grievances.

GENERAL INSTRUCTIONS

Dos:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations, guidelines and approvals;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour), the Non-Resident Bid cum Application Form ([●] in colour), Resident ASBA Bid cum Application Form ([●] in colour), the Non-Resident ASBA Bid cum Application Form ([●] in colour), as applicable;
- (d) Ensure that the details about PAN, Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms); In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, the Bid should be submitted to a Designated Branch of an SCSB / Syndicate member, with which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), our Company or the Registrar. With respect to ASBA Bids, ensure that you use the ASBA Bid-cum-Application Form specified for this purpose, and that such form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid-cum-Application Form;
- (f) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;

- (g) Ensure that you have funds equal to the Bid Amount in your ASBA bank account of the respective Designated Branch of the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of SCSB / Syndicate member;
- (h) Ensure that the DP ID, the Client ID and PAN mentioned in the Bid cum Application Form match with the DP ID, the Client ID and PAN available in the depository database;
- (i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you request for and have received a TRS for all your Bid options;
- (k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS/acknowledgement;
- (l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;
- (m) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (n) 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. If 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.
- (o) Ensure that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the database of the depository, then such Bids are liable to be rejected.
- (p) Where the Bid cum Application Form / ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form / ASBA Bid cum Application Form. If 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;
- (q) In addition, ASBA Bidders should ensure that:
 - a. the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
 - b. the correct bank account numbers have been mentioned in the ASBA Bid-cum-Application Form;
 - c. the authorisation box in the ASBA Bid cum Application Form has been correctly checked, or an authorisation to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and
 - d. an acknowledgement from the Designated Branch of the concerned SCSB or the Syndicate/ sub-syndicate member in designated cities for the submission of the ASBA Bid cum Application Form has been obtained.

Dont's:

- (a) Do not Bid for lower than the minimum Bid size.
- (b) For Bidders other than ASBA Bidders, do not submit a Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ASBA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch, as applicable;
- (g) Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);
- (h) Do not Bid at the Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for a bid amount exceeding ₹ 2 lacs);
- (i) Do not fill up the Bid cum Application Form or ASBA Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations or under the terms of the Red Herring Prospectus;
- (j) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- (k) Do not Bid for amount exceeding ₹ 2 lacs in case of a Bid by Retail Individual Bidders;
- (l) Do not submit the GIR number instead of the PAN as the Bid will be rejected on this ground;
- (m) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar; and
- (n) Do not Bid for allotment of Equity Shares in physical form.
- (o) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
- (p) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
- (q) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise;
- (r) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;
- (s) Do not submit the Bids without the full Bid Amount.

Method and Process of Bidding

- (a) Our Company, the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated. This advertisement,

subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations.

- (b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM, and advertised in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/Issue Opening Date.
- (c) Bidders, who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bid / Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid / Issue Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. QIB and Non Institutional Bidders must necessarily use the ASBA process and Bidders using the ASBA facility to submit their Bids should approach the Syndicate members or Designated Branches of the SCSBs (at ASBA Bidding Locations) to register their Bids.

ASBA Bidders are required to submit their Bids either in physical or electronic mode to SCSBs or to the Syndicate/ sub-syndicate members (at ASBA Bidding Locations) in designated cities. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs for bidding and blocking funds in the accounts of the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who wish to place Bids through them and the account in which funds are to be blocked is maintained with them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Red Herring Prospectus.

The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid cum Application 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 Bid cum Application Form, submitted 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 specified in the ASBA Bid cum Application 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

ASBA Bidders in ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. Each such Syndicate/ sub-syndicate member shall provide to the ASBA Bidders an acknowledgement as proof of acceptance of the ASBA Bid cum Application Form. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

- (d) The Bid / Issue Period shall be for a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bid/Issue Period will be published in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated, together with an indication of such change on the websites of the BRLM and SCSBs and at the terminals of the Syndicate Members and the Bidding Period shall be extended by a minimum period of an additional three Working Days, subject to the total Bidding Period not exceeding ten days
- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “Bids at Different Price Levels and Revision of Bids” below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and / or ASBA Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

- (f) The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “*Build up of the Book and Revision of Bids*”.
- (g) An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after a Bid on one ASBA Bid cum Application Form, (i) either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs and uploaded by the ASBA Bidder, (ii) has been submitted to Syndicate / sub-syndicate members in the designated cities. Submission of a second ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to the Syndicate/ sub-syndicate members in designated cities 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 the Issue. However, the ASBA Bidder can revise the Bid through the ASBA Revision Form, the procedure for which is detailed under the paragraph “*Build up of the Book and Revision of Bids*”.
- (h) The members of the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form or ASBA Bid Cum Application Form.
- (i) With respect to ASBA Bidders who have submitted their physical ASBA Bid cum Application Form to the members of the Syndicate at the ASBA Bidding Locations, on receipt of the ASBA Bid cum Application Form from the relevant member of the Syndicate, the relevant Designated Branch of the SCSB will verify if sufficient funds equal to the Bid Amount are available in the ASBA Account. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB will reject the Bid and shall not upload such bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB will block an amount equal to the Bid Amount and will carry out other procedures including signature verification.
- (j) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.
- (k) The identity of the QIBs, who have been allocated Equity Shares, bidding in the Issue shall not be made public.
- (l) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled ‘*Payment Instructions*’ under the chapter titled ‘*Issue Procedure*’ beginning on page 191 of the Draft Red Herring Prospectus.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLM and advertised at least 2 Working Days prior to the Bid / Issue Opening Date, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated.

