



## ESS DEE ALUMINIUM LIMITED

(Incorporated as Ess Dee Aluminium Private Limited on 10<sup>th</sup> February 2004 under the Companies Act, 1956, with its registered office at Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210. Subsequently, our Company was converted into a public limited company and the name was changed to Ess Dee Aluminium Limited on 14<sup>th</sup> June 2006)

**Registered Office:** Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210.

**Tel:** +91-260-2220314/15 **Fax:** +91-260-2220316

**Corporate Office:** "Vidyasagar", 4<sup>th</sup> Floor, Western Express Highway, Malad (E), Mumbai – 400 097.

**Tel:** +91-22- 66919955 **Fax:** +91-22- 66940985 **Website:** www.dutttagroup.in **E-mail:** ipo@dutttagroup.net

**Contact Person:** Mr. Darshan Majmudar, Vice President (Finance) & Company Secretary

**ISSUE OF 69,60,000 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER SHARE) AGGREGATING RS. [●] LACS INCLUDING RESERVATION FOR ELIGIBLE EMPLOYEES OF 1,50,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING RS [●] LACS ("EMPLOYEE RESERVATION PORTION") AND NET ISSUE TO PUBLIC OF 68,10,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] LACS ("NET ISSUE"). THE NET ISSUE WILL CONSTITUTE 25.79% OF THE FULLY DILUTED POST-ISSUE PAID-UP CAPITAL OF ESS DEE ALUMINIUM LIMITED ("COMPANY" OR "ISSUER").**

**PRICE BAND: RS. 200 TO RS. 225 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH**

**THE ISSUE PRICE IS 20 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 22.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

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

This Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be mandatorily allocated on a proportionate basis to QIBs as specified in the Disclosure and Investor Protection Guidelines, 2000 of the Securities and Exchange Board of India ("SEBI"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. If at least 50% of the Net Issue cannot be allocated to QIB Bidders, then the entire money will be refunded. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Company, there has been no formal market for the Equity Shares of the Company. The Face Value of the Equity Shares is Rs. 10/- and the Issue Price is 20 times of the Face Value at the lower end of the Price Band and 22.5 times of the Face Value at the higher end of the Price Band. The Issue Price (as determined and justified by the Book Running Lead Managers in consultation with the Company in the paragraph titled "Basis for Issue Price" on Page 57 of this Red Herring Prospectus on the basis of the assessment of market demand for the Equity Shares issued by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investment 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 the Issue including the risk involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page 10 of this Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### OUR COMPANY HAS NOT OPTED FOR IPO GRADING

### LISTING ARRANGEMENTS

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai. The in-principle approval for listing from BSE and NSE has been received vide letters dated 21<sup>st</sup> September 2006 & 6<sup>th</sup> October 2006 respectively. For purposes of the Issue, BSE shall be the Designated Stock Exchange.

### BOOK RUNNING LEAD MANAGER TO THE ISSUE



**UTI Securities Limited**  
1<sup>st</sup> Floor, Dheeraj Arma,  
Anant Kanekar Marg, Station Road  
Bandra (East), Mumbai – 400 051.  
Tel: +91-22- 67515805/67515809  
Fax: +91-22-67023194  
Website: www.utisel.com  
E-mail: essdeeipo@utisel.com  
Contact Person: Mr. Saurabh Vijay/  
Ms. Rupal Khandelwal

### REGISTRAR TO THE ISSUE



**Bigshare Services Private Limited**  
E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri (East), Mumbai – 400 072.  
Tel: +91-22-28473747/ 3474/ 0652/ 0653  
Fax: +91-22-28475207  
Website: www.bigshareonline.com  
E-mail: ipo@bigshareonline.com  
Contact Person: Mr. N.V.K. Mohan

### ISSUE PROGRAMME

**BID/ISSUE OPENS ON : 4<sup>TH</sup> DECEMBER 2006**

**BID/ISSUE CLOSES ON : 8<sup>TH</sup> DECEMBER 2006**

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## DEFINITIONS AND ABBREVIATIONS

### Conventional / General Terms

Term	Description
Act/ Companies Act	The Companies Act, 1956
Directors	The directors of our Company, unless the context otherwise requires
Equity Shares	The Equity Shares of Face Value of Rs. 10/- each of our Company
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Quarter	A period of three continuous months
RBI Act	The Reserve Bank of India Act, 1934
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) Guidelines, 2000.
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

### Issue Related Terms

Term	Description
“Ess Dee Aluminium” or “our Company” or “Ess Dee Aluminium Limited” or “EDAL” or “we” or “us” and “our”	Ess Dee Aluminium Limited, a public limited company incorporated under the Companies Act, 1956
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares pursuant to this Issue
Banker(s) to the Issue	HDFC Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus

<b>Term</b>	<b>Description</b>
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English national newspaper and Hindi national newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
BRLMs	Book Running Lead Managers to this Issue, in this case being UTI Securities Limited and Enam Financial Consultants Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off	The Issue Price finalized by our Company in consultation with the BRLMs
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer Equity Shares to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)
Draft Red Herring Prospectus	Means the Draft 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 being issued and number of Equity shares being issued through this Issue. Upon filing with RoC at least three days before the Bid/ Issue opening date it will become the Red herring Prospectus. It will become the Prospectus after filing with the RoC after the pricing and allocation
Eligible Employees	Means Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Flex Art Foil Private Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form. However, our Promoter Mr. Sudip Dutta who is also our Chairman and Managing Director is not eligible to bid through the Employee Reservation Portion.
Equity Shares	Equity shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof

<b>Term</b>	<b>Description</b>
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLMs and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being HDFC Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue	The issue of 69,60,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus.
Issue Management Team	The team managing this Issue as set out in the section titled "General Information" in this Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in term of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Issue Period	The Issue period shall be 5 working days from 4 <sup>th</sup> December 2006 being the Bid/ Issue Opening date, to 8 <sup>th</sup> December 2006, being the Bid/Issue Closing date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% to 100% of the Bid Amount.
Net Issue or Net Issue to Public	The Issue of Equity Shares other than the Employee Reservation Portion.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.1,00,000
Non Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue i.e. 10,21,500 Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 200 and the maximum price (Cap Price) of Rs. 225 and includes revisions thereof

Term	Description
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoter	Mr. Sudip Dutta
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial banks; mutual funds; foreign institutional investor registered with SEBI; multilateral and bilateral development financial institutions; venture capital funds registered with SEBI; foreign venture capital investors registered with SEBI; state industrial development corporations; insurance companies registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs.
QIB Portion	The portion of this Issue being at least 50% of the Net Issue which shall be mandatorily allocated on a proportionate basis to QIBs, i.e., 34,05,000 Equity Shares of Rs.10 each available for allocation to QIBs
Red Herring Prospectus	Means 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 being issued and number of Equity shares being issued through this Issue. The Red Herring Prospectus will be filed with RoC at least three days before the Bid/Issue opening date and will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar/ Registrar to this Issue	Bigshare Services Private Limited as indicated on the cover page of this Red Herring Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of the Net Issue i.e. 23,83,500 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Syndicate	The BRLMs and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between our Company, BRLMs and the Syndicate Member(s), in relation to the collection of Bids in this Issue
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLMs in this case being Enam Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid on the online system of BSE/NSE
Underwriters	The BRLMs and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

### Company/ Industry-Related Terms

Term	Description
Articles/ Articles of Association	The Articles of Association of Ess Dee Aluminium Limited
Auditors	The Statutory Auditors of our Company namely M/s. M. P. Chitale & Co., Chartered Accountants.
Board / Board of Directors	Board of Directors of Ess Dee Aluminium Limited unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of Ess Dee Aluminium Limited
MTPA	Metric Tonnes Per Annum
Project	The Project includes setting up of additional manufacturing facilities for aluminium foil based packaging products at Daman and also raising funds required for General Corporate Purposes and meeting the Public Issue Expenses.
Registered Office of our Company	Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman - 396 210.
RoC	Registrar of Companies, Goa, Daman & Diu at Panaji, Goa unless otherwise specified.

### ABBREVIATIONS

Term	Description
A.Y./ AY	Assessment Year
A/c	Account
AGM	Annual General Meeting of our Company
AIDS	Acquired Immuno Deficiency Syndrome
AS	Accounting Standards
BOPP	Bi Axially Oriented Polypropylene
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CLB	Company Law Board
CLCS	Credit Linked Capital Subsidy
DCA	Department of Company Affairs
DMF	Drug Master File
DP	Depository Participant
DPCO	Drug Price Control Order
EAA	Ethyl Acrylic Acid Copolymer