- (b) Our Company in consultation with the BRLM reserves the right to revise the Price Band during the Bid / Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least two Working Days prior to the Bid / Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid / Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to a maximum of ten Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the Syndicate Members.
- (d) Our Company in consultation with the BRLM can finalize the Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to, the Bidders.
- (e) The Bidder can Bid at any price within the Price Band in multiples of ₹ 1. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail individual Bidders may Bid at the Cut-Off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail individual Bidders 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 bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs (directly or through ASBA Bid cum Application Forms submitted to the Syndicate members) to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price, the Retail Individual Bidders and who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s) in the manner described under the paragraph "*Payment of Refund*".
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed ₹ 2 lacs for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate member to whom the original Bid was submitted, or, in the case of ASBA Bidders, instruct the SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted to block additional amounts based on the cap of the revised Price Band. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 2 lacs for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s) or unblocked by the SCSBs.
- (i) Our Company in consultation with the BRLM shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000. In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.
- (j) When a Bidder has revised 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 Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of revision of the previous Bid.

- (k) 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. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.

Bidder's Depository Account and Bank Account Details, PAN

Bidders should note that on the basis of the Sole/First Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation, category, age and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('Demographic Details'). These Demographic Details would be used for giving refunds and allotment advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form / ASBA Bid cum Application Form and Bid cum Application Forms / ASBA Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company 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. Please note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form / ASBA Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate, do not match with the DP ID, Client ID and PAN available in the depositories' database, such Bid cum Application Form / ASBA Bid cum Application Form is liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DP NAME, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE. INVESTORS MUST ENSURE THAT THE PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. IF THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid cum Application Form / ASBA Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form / ASBA Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically) / Allotment Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ Allotment 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 / ASBA Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk none of neither our Company, nor Escrow Collection Banks, the Designated Branch of the SCSBs, the Syndicate Members, the BRLM nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidder's PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Retail individual Bidders other than ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Retail individual Bidders would be deposited in the relevant Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment for Retail Individual Bidders other than ASBA Bidders and Payment into the Escrow Account

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.

Each Retail Individual Bidder who does not utilize the ASBA facility shall pay the full Bid Amount at the time of the submission of the Bid-cum-Application Form, and shall, along with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see 'Payment in Escrow Account' below), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Retail Individual Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Bid-cum-Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Retail individual Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. No later than 12 Working Days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Where the Retail individual Bidder has been allotted a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid / Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay of more than 7 days after the Basis of Allotment or 15 days from the Bid / Issue Closing Date, whichever is earlier.

Payment into Escrow Accounts

- (a) All Retail Individual Bidders who are not Bidding through ASBA facility would be required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form.
 - (b) The Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid shall be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
 - (c) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
 - In case of Resident Retail Bidders: “Escrow Account - Hemani Public Issue - R”
 - In case of Non-Resident Retail Bidders: “Escrow Account - Hemani Public Issue - NR”
 - (d) In case of Bids by Eligible Retail Individual NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account.
 - (e) In case of Bids by Eligible Retail Individual NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or 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 NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
 - (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account and the surplus amount shall be transferred to the Refund Account.
 - (h) Within twelve Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
 - (i) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by

such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.

- (j) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.
- (k) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
- (l) **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**

Payment mechanism for ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue

ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form which is to be submitted to the Syndicate member. The Syndicate member shall in turn forward the ASBA Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Form to the Designated Branch or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, the ASBA Bidder is deemed to have authorised 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 Bidders.

Upon submission of an ASBA Bid cum Application Form with the SCSB or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location) 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 to block such Bid Amount in the ASBA Account. An ASBA Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

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 Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any 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.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use stockinvest instruments in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form, as the case may be. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one (common PAN as per Depository records) and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would serve as a multiple master document.
2. In such master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain from the Depositories the details of the applicant's address based on the DP ID and Client ID provided in the Bid cum Application Form/ASBA Bid cum Application Form and create an address master.
4. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Client ID. In cases where applications bear the same numbers, these will be treated as multiple applications.

After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also the father's/husband's names. On completion of this, the applications will be identified as multiple applications. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs will not be considered as multiple Bids.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, 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. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "*Build up of the Book and Revision of Bids*".

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications.

For Bids from Mutual Funds and FII sub-accounts which are submitted under the same PAN, as well as Bids on behalf of the central or state government, an official or receiver appointed by a court and residents of Sikkim for whom submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and beneficiary account numbers. In case these Bids have the same DP ID and beneficiary account numbers, these will be treated as multiple Bids and will be rejected.

‘PAN’ or ‘GIR’ Number

Except for Bids on behalf of the Central or State Government, exempted persons, residents in Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Any Bid cum Application Form / ASBA Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled “suspended for credit” by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

QIBs cannot withdraw their ASBA Bids after the applicable Issue Closing Date.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the concerned SCSBs / the concerned Syndicate members who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the ASBA Bid Cum Application Form.

In case an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the Basis of Allocation.

Right to Reject Bids

Our Company has a right to reject Bids based on technical grounds. In case of QIB Bidders Bidding in the QIB Portion, the Syndicate may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail individual Bidders, our Company has the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch of the SCSB 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 and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLM.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds including:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. Application on plain paper;
3. Applications by QIBs and Non Institutional Bidders which are not made through the ASBA facility;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnerships can apply in its name;
5. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
6. Age of first bidder not mentioned;
7. PAN not stated in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
8. GIR number furnished instead of PAN
9. Bids for lower number of Equity Shares than specified for that category of investors;
10. Bids at a price less than the Floor Price;
11. Bids at a price over the Cap Price;
12. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
13. Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
14. Bids for number of Equity Shares which are not in multiples of [●];
15. Category not ticked;
16. Multiple Bids as described in the Red Herring Prospectus;
17. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
18. Bids accompanied by cash, stockinvest, money order or postal order;
19. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

20. Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs (except for electronic ASBA Bids);
21. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;
22. Bid cum Application Forms / ASBA Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form / ASBA Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms / ASBA Bid cum Application Forms;
23. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
24. Authorisation for blocking funds in ASBA not ticked or provided;
25. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
26. Bids not uploaded in the electronic bidding system;
27. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
28. Bids by OCBs;
29. Bids from within the United States or by U.S. persons (as defined in Regulation S);
30. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
31. Bids by QIBs uploaded after 4.00 p.m. on the Issue Closing Date applicable to QIBs, Bids by Non-Institutional Bidders uploaded after 4.00 p.m. on the Issue Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Issue Closing Date.
32. Bank account details for the refund not given;
33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
34. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
35. Bids that do not comply with the securities laws of their respective jurisdictions;
36. In case of ASBA Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the ASBA Bid cum Application Form does not have a branch at the relevant ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the ASBA Bid cum Application Forms; and