<b>Term</b>	<b>Description</b>
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EOU	Export Oriented Unit
EPCG	Export Promotion & Credit Guarantee Scheme
EPS	Earnings Per Share
F.Y. / FY / Fiscal / Financial Year	Period of Twelve Months ending on March 31 of the respective year
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FEMR	Foreign Exchange Management Regulations, 2000
FI	Financial Institution
FII	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FMCG	Fast Moving Consumer Goods
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GARMCO	Gulf Aluminium Rolling Mill Co. B.S.C. (c)
GIR Number	General Index Register Number
Gol	Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961
IPO	Initial Public Offer
ISO	International Standards Organization
KVA	Kilo Volt Ampere
KW	Kilo Watt
KRAs	Key Result Areas
LME	London Metal Exchange
L/C	Letter of Credit
MAT	Minimum Alternate Tax
MF	Mutual Fund
MW	Mega Watt



<b>Term</b>	<b>Description</b>
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PE	Poly Ethylene
PVC	Polyvinyl Chloride
PVdC	Polyvinylidene Chloride
QIB	Qualified Institutional Buyer
R&D	Research & Development
RBI	Reserve Bank of India
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SEBI	The Securities and Exchange Board of India
SIA	Secretariat for Industrial Assistance
SSI	Small Scale Industry
STDs	Sexually Transmitted Diseases
TAN	Tax Deduction Account Number
TNW	Total Net Worth
TRS	Transaction Receipt Slip
USD	United States Dollar
US FDA	United States Food and Drug Administration
VAT	Value Added Tax
WDV	Written Down Value
w.e.f.	With effect from

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## PRESENTATION OF FINANCIAL AND MARKET DATA

### **Financial Data**

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our Fiscal commences on April 1 and ends on March 31, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

### **Market data**

Unless stated otherwise, market data used throughout this Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

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## FORWARD-LOOKING STATEMENTS

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

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 Packaging Industry in India 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 our overseas markets 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 and foreign laws, regulations and taxes and changes in competition in our industry in India or Internationally.

For further discussion on factors that could cause our actual results to differ, see “Risk Factors” beginning on page 10 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company & the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchange for the Equity Shares allotted pursuant to the Issue.

## RISK FACTORS

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

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

### INTERNAL RISK FACTORS

**1. We propose to import second hand Plant & Machinery aggregating Rs. 3,575.39 Lacs.**

We propose to import second hand Plant & Machinery aggregating Rs. 3,575.39 Lacs, which is 40.43% of the total cost of Plant & Machinery required for the Project. The second hand plant & machineries are not covered by the warranty of the manufacturers and the output and efficiency of the second hand plant & machineries may not be same as that of the new ones. The details of these second hand Plant & Machinery are given on page 46 of this Red Herring Prospectus under the section titled "Objects of the Issue".

**2. There has been a negative cash flow during the period ended on 30<sup>th</sup> September 2006 in the following activities:**

	(Rs. in Lacs)	
Particulars	30.09.06	31.03.06
Net Cash flow from Operating Activities	(259.28)	(604.95)
Net Cash flow from Investing Activities	(1,350.80)	(1,549.88)

The cash flows from operating activities for the half year ended 30<sup>th</sup> September 2006 were negative due to increase in the amount of inventories and debtors aggregating to Rs. 475.56 Lacs and Rs. 1,627.68 Lacs respectively. Further the negative cash flow from investing activities was mainly due to investment in fixed assets aggregating to 1,259.36 Lacs.

The cash flows from operating activities for the year ended 31st March 2006 were negative due to increase in the amount of inventories, debtors and other current assets aggregating to Rs. 431.73 Lacs, Rs. 1,927.16 Lacs and Rs. 281.95 Lacs respectively. Further the negative cash flow from investing activities was mainly due to investment in fixed assets aggregating to 1,148.82 Lacs.

**3. Our promoter and our Company is involved in the following litigations:**

**a. Litigation relating to the Promoter**

Our Promoter, Mr. Sudip Dutta, has filed an appeal before the Commissioner of Income Tax (Appeals) against the order made u/s 143(3) of the I.T. Act passed by the Additional Commissioner of Income Tax for the AY 2003-04. In the matter, the Additional Commissioner of Income Tax had considered the loan taken by Mr. Sudip Dutta, from one Mr. H. Carvallo aggregating Rs. 300,000/- as total income of Mr. Sudip Dutta u/s 68 of the I.T. Act, which has been challenged by Mr. Sudip Dutta on the ground that the said sum of Rs. 300,000/- is a genuine loan. The matter was finally heard by the Commissioner of Income-tax (Appeals) on 7<sup>th</sup> November, 2006. However, no orders have been passed by the Commissioner of Income-tax (Appeals) till date.