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids received, using the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. A SCSB shall not upload bids received through any ASBA in the electronic bidding system of the Stock Exchanges unless:
 - (i) it has received the ASBA Bid cum Application Form in a physical or electronic form; and
 - (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid cum Application Form or has systems to ensure that electronic ASBA Bid cum Application Form are accepted in the system only after blocking of application money in the relevant bank account opened with it. A member of the Syndicate/ sub-syndicate member shall not upload any Bid received through

ASBA in the electronic bidding system of the Stock Exchanges unless it has received the ASBA Bid cum Application Form in a physical or electronic form.

- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bid / Issue Period. The members of Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid / Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one Working Day after the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Working Days, *i.e.*, Monday to Friday (excluding any public holiday).
- (d) The bidding terminals of the Stock Exchanges shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:
 - Name of the Bidder
 - ASBA Bid cum Application Form number
 - Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, financial institutions, insurance companies, etc.
 - PAN (of first Bidder, if more than one Bidder)
 - Depository Participant Identity (“**DP ID**”)
 - Client ID
 - Beneficiary account number of the Bidder
 - Numbers of Equity Shares Bid for.
 - Price option.
 - Amount.
 - Cheque number and cheque amount, in case of Bidder other than ASBA Bidders.
 - Bank Account Details in case of ASBA Bidders

In case of submission of the Bid by an ASBA Bidder through the electronic mode, the ASBA Bidder shall complete the above-mentioned details, except the ASBA Bid cum Application Form number which shall be system generated.

- (f) Upon request, a system generated TRS, on demand, 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 or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated / Allotted by our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders the BRLM has a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will not be rejected except on technical grounds. The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Furthermore, the SCSBs shall have no right to reject Bids except on technical grounds. Syndicate members may also reject Bids if all information required is not provided and

Bid cum Application Form / ASBA Bid cum Application Forms is incomplete in any respect. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds listed in the Red Herring Prospectus and the Prospectus.

- (i) 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 and / or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Member of the Syndicate shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. The members of the Syndicate shall be given one Working Day after the Bid / Issue Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the Registrar to the Issue shall proceed with the Allotment of Equity Shares.
- (k) It is to be noted that Syndicate Members or the SCSB, as the case may be, shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

The BRLM, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs or Syndicate members, Bids uploaded by SCSBs or Syndicate members, Bids accepted but not uploaded by SCSBs or Syndicate members, or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

Build up of the book and revision of Bids

- (a) The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. At the end of each day of the Bidding Period, the demand shall be shown graphically on the bidding terminals of the Syndicate and the websites of the Stock Exchanges. This information will be available with the BRLM at the end of the Bidding Period.
- (c) During the Bid / Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid cum Application Form / ASBA Bid cum Application Form. Retail Individual Bidders may revise their Bids within the Price Band at any time until finalization of the Basis of Allotment.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or ASBA Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form / ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form / ASBA Bid cum Application Forms or earlier Revision Form / ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form / ASBA Bid cum Application Forms and such Bidder is changing only one of the options in the Revision Form / ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form / ASBA Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms/ ASBA Revision Form.

- (e) The Bidder can make this revision any number of times during the Bid / Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form / ASBA Revision Form and the revised Bid must be made only in such Revision Form / ASBA Revision Form or copies thereof.
- (f) Any upward 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. Retail Individual Bidders Bidding in such categories should note that the revised amount should not exceed ₹ 2 lacs. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount or the relevant Syndicate/ sub-syndicate member shall instruct the SCSB to block any incremental amount, on account of the upward revision of the Bid in case of Bids submitted through ASBA to the Syndicate/ sub-syndicate members. 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Payment Amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (h) In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid cum Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

Price Discovery and Allocation

- (a) After the Bid / Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company. Based on the demand generated at various price levels, our Company in consultation with the BRLM shall finalize the Issue Price.
- (b) In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange
- (c) Under-subscription, if any, in any category may be met with spill over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than 2,00,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event 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 in consultation with the BRLM and the Designated Stock Exchange.

- (d) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (e) Our Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid / Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.
- (f) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to a Syndicate member the SCSB, through whom the applicant had placed the original bid, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.
- (g) If an ASBA Bidder, excluding QIB Bidder wants to withdraw the ASBA Bid cum Application Form after the Bid / Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.
- (h) QIB Bidders shall not be allowed to withdraw their Bid after the QIB Bid / Issue Closing Date.
- (i) Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, and other provisions of applicable laws which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated. In the pre-Issue advertisement, we shall state the Issue Opening Date, the Issue Closing Date and the Issue Closing Date applicable to QIBs.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional (Marathi) daily newspaper of wide circulation, where the Registered Office of our Company is situated, 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 Allotment Advice

- (a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date as the date of Allotment.
- (b) The Registrar to the Issue will then dispatch an Allotment Advice / CAN to the Bidders who have been Allotted Equity Shares in this Issue. The dispatch of Allotment Advice / CAN shall be a valid, binding and irrevocable contract for the Bidders.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the successful bidders. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The 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 14,00,000 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 14,00,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method

of proportionate basis of Allotment, see 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. Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The 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 6,00,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 6,00,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all successful 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 Mutual Fund Bids exceed 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 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 for Allotment 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 of 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 up to 95% of the QIB Portion.
 - (ii) Mutual Funds, which 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 BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalise the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

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 Bidders will be that applicable to non-ASBA Retail Individual Bidders, Non-Institutional Bidders and QIB Bidders, as applicable. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to ₹ 2 lacs in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an

amount over ₹ 2 lacs will be categorized as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders vis-à-vis non-ASBA Bidders and vice versa.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - i) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and
 - ii) Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the 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 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.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated [●], between NSDL, our Company and the Registrar to the Issue;
- Agreement dated [●], between CDSL, our Company and the Registrar to the Issue.