**b. Litigation against our Company.**

Messer's Magoxy Flooring ("Magoxy") has filed a suit being Summary Suit No. 987 of 2006 in the High Court of Judicature at Bombay against Atlanta Vinyl Private Limited (now amalgamated with our Company with effect from 1st April 2005, in pursuance of the orders dated 31st March 2006 and 7th April 2006 of the Hon'ble High Courts at Goa and Mumbai respectively) for recovery of an amount of Rs. 3,81,843.65/- along with interest. In the matter, our Company had purchased oxycoloride flooring from M/s Magoxy for its Goa unit and in pursuance thereof, Magoxy raised invoices for a sum of Rs. 5,07,000/- and Rs. 2,90,799.65/- respectively, for supplying and installing the said flooring. Our Company had made a part payment of Rs. 4,15,956/- to Magoxy and the remaining amount is still outstanding. Accordingly, the Suit has been filed by Magoxy to recover the balance amount of Rs. 3,81,843.65/- along with interest @ 18% per annum amounting to Rs. 1,40,332/-. Our Company claims that the work executed by Magoxy had not been properly executed and accordingly further payments have not been made to Magoxy.

- 4. Flex Industries Limited, a listed company, has made representations to the Regional Director to the effect that the name of our subsidiary, Flex Art Foils Private Limited is similar to the name of Flex Industries Limited and that our subsidiary should be made to delete the word 'Flex' from its name so that the public is not lead to believe that our Company is in any manner associated with Flex Industries Limited. The Regional Director may, in terms of Section 22 of the Act, require our subsidiary to change its name and delete the word Flex from its name.**

- 5. Till date, our majority of the Sales Volumes have been dependent upon our wholly owned Subsidiary, Flex Art Foil Private Limited.**

The products manufactured by our Company cater to the needs of Pharmaceutical companies. Currently, we sell about 57% of our production to our wholly owned subsidiary, Flex Art Foil Private Limited, which in turn prints and sells aluminium foil based packaging products (either for strip packs or blister packs) to its customers as per their specifications. Further, five of our other customers account for about 28% of our sales volumes. The loss of any one or more of our customers or our subsidiary's customers would have a material adverse effect on our business operations and profitability.

- 6. We are only dependent upon one supplier for Aluminium Sheets, which constitutes the largest component of our raw material costs for manufacturing Aluminium foil based packaging products.**

For manufacturing Aluminium foil based packaging products, we import Aluminium Sheets, which constitutes the largest component of our raw material costs and we currently import only from one supplier namely, GARMCO, Bahrain. Aluminium Sheets procurement constitutes a significant part of our total lead-time. Any problems faced by GARMCO in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

- 7. Volatility in aluminium prices may have a negative impact on our financial performance.**

Aluminium foil stock (Aluminium Sheets) is the major raw material for our packaging products. Hence our profitability will be affected to the extent we are unable to pass on any increase in the cost of aluminium to our customers.

- 8. As on 15<sup>th</sup> November 2006, we have an aggregate outstanding export obligation of US\$ 1,11,08,753.11 which needs to be fulfilled. Failure to meet the export obligations would entail payment of the amount of duty saved together with interest.**

As on 15<sup>th</sup> November 2006, we have an aggregate outstanding export obligation of US\$ 1,11,08,753.11, which pertains to various EPCG Licences and Advance Licences. The details of licences and outstanding export

obligations are as follows:

Sr. No.	Details	Licence No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation (in US\$)	Export Obligation completed (in US \$)	Balance Export obligation to be completed (in US \$)	Date upto which Export Obligation to be completed
1	EPCG	330003573	1-May-03	37.74	6,30,971.78	6,30,971.78	Nil	1-May-11
2	Advance Licence	310382404	30-May-06	368.60	11,75,493.00	1,98,409.52	9,77,083.48	29-May-08
3	Advance Licence	310386327	22-Jun-06	414.45	1,27,1653.4		12,71,653.40	21-Jun-08
4	Advance Licence	310390281	19-Jul-06	158.00	4,66,418.57		4,66,418.57	18-Jul-08
5	Advance Licence	310390631	21-Jul-06	158.00	4,66,418.57		4,66,418.57	20-Jul-08
6	Advance Licence	310390589	20-Jul-06	158.00	4,66,418.57		4,66,418.57	19-Jul-08
7	Advance Licence	310396620	25-Aug-06	79.51	2,26,930.15		2,26,930.15	24-Aug-08
8	Advance Licence	310390854	24-Jul-06	173.80	51,3060.50		5,13,060.50	23-Jul-08
9	Advance Licence	310390858	24-Jul-06	158.00	4,66,418.57		4,66,418.57	23-Jul-08
10	EPCG	330013048	28-Aug-06	138.77	23,52,082.97		23,52,082.97	27-Aug-09
11	EPCG	330013835	7-Nov-06	70.28	12,34,297.11		12,34,297.11	6-Nov-09
12	EPCG	330013834	7-Nov-06	115.05	20,20,800.72		20,20,800.72	6-Nov-09
13	Advance Licence	310407045	8-Nov-06	224.33	6,47,170.50		6,47,170.50	7-Nov-08
		<b>Total</b>		<b>2,254.53</b>	<b>1,19,38,134.41</b>	<b>8,29,381.30</b>	<b>1,11,08,753.11</b>	

Further, our Company proposes to import certain plant & machinery, required for the current Project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty. As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India. Our profitability will be affected to the extent of the amount paid to the Government on account of our failure to meet the export obligations

For further details of these export obligations, please refer to the section titled "Export Possibilities and Export Obligations" appearing on page 90 of this Red Herring Prospectus.

9. **We have issued Equity Shares in the last twelve months, the price of which is lower than the issue price. For details of the Equity Shares issued in the last twelve months, please refer to the section titled “Capital Structure” beginning on page 36 of this Red Herring Prospectus.**
10. **Our Company as also our wholly owned subsidiary viz. Flex Art Foil Private Limited have taken their respective corporate offices in Mumbai on rent from our Chairman and Managing Director, Mr. Sudip Dutta, who is also our Promoter. Our promoter also receives rent for the same. For the details of the rent received by Mr. Sudip Dutta please refer section titled “Interest of Promoter” beginning on page 108 of this Red Herring Prospectus.**
11. **Any loss of or breakdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.**

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

12. **Our Company has embarked upon a Rs. 11,479.08 Lacs Project, which is large in comparison to its current size of operations. Our management may face the problem in managing the day-to-day affairs of our Company after the completion of project and increased scale of operations. An equity investor is therefore faced with an uncertainty of performance by the management.**

Our Company has embarked upon a Rs. 11,479.08 Lacs Project. The Project involves expansion of foil rolling capacity from 3,600 MTPA to 18,000 MTPA, which is about five times of our existing capacity. Our turnover for the period ended 31<sup>st</sup> March 2005 was merely Rs. 952.87 Lacs and for the year ended 31<sup>st</sup> March 2006 it was 7,167.02 Lacs. Further, the Project size is about 6.6 times of total networth of our Company as at 31<sup>st</sup> March 2006. The successful implementation and commencement of the Project depends upon the ability of our management to handle such a large project. A project of this size is likely to consume a lot of our management’s attention during the implementation period. To the extent management is unable to focus on the current operations of our Company, the operations of our Company is likely to be affected.

13. **We have not obtained any third party appraisals for our Project.**

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management 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, which may require us to reschedule our Project expenditure and have a bearing on our expected revenues and earnings

14. **Our new Project is dependent on performance of external agencies.**

Our new Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant & machinery and supply & testing of equipments. We cannot assure that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements with respect to timeline and quality of performance, we may require to replace these external agencies even, which could result in incremental cost and time overruns of the Project, and in turn could adversely affect our business operations and profitability.

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

We operate in a technologically intensive environment, where we compete on a global scale. Technology by its very nature is dynamic and ever changing and we may not be able to keep pace with the rapidly changing technological environment. Any such failure on our part could adversely affect our ability to compete efficiently, our cost-competitiveness, ability to develop new products and the consequential quality of our products, and could also adversely affect our sales and profitability.