Bidders will be Allotted Equity Shares in dematerialised mode only. 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 valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

- (b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form / ASBA Bid cum Application Forms 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 / ASBA Bid cum Application Forms 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 / ASBA Bid cum Application Forms or Revision Form, it is liable to be rejected.
- (f) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.
- (g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form / ASBA Bid cum Application Forms vis-à-vis those with his or her Depository Participant.
- (h) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.
- (j) Non-transferable Allotment Advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form / ASBA Bid cum Application Form number, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Collection Centre of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the members of the Syndicate / Designated Branches, Bidders can contact the relevant Designated Branch of the SCSBs. The SCSB or the Syndicate/ Sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/ sub-syndicate member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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.”

Payment of Refund

Within twelve Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders. Bidders other than ASBA Bidders must note that on the basis of the Bidders PAN, DP ID, Client ID and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Forms, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of Refunds

For Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. **NECS** – Payment of refund would be done through NECS for Bidders having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. **Direct Credit** – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.
3. **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their 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 Bidders 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 and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
4. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to ₹ 1,500 and through ordinary post for refund orders exceeding ₹ 1,500. Such refunds will be made by cheques, pay orders or demand

drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve Working Days of the Bid/Issue Closing Date.

Interest on refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% p.a. on the excess Bid Amount received if refunds are not made within a period of seven days after the Basis of Allotment or fifteen days from the Bid / Issue Closing Date, whichever is earlier.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within twelve Working Days of the Bid / Issue Closing Date. Our Company shall dispatch refunds above ₹ 1,500, if any, by registered post or speed post at the sale or First Bidder's sale risk, except for refunds through the NECs facility or Direct Credit.

In case of Bidders who receive refunds through NECS, NEFT or direct credit, the refund instructions will be given to the clearing system within twelve Working Days from the Bid / Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve Working Days of the Bid / Issue Closing Date, giving the details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing is completed and trading commences within twelve Working Days of the Bid / Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within twelve Working Days of the Bid / Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within twelve Working Days from the Bid / Issue Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within twelve Working Days from the Bid / Issue Closing Date; and
- Our Company shall pay interest at 15% per annum for any delay beyond the 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 eight days from the day the Company becomes liable to repay. If such money is not repaid within seven days from the day the Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days or after fifteen days from the Bid / Issue Closing Date whichever is earlier, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except for refunds effected through the electronic mode, i.e., NECS, NEFT or direct credit, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a Refund Banker which shall be 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.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, under certificate of posting, and shall dispatch refund orders above ₹ 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within twelve Working Days from the Bid / Issue Closing Date. Applicants residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT. In the case of other applicants, our Company shall ensure the dispatch of refund orders, if any, of value less than ₹ 1,500 by ordinary post, and shall dispatch refund orders, if any, of ₹ 1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within twelve Working 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 twelve Working Days from Bid / Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve Working Days of the Bid / Issue Closing Date, which shall be duly completed after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than twelve Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day our Company becomes liable to repay. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

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.

Undertakings by our Company

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily. Our Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- 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 within twelve Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within twelve Working Days from the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the refund orders or Allotment Advise / CAN to Eligible NRIs shall be dispatched within

specified time;

- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid / Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers within two days, in which the pre-Issue advertisements were published, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

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

In the event our Company, in consultation with the BRLM, withdraws the Issue after the Bid / Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated primarily by the FEMA and the policy prescribed by the Department of Industrial Policy and Promotion, GoI through circular 1 of 2011 with effect from April 1, 2011 (“**FDI Policy**”). While the FDI Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**FDI**”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Main Provisions of the Articles of Association of our Company

The Authorised capital of our Company is ₹ 15,00,00,000 divided into 1,50,00,000 Equity Shares of ₹ 10 each.

Title of the Article	Article Number and contents
Share Capital	<p>3.</p> <p>The authorised share capital of the Company shall be as per clause V (a) of the Memorandum of Association of the Company with power to increase or reduce the share capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, or such other rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided by the regulations of the Company and consolidate, sub-divide the shares and issue shares of higher or lower denomination. Further, the Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.</p>
Increase of capital by the Company how carried into effect	<p>4.</p> <p>The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.</p>
New Capital same as existing capital	<p>5.</p> <p>Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.</p>
Non Voting Shares	<p>6.</p> <p>The Board shall have the power to issue a part of authorised capital by way of nonvoting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.</p>
Redeemable Preference Shares	<p>7.</p> <p>Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.</p>
Voting rights of preference shares	<p>8.</p> <p>The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.</p>
Provisions to apply on issue of Redeemable Preference Shares	<p>9.</p> <p>On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:</p> <p>a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue</p>

Title of the Article	Article Number and contents
	<p>of shares made for the purpose of the redemption.</p> <p>b) No such Shares shall be redeemed unless they are fully paid.</p> <p>c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed.</p> <p>d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.</p> <p>e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.</p>
Reduction of capital	<p>10.</p> <p>The Company may (subject to the provisions of section 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>a) the share capital;</p> <p>b) any capital redemption reserve account; or</p> <p>c) any security premium account.</p> <p>in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>
Purchase of own Shares	<p>11.</p> <p>The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.</p>
Sub-division consolidation and cancellation of Shares	<p>12.</p> <p>Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.</p>

MODIFICATION OF RIGHTS

Title of the Article	Article Number and contents
Modification of rights	<p>13.</p> <p>Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.</p> <p>The rights conferred upon the holders of the Shares (including preference</p>