**16. There are certain pending government / statutory approvals.**

Applications for the following government / statutory approvals and licenses for our proposed manufacturing unit at Daman will be made in due course:

Sr. No.	Approval/Consent	Concerned Authority	Remarks
1	Factory License	Inspector of Factories	Will be applied on or before 31 <sup>st</sup> December 2006
2	Central Excise	Central Excise Department	Will be applied on or before 31 <sup>st</sup> December 2006
3	Local Sales Tax	Sales Tax Department	Will be applied on or before 31 <sup>st</sup> December 2006
4	Central Sales Tax	Sales Tax Department	Will be applied on or before 31 <sup>st</sup> December 2006
5	Pollution Control	Pollution Control Board	Will be applied on or before 31 <sup>st</sup> December 2006
6	Contract Labour	Labour Commissioner	Will be applied on or before 31 <sup>st</sup> December 2006
7	Power	Electricity Department, Daman	Will be applied on or before 31 <sup>st</sup> December 2006
8	Service Tax	Central Excise Department	Will be applied on or before 31 <sup>st</sup> December 2006
9	Consent to install DG Set	Electricity Department, Daman	Will be applied on or before 31 <sup>st</sup> December 2006
10	Consent to install DG Set under Air (Prevention and Control of Pollution) Act, 1981	Member Secretary, Pollution Control Committee, Daman & Diu.	Will be applied on or before 31 <sup>st</sup> December 2006

If we do not apply or fail to apply within the prescribed time or fail to obtain any of the aforesaid licenses, approvals and permissions, our ability to carry on business, including but not limited to our new Project may be materially affected and our Company and our officials may be subject to fines and penalties under the relevant laws, and consequently our turnover and profitability may be adversely affected.

**17. Our success depends largely upon the services of our Promoter and other key managerial personnel and our ability to attract and retain them.**

Our Promoter, Mr. Sudip Dutta has over the years built relations with suppliers, customers and other persons who are connected with us. Further, most of the key managerial personal of our Company have been known



to and working with our Promoter for many years. Accordingly, our Company's performance is dependent upon the services of our Promoter Mr. Sudip Dutta and other key managerial personnel. Our future performance will depend upon the continued services of these persons. 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.

**18. Our Company has not placed orders for Plant & Machinery aggregating Rs. 6,359.92 Lacs.**

Our Company has not placed orders for Plant & Machinery to be purchased aggregating Rs. 6,359.92 Lacs, which is 71.92% of the total cost of Plant & Machinery required for the Project. Our Company has received quotations for these Plant & Machinery, and negotiations with the vendors have commenced. The details of quotations received appear on page 46 of this Red Herring Prospectus. Any delay in placing the Orders or delay at the suppliers' end in giving delivery will result in time overrun, which may affect our profitability.

**19. We have unsecured loan, which is repayable on demand.**

As on 30<sup>th</sup> September 2006, we have an interest free unsecured loan of Rs. 196.75 Lacs, which we have taken from our Promoter Mr. Sudip Dutta, which is repayable on demand.

**20. The shortage or non-availability of electricity may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.**

Our manufacturing processes require a substantial amount of electricity. For the F.Y. ended 31<sup>st</sup> March 2006, the total expenditure on power was Rs. 206.57 Lacs. Approximately 95% of the total power consumption of our Company pertains to our manufacturing processes. We depend on state electricity supply for our power and till date, we have not faced any major power interruptions. Further, we propose to maintain power generators as a backup source at our new manufacturing unit. However, power interruptions could occur due to any natural calamity, technical fault or shortage of power, and we cannot assure that in future our operations or financial condition may not be adversely affected by power interruptions.

**21. We are dependent on third-party transporters for the supply of raw materials and delivery of products.**

We normally use third-party transporters for the supply of most of our raw materials to our factories and for delivery of our finished products to our customers. The transportation cost in our business is very high. We import Aluminium Sheets, which constitutes the largest component of our raw material from Bahrain. Further, we regularly incur transportation costs sending our finished goods. Expenses on transportation constitute about 16% of our manufacturing expenses and about 24% of the selling and administrative expenses. Transport strikes by members of various Indian Truckers' Unions have taken place in the past, and could take place in the future, thereby causing an adverse effect on our receipt of supplies and our ability to deliver our finished products. In addition, transportation costs have been steadily increasing. Continuous increases in transportation costs may have an adverse effect on our business and results of operations, if we are not able to factor such increase in our selling price and pass it on to our customers.

**22. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.**

As of 31<sup>st</sup> October 2006, we have total of 175 employees, who are working at our two existing manufacturing units and at our Corporate Office. The number of our employees is likely to increase with our proposed expansion plans. Since inception we have not faced any strikes, labour unrests or any other labour related problems at any of our manufacturing units. Hence, we consider our current labour relations at all our facilities to be good. However, there can be no assurance that we will not experience interruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

**23. 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.**

After this Issue, members of our Promoter group will beneficially hold approximately 62.60% of our post-Issue Equity Share Capital. As a result, our Promoter Group will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoter Group will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

**24. The conditions and restrictions imposed by our term loan lenders could restrict our ability to expand our business and operations.**

As on 30<sup>th</sup> September 2006, we have availed an aggregate of Rs. 2,834.92 Lacs as secured loans from various banks. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Failure to obtain such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and operations.

**25. We have not provided for contingent liabilities.**

As on 30<sup>th</sup> September 2006, our Company has not provided for the following contingent liabilities:

Sr.	Particulars	Amount (Rs. in Lacs)
1	Guarantees to the electricity supply undertakings.	13.80
2	The Company is under obligation under the EPCG scheme to export Aluminium Foil / Rigid PVC film. The contingent liability under the guarantee amounted to Rs. 3,322.83 Lacs (March 2006, Rs 39.02 Lacs), which is secured by fixed deposit under lien to the bank to the extent of Rs. 146.60 lacs (March 2006, Rs.22.86 Lacs).	3,322.83

**26. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.**

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we shall have distributable funds after we commence commercial operations of the Project.

**27. Our full commercial production is intended to begin during July 2007 and we face certain risks that may result in delay in the implementation of the Project.**

As per our schedule of implementation of the Project, the commercial production is scheduled to commence in July 2007. We face certain risks such as non performance by external agencies, delay in getting government / statutory approvals, delay in placing the orders for plant and machinery, labour unrest etc., which could delay the commencement of commercial production of the Project. Timely commencement of commercial production of the Project is must for our growth. Any delay in commencement of commercial production may adversely impact the results of our operations and the subsequent growth of our company.

**28. If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.**

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will

become significantly more stringent in the future. If, as a result of compliance or non-compliance with any environmental regulations, any of our units or the operations of such units are suspended, we will need to incur costs in complying with regulations, appealing any decision closing our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

## B. Risks External to our Company

Certain factors beyond the control of our Company could have a negative impact on our Company's performance, such as:

### 1. Completion of Income tax exemption period in future will increase our income tax liabilities and reduce profit margins.

Our Company and our subsidiary company currently benefit from income tax exemptions under section 80IB of the I.T. Act for our existing units, the details of which are mentioned hereunder:

Unit	% of Profit Exempted	Remaining Assessment Years
<b>Ess Dee Aluminium Limited</b>		
Unit-I Daman	100	From 2006-07 to 2009-10
Unit-I Daman	30	From 2010-11 to 2014-15
Unit-II Goa	100	From 2006-07 to 2007-08
Unit-II Goa	30	From 2008-09 to 2012-13
<b>Flex Art Foil Private Limited (wholly owned subsidiary)</b>		
Unit-I Daman	30	From 2006-07 to 2010-11
Unit-II Goa	100	Only 2006-07
Unit-II Goa	30	From 2007-08 to 2011-12
Unit-III Baddi	100	From 2006-07 to 2010-11
Unit-III Baddi	30	From 2011-12 to 2015-16

After completion of the above exemption periods, our income tax liabilities will substantially increase and would result into reduction in profit margins. Further, the Project, which is being set up at Unit – III at Daman will not be eligible for Income tax exemption under section 80IB.

### 2. Our business operations may be adversely affected due to delays in deliveries or inadequate quantities of raw materials.

Our business operations are dependent upon the timely and adequate supply of raw materials. Any inability of our suppliers to supply the required quantity of high-quality raw materials in time may cause delay in our production and delivery schedules, which may result in the loss of our customers and revenues.

### 3. Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot provide any assurance that the process of liberalization will be sustained in future. There could be a slowdown in the pace of economic development. The rate of economic liberalization could change, specific laws and policies, foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. Any adverse change in Government policies relating

to the Aluminium industry in general and Aluminium alloys in particular may have an impact on our profitability.

**4. Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our selling prices.**

Any increase in taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, could increase the cost of production / operating expenses. To the extent, our Company is not able to factor such increase in the selling price; it may have a material adverse impact on our business operations and financial conditions.

**5. We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition**

Our Company intends to import some Plant & Machinery. Our Company also imports basic raw material i.e. aluminium sheets. Further, there will be an increase in capacity utilization after this expansion Project. Since the cost of these plant & machinery and raw material are denominated in foreign currency, our inability to hedge risk against foreign exchange fluctuations could adversely affect our financial condition and operations.