Title of the Article	Article Number and contents
	shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be varied by the creation or issue of further Shares ranking <i>pari passu</i> therewith.
Title of the Article	Article Number and contents
Restriction on allotment and return of allotment	14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	15. 1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then: a. Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date; b. The offer aforesaid 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 and the offer, if not accepted, will be deemed to have been declined; c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right; d. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company. 2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever. a. If a Special Resolution to that effect is passed by the Company in General Meeting; or b. Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. 3) Nothing in sub-clause (c) of (1) hereof shall be deemed; a. To extend the time within which the offer should be accepted; or b. To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. 4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company: i. To convert such debentures or loans into Shares in the Company; or ii. To subscribe for Shares in the Company PROVIDED THAT the terms of issue of such debentures or the terms of

Title of the Article	Article Number and contents
	<p>such loans include a term providing for such option and such term:</p> <ol style="list-style-type: none"> <li data-bbox="571 197 1378 286">a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and <li data-bbox="571 286 1378 434">b. In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.
Shares at the disposal of the Directors	<p>16.</p> <ol style="list-style-type: none"> <li data-bbox="571 474 1378 1025">1) Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. <li data-bbox="571 1025 1378 1384">2) Subject to the provisions of section 81(1A) of the Act, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, provision of these articles and such other rules, procedures, Regulations and Guidelines as may be applicable any preferential issue of equity shares/warrants/fully convertible debentures/partially convertible debentures or any other financial instruments by the company which would be converted into or exchanged with equity shares at a later date shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times either at par or at a premium and for such consideration as the Board thinks fit.
Power to offer Shares/options to acquire Shares	<p>16A</p> <ol style="list-style-type: none"> <li data-bbox="571 1424 1378 1818">i. Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. <li data-bbox="571 1818 1378 2022">ii. In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would <i>inter alia</i> include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the

Title of the Article	Article Number and contents
	<p>purposes of such trust, as it deems fit.</p> <p>iii. The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.</p>
Application of premium received on Shares	<p>17.</p> <p>1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.</p> <p>2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company:</p> <p>a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</p> <p>b. In writing off the preliminary expenses of the Company;</p> <p>c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</p> <p>d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p>
Power also to Company in General Meeting to issue Shares	<p>18.</p> <p>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>
Power of General Meeting to authorize Board to offer Shares/Options to employees	<p>18A</p> <p>Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose.</p> <p>In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
	19.

Title of the Article	Article Number and contents
Shares at a discount	<p>The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:</p> <ol style="list-style-type: none"> The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board; The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Installments of Shares to be duly paid	<p>20.</p> <p>If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.</p>
The Board may issue Shares as fully paid-up	<p>21.</p> <p>Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.</p>
Acceptance of Shares	<p>22.</p> <p>Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.</p>
Deposit and call etc., to be debt payable	<p>23.</p> <p>The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.</p>
Liability of Members	<p>24.</p> <p>Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p>
Dematerialisation of securities	<p>25.(A)</p> <p>Definitions</p> <p>Beneficial Owner “Beneficial Owner” means a person whose name is recorded as such with a Depository.</p> <p>SEBI “SEBI” means the Securities and Exchange Board of India as established under section 3 of Securities and Exchange Board of India Act,</p>

Title of the Article	Article Number and contents
	<p>1992.</p> <p>Bye-Laws “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;</p> <p>Depositories Act “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;</p> <p>Depository “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;</p> <p>Record “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;</p> <p>Regulations “Regulations” mean the regulations made by SEBI;</p> <p>Security/ Securities “Security” means such security/ securities as may be specified by SEBI.</p> <p>25.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p>
Options to receive security certificates or hold securities with depository	<p>25.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p>
Securities in depositories to be in fungible form	<p>25.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153,153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p>
Rights of depositories and beneficial owners	<p>25.(E) 1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;</p> <p>2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;</p> <p>3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</p>
Option to opt out in respect of any security	<p>25.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be</p>

Title of the Article	Article Number and contents
	specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Share certificate	<p>26.</p> <p>a. Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.</p> <p>b. Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.</p> <p>c. The Board may, from time to time, subject to the provisions of the Act and these Articles sub-divide/consolidate Share Certificates.</p>
Limitation of time for issue of certificates	<p>26A.</p> <p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p>
Renewal of share certificates	<p>27.</p> <p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
Issue of new certificate in place of one defaced, lost or destroyed	<p>28.</p> <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis</p>

Title of the Article	Article Number and contents
	apply to Debentures of the Company.
The first name joint holder deemed sole holder	29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
Company not bound to recognize any interest in Shares other than of registered holder	35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognized	36. a. Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. b. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.
Funds of Company not to be applied in purchase of Shares of the Company	38. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

Title of the Article	Article Number and contents
Commission may be paid	39. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
	41.

Title of the Article	Article Number and contents
Commission to be included in the annual return	Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Title of the Article	Article Number and contents
Interest out of capital	42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Title of the Article	Article Number and contents
Debentures with voting rights not to be issued	43. a. The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business. b. The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. c. Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. d. Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act. e. A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance. f. Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred. g. The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof. h. The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Title of the Article	Article Number and contents
Directors may make calls	44. a. Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked

Title of the Article	Article Number and contents
	<p>as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.</p> <p>b. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.</p>
Notice of call when to be given	<p>45.</p> <p>Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.</p>
Call deemed to have been made	<p>46.</p> <p>A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.</p>
Directors may extend time	<p>47.</p> <p>The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.</p>
Amount payable at fixed time or by installments to be treated as calls	<p>48.</p> <p>If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.</p>
When interest on call or installment payable	<p>49.</p> <p>If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.</p>
Evidence in action by Company against share holder	<p>50.</p> <p>On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
Payment in anticipation of calls may carry interest	<p>51.</p> <p>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</p>

Title of the Article	Article Number and contents
	<p>advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.</p>

LIEN

Title of the Article	Article Number and contents
Partial payment not to preclude forfeiture	<p>52.</p> <p>Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.</p>
Company's lien on Shares/ Debentures	<p>53.</p> <p>The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable 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 exempt from the provisions of this Article. Further, the 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;</p>
As to enforcing lien by sale	<p>54.</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-</p> <ol style="list-style-type: none"> Unless a sum in respect of which the lien exists is presently payable; or Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	<p>55.</p> <ol style="list-style-type: none"> The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of the Article	Article Number and contents
If money payable on Shares not paid notice to be given	56. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul Forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall

Title of the Article	Article Number and contents
	have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	<p>65.</p> <p>a. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p> <p>b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.</p> <p>c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.</p> <p>d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.</p> <p>e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.</p>
Provisions of these articles as to forfeiture to apply in case of non-payment of any sum.	<p>66.</p> <p>The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.</p>
Cancellation of shares certificates in respect of forfeited Shares	<p>67.</p> <p>Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.</p>
Evidence of forfeiture	<p>68.</p> <p>The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p>
Validity of sale	<p>69.</p> <p>Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.</p>
Surrender of Shares	<p>70.</p> <p>The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.</p>

TRANSFER AND TRANSMISSION OF SHARES

Title of the Article	Article Number and contents
No transfers to minors etc.	71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Instrument of transfer	72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Further, a common transfer form shall be used.
Application for Transfer	73. a. An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. b. Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice c. For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of Transfer	74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77. 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 partly paid up Shares.
Death of one or more joint	78. In case of the death of any one or more of the persons named in the Register

Title of the Article	Article Number and contents
holders of Shares	of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fee on transfer or transmissions	84. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
Transfer to be presented with evidence of title	85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of

Title of the Article	Article Number and contents
	transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of the Article	Article Number and contents
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of the Article	Article Number and contents
Share may be converted into stock	91. The Company may, by Ordinary Resolution: Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.
Transfer of stock	92. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	94. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of the Article	Article Number and contents
Power to borrow	95. Subject to the provisions of Sections 58A, 292 & 293(1)(d) of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to control of Directors	97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Title of the Article	Article Number and contents
Terms of issue of Debentures	98. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
Mortgage of uncalled capital	99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of the Article	Article Number and contents
Statutory meeting	100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business and the provisions related to the Statutory Report shall be complied with.
Annual General Meeting	101. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open

Title of the Article	Article Number and contents
	and accessible during the continuance of the Meeting.
Extra-Ordinary Meeting	<p data-bbox="459 197 555 228">General</p> <p data-bbox="563 197 1394 228">103.</p> <p data-bbox="563 228 1394 286">All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.</p>
Requisitionists' meeting	<p data-bbox="563 286 1394 318">104.</p> <p data-bbox="563 318 1394 443">(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-</p> <p data-bbox="563 443 1394 533">(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.</p> <p data-bbox="563 533 1394 658">(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.</p> <p data-bbox="563 658 1394 810">(2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or</p> <p data-bbox="563 810 1394 900">(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.</p> <p data-bbox="563 900 1394 1267">(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.</p> <p data-bbox="563 1267 1394 1330">(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:</p> <p data-bbox="563 1330 1394 1420">(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p data-bbox="563 1420 1394 1482">(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.</p> <p data-bbox="563 1482 1394 1545">(ii) the case of any other requisition, not less than two weeks before the Meeting, and</p> <p data-bbox="563 1545 1394 1608">(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.</p> <p data-bbox="563 1608 1394 1787">PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p data-bbox="563 1787 1394 1939">(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p data-bbox="563 1975 1394 2029">(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which</p>

Title of the Article	Article Number and contents
	notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
Extra-Ordinary General Meeting and requisition	<p>105.</p> <p>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p>
Contents of requisition, and number of requisitionists required and the conduct of Meeting	<p>106.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves ; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub-clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
Length of notice of Meeting	<p>107.</p> <p>(1) A General Meeting of the Company may be called by giving not less</p>

Title of the Article	Article Number and contents
	<p>than twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.</p> <p>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p>
Contents and manner of service of notice	<p>108</p> <p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p>(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company.</p> <p>PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.</p> <p>(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.</p>
Special and ordinary business and explanatory statement	<p>109.</p> <p>(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to</p> <p>(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;</p> <p>(ii) the declaration of dividend;</p> <p>(iii) the appointment of Directors in the place, of those retiring; and</p> <p>(iv) the appointment of, and the fixing of the remuneration of the Auditors, and</p> <p>(b) In the case of any other meeting, all business shall be deemed special.</p> <p>(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.</p>

Title of the Article	Article Number and contents
	<p>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.</p> <p>(3) 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.</p>
Omission to give notice not to invalidate proceedings	<p>110.</p> <p>The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.</p>
Notice of business to be given	<p>111.</p> <p>No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.</p>
Quorum	<p>112.</p> <p>Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.</p>
If quorum not present when Meeting to be dissolved and when to be adjourned	<p>113.</p> <p>If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and 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 as the Board may determine. If at the adjournment meeting also, a quorum is not present within 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.</p>
Resolution passed at adjourned Meeting	<p>114.</p> <p>Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.</p>
Chairman of General Meeting.	<p>115.</p> <p>At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.</p>
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	<p>115(A)</p> <p>Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.</p>
Business confined to election	<p>116.</p>

Title of the Article	Article Number and contents
of Chairman whilst the Chair is vacant	No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120. 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 on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

DIRECTORS

Title of the Article	Article Number and contents
Number of Directors	144. Until otherwise determined by a General Meeting of the Company and

Title of the Article	Article Number and contents
	subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	<p>144A.</p> <p>The First Directors of the Company:-</p> <ol style="list-style-type: none"> 1. Shri. Mohan S. Dama 2. Shri. Karsandas S. Dama 3. Smt. Minal M. Dama 4. Smt. Naina P. Hemani 5. Shri. Bharat K. Dama
Debenture Directors	<p>146.</p> <p>Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.</p>
Nominee Director or Corporation Director	<p>147.</p> <p>a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to</p>

Title of the Article	Article Number and contents
	<p>such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.</p>
Special Director	<p>148.</p> <p>The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or it shall have the right to appoint him or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit.</p> <p>Such nominee and their successors in office appointed under this Article shall be called “Special Director” of the Company.</p> <p>The Special Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meeting and meetings of the committee of which the Special Director/s is/are members/s as also the minutes of such meetings. Such Special Directors shall not be required to hold any qualification shares nor be liable to retire by rotation.</p> <p>The Special Directors appointed hereof shall be entitled to hold office until requested to retire by the Person, firm or corporation which may have appointed him/them and not will be liable to retire by rotation. As and when the Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the Person, firm corporation who are or which appointed such Director may appoint any other Director in his place. A Special Director may, at any time, by notice in writing to the Company resign his office. Subject as aforesaid a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as may other Director of the Company</p>
Limit on number of retaining Directors	<p>149.</p> <p>The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.</p>
Directors may fill in vacancies	<p>151.</p> <p>The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.</p>
Additional Directors	<p>152.</p> <p>The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at</p>

Title of the Article	Article Number and contents
	such Meeting.
Qualification shares	153. A Director need not hold any qualification shares.
Directors' sitting fees	154. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Disqualification of the Director	162.A person shall not be capable of being appointed Director of the Company if:- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	163.The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or (k) if by notice in writing to the Company, he resigns his office, or (l) having been appointed as a Director by virtue of his holding any office

Title of the Article	Article Number and contents
	or other employment in the Company, he ceases to hold such office or other employment in the Company.
Vacation of office by Directors (contd.)	<p>164. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162 hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	<p>165.</p> <p>(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>(b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p> <p>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p> <p>(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(h) Nothing contained in this Article shall be taken:-</p>

Title of the Article	Article Number and contents
	(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or (ii) as derogating from any power to remove a Director which may exist apart from this Article.
Interested Directors not to participate or vote in Board's proceedings	166. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely; (i) in his being: (a) a director of such company; and (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.
Director may be director of Companies promoted by the Company	167. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of the Article	Article Number and contents
Rotation of Directors	169. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
Retirement of Directors	170. Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	171. Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of Technical or Executive Directors	172. a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the

Title of the Article	Article Number and contents
	Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
Ascertainment of Directors retiring by rotation and filling of vacancies	173. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	174. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	175. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	176. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (iii) he is not qualified or is disqualified for appointment (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	177. Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	178. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

MANAGING DIRECTOR

Title of the Article	Article Number and contents
Powers to appoint Managing	182.

Title of the Article	Article Number and contents
Director	<p>(1) Subject to the provisions of the Act, the Board may from time to time appoint one or more of their body to the office of Managing Directors for such period and or such terms it may think fit and subject to the terms of any agreement entered into with him may revoke such appointment, in making such appointment(s) the Board shall ensure compliance with the requirements of law and seek and obtain such approvals as are prescribed by the Act.</p> <p>(2) Subject to the provisions of the Act and these Articles, the Managing Directors or Managing Director shall not while he or they continue to hold that office be subject to retirement by rotation but he or they shall subject to the provisions of any contract between him and them and the Company, be subject to same provisions as to resignation and removal as the other Directors of the Company and he or they shall ipso-facto and immediately cease to be Managing Director or Managing Directors if he or they cease to hold the office of the Director for any cause.</p>
Powers of Managing Director	<p>185. The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.</p> <p>186. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>187. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.</p> <p>188. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>189. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>
Appointment and powers of Manager	<p>189A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and</p>

Title of the Article	Article Number and contents
	may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

POWERS OF THE BOARD

Title of the Article	Article Number and contents
General powers of management vested in the Board of Directors	<p>203.</p> <p>The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.</p> <p>Provided that the Board shall not, except with the consent of the Company in General Meeting :-</p> <p>(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director,</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</p> <p>(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</p> <p>i. Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)</p> <p>ii. Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised</p>

Title of the Article	Article Number and contents
Certain powers to be exercised by the Board only at Meetings	<p data-bbox="655 165 1294 194">for the purpose of financing expenditure of a capital nature.</p> <p data-bbox="564 199 612 228">204.</p> <p data-bbox="564 230 1394 349">(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <p data-bbox="564 383 1394 562">(a) the power to make calls, on shareholders in respect of money unpaid on their Shares, (b) the power to issue Debentures, (c) the power to borrow moneys otherwise than on Debentures, (d) the power to invest the funds of the Company, and (e) the power to make loans</p> <p data-bbox="564 595 1394 714">Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <p data-bbox="564 716 1394 808">(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p data-bbox="564 810 1394 929">(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.</p> <p data-bbox="564 931 1394 1055">(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</p>
Certain powers of the Board	<p data-bbox="564 1055 612 1084">205.</p> <p data-bbox="564 1086 1394 1265">Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <ol data-bbox="564 1267 1394 2031" style="list-style-type: none"> <li data-bbox="564 1267 1394 1328">1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. <li data-bbox="564 1330 1394 1422">2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. <li data-bbox="564 1424 1394 1603">3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. <li data-bbox="564 1606 1394 1877">4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. <li data-bbox="564 1879 1394 1998">5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. <li data-bbox="564 2000 1394 2031">6. To accept from any Member, as far as may be permissible by law to a

Title of the Article	Article Number and contents
	<p>surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</p> <p>7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</p> <p>8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</p> <p>9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</p> <p>10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</p> <p>11. Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p> <p>12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.</p> <p>13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.</p> <p>14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.</p> <p>15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising</p>

Title of the Article	Article Number and contents
	<p>dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.</p> <p>21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by</p>

Title of the Article	Article Number and contents
	<p>the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.</p> <p>22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.</p> <p>25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the</p>

Title of the Article	Article Number and contents
	disposal of the Company or in which the Company is interested.
	32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
	33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
	34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of the Article	Article Number and contents
Division of profits	212. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares; (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	213. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	214. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	215. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	216. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance to carry interest, not the right to earn dividend	217. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	218. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
	219.

Title of the Article	Article Number and contents
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	220. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	221. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	222. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	223. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	224. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	225. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-
	(a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unpaid or unclaimed dividend	226. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in

Title of the Article	Article Number and contents
	<p>that behalf in any scheduled bank and to be called “Hemani Industries Limited. _____ (year) Unpaid Dividend Account”.</p> <p>Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.</p> <p>There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law</p>
Set-off of calls against dividends	<p>227.</p> <p>Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.</p>
Dividends in cash	<p>228.</p> <p>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>
Capitalisation	<p>229.</p> <p>(1)The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b)</p> <p>(3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	<p>230.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of above Article.</p>
Fractional certificates	<p>231.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(2)The Board shall have full power:</p>

Title of the Article	Article Number and contents
	<p>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p>(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p>

ACCOUNTS

Title of the Article	Article Number and contents
Statements of accounts to be furnished to General Meeting	<p>234.</p> <p>The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.</p>
Accounts to be audited	<p>236.</p> <p>Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.</p>

REGISTERS AND DOCUMENTS

Title of the Article	Article Number and contents
Registers and documents to be maintained by the Company	<p>243.</p> <p>The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:</p> <p>(a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act</p> <p>(b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.</p> <p>(c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.</p> <p>(d) Foreign register, if so thought fit, as required by Section 157 of the Act</p> <p>(e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.</p> <p>(f) Register of Directors and Secretaries etc. as required by Section 303 of the Act.</p> <p>(g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.</p> <p>(h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.</p> <p>(i) Copies of annual returns prepared under Section 159 of the Act</p>

Title of the Article	Article Number and contents
	<p>together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.</p> <p>(j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.</p>
Inspection of Registers	<p>244.</p> <p>The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.</p>

WINDING UP

Title of the Article	Article Number and contents
Distribution of assets	<p>245.</p> <p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.</p>
Distribution in specie or kind	<p>246.</p> <p>(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	<p>247.</p> <p>A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration</p>

Title of the Article	Article Number and contents
	receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	248. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	249. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Title of the Article	Article Number and contents
Secrecy Clause	250. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	251. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire 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 relate to the conduct of the business of the Company and which in the opinion of the Directors, it

Title of the Article	Article Number and contents
	would be inexpedient in the interest of the Company to disclose.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 706 – 710, Reena Complex, 7th Floor, Ramdev Nagar Road, Vidyavihar (West), Mumbai – 400 086, Maharashtra, India from 10.00 a.m. to 4.00 p.m. on Working Days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts for Inspection

1. Issue Agreement dated May 26, 2011 between our Company and the BRLM to the Issue.
2. Memorandum of Understanding dated May 18, 2011 between our Company and Sharepro Services (India) Private Limited as Registrar to the Issue.
3. Escrow agreement dated [●] between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
4. Syndicate agreement dated [●] between our Company, the BRLM and the Syndicate Members.
5. Underwriting agreement dated [●] between us, our Company, the BRLM and the Syndicate Members.
6. Tripartite agreement between the NSDL, our Company and the Registrar to the Issue dated [●].
7. Tripartite agreement between the CDSL, our Company and the Registrar to the Issue dated [●].

Material Documents for Inspection

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including Certificates of Incorporation.
2. Resolution of the Board of Directors dated April 18, 2011, authorising the Issue.
3. Special resolution of the shareholders passed at the Extra Ordinary General Meeting dated May 17, 2011, authorising the Issue.
4. Resolution of the Board dated June 19, 2011 approving the Draft Red Herring Prospectus.
5. Copies of our annual reports for the past five Fiscals.
6. Board resolution dated April 18, 2011 and resolution of the shareholders passed at their extra ordinary general meeting dated April 18, 2011 for fixing the term of appointment and the remuneration of our Chairman and Managing Director Mr. Mohan Dama.
7. Board resolution dated April 18, 2011 and resolution of the shareholders passed at their extra ordinary general meeting dated April 18, 2011 for fixing the term of appointment and the remuneration of our whole time director Mr. Premji Hemani.
8. Board resolution dated April 15, 2011 and resolution of the shareholders passed at their extra ordinary general meeting dated April 15, 2011 for fixing the term of appointment and the remuneration of our whole time director Mr. Nitin Dama.
9. Consent of the Auditor, M/s. U. B. Sura & Co., for inclusion of their report on the Restated Financial Information in the form and context in which it appears in the Red Herring Prospectus.
10. Copy of Certificate from the Statutory Auditor, M/s. Haren Parekh & Company, Chartered Accountants dated June 9, 2011 regarding the source and deployment of funds as on May 31, 2011.

11. Copy of the Statement of Tax Benefits dated June 9, 2011 issued by our Statutory Auditor, M/s. Haren Parekh & Company, Chartered Accountants.
12. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditors, Peer Reviewed Auditor, Legal Advisor to the Issue, Bankers to our Company, the BRLM, Registrar to the Issue, Syndicate Members, Escrow Collection Banks, Refunds Banks, IPO Grading Agency, in their respective capacities.
13. Listing applications dated [●] and [●] and filed with the BSE and NSE.
14. In-principle listing approvals dated [●] and [●] from BSE and NSE respectively.
15. Due diligence Certificate dated June 19, 2011 to SEBI from the BRLM.
16. Report of the IPO Grading Agency dated [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of our Company, hereby declare, that all the relevant provisions of the Companies Act, 1956, the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, including SEBI ICDR Regulations and guidelines issued by the Government of India, as the case may be, have been complied with and that no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or regulations or rules or guidelines issued thereunder, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true, fair, accurate and correct.

Signed by all the Directors of Hemani Industries Limited.

Name and designation	Signature
Mr. Mohan Dama <i>Chairman and Managing Director</i>	
Mr. Premji Hemani <i>Whole Time Director</i>	
Mr. Nitin Dama <i>Whole Time Director</i>	
Mr. Arvind Mav <i>Independent Director</i>	
Mr. Girdhar Bhanushali <i>Independent Director</i>	
Mr. Korji Hemani <i>Independent Director</i>	

Signed by the Chief Financial Officer and the Company Secretary and Compliance Officer

Mr. Deepak Gajra
Chief Financial Officer

Ms. Monali Wakalkar
Company Secretary and Compliance Officer

Place: Mumbai

Date: June 19, 2011