**6. Our Company is subject to risk arising from changes in interest rates and banking policy.**

We are dependent on various banks for arranging our working capital requirements, term loans, etc. Accordingly, any change in the existing banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

**7. Any disruption in supply of power, basic infrastructure facilities, and telecom lines could adversely affect the business and production process of our Company or subject it to excess cost, which in turn will have an adverse impact on our profitability.**

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

Wage costs in India have historically been significantly lower than the wage costs in the developed countries for comparably skilled professionals in the industry, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. The buoyancy in the Indian packaging industry with the opening up of global trade may lead to an increase in wage costs, which could result in increased cost for packaging professionals. This could impact our performance and margins and may result in a material adverse effect on our business.

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

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

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

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

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the packaging sector;

- Adverse media reports, if any, on our Company or the Indian packaging industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's Fiscal and environmental regulations.

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

**11. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.**

The Book Building Process will determine the Issue Price of our Equity Shares. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page 57 of this Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue.

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly and other variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

**Notes to Risk Factors:**

1. The Net Worth of our Company as on 30<sup>th</sup> September 2006 was Rs. 4,713.51 Lacs.
2. Issue of 69,60,000 Equity Shares of Rs.10 each for cash at a Price of Rs. [●] per Equity Share, aggregating Rs. Lacs. The Face Value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the Face Value.
3. The net cost of acquisition of Equity Shares of Rs. 10/- each by our Promoter, Mr. Sudip Dutta, is Rs. 4.40 per share.
4. Book Value per Equity Share of our Company as on 30<sup>th</sup> September 2006 was Rs. 41.73.
5. For details on Related Party Transactions refer to the section titled "Related Party Disclosures" beginning on page no. 125 of this Red Herring Prospectus.
6. There are no loans and advances given to any person / company in which the directors of our Company are interested.
7. Investors are free to contact the BRLMs, Syndicate Member(s) or Compliance Officer for any complaints / information / clarification pertaining to this Issue.
8. The name of our company was changed from Ess Dee Aluminium Private Limited to Ess Dee Aluminium Limited on 14<sup>th</sup> June 2006. The name was changed upon the conversion of our Company from a Private to a Public Company.
9. Our Company and the BRLMs shall make all information available 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.
10. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 57 of this Red Herring Prospectus

before making an investment in this Issue

11. The details regarding transactions in our Equity Shares during the past six months undertaken / financed directly or indirectly by our promoter, his relatives and associates and our directors are mentioned under notes to Capital Structure beginning on page 36 of this Red Herring Prospectus.
12. In the case of over-subscription in all categories, at least 50% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
13. Our Company and the BRLMs will update the Offer Document in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLMs will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.

## SUMMARY

### INDUSTRY OVERVIEW

You should read the following summary together with the risk factors included from page 10 to 20 and more detailed information about us and our financial data included in this Red Herring Prospectus.

#### **Packaging Industry**

All major industries create wealth but the packing industry plays a unique role by way of both creation of wealth through a wide range of manufacturing activities and also by way of preserving the wealth or value created by many other industries. Apart from the huge value addition and employment involved in these activities, packaging serves the economy by helping preservation of the quality and lengthening the shelf life of innumerable products - ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, edible oils, electronic goods etc., besides domestic appliances and industrial machinery and other hardware needing transportation. With water becoming a consumer product, polymer material-based bottles are becoming a universal presence.

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

Currently, our Company is engaged only into a niche segment of packaging i.e. Pharmaceutical packaging.

#### **Pharmaceutical Packaging in India**

Pharmaceutical packaging occupies a considerable portion of the overall drugs and pharmaceutical market in India and is growing steadily with the same pace of the industry. Pharmaceutical packaging consists of various types of glass, pet bottles, strip and blister packs, injectibles, ampoules, bulk packs, etc.

Besides upward trends in medication consumption, the adoption of stricter regulations and standards governing the production, storage, distribution and labelling of pharmaceuticals will boost global growth opportunities for packaging products and accessories. Historically, pharmaceutical packaging requirements focused exclusively on preserving the quality of enclosed medication. These requirements are now being extended to cover such criteria as the prevention of product tampering and counterfeiting, the assurance of product dispensing accuracy and the promotion of patient compliance with product dosage schedules.

Currently, we are engaged only into production of aluminium-based strip and blister foils besides thermoforming PVC, PVdC coated PVC films.

Having been associated with the pharmaceutical industry our bid to expand the horizons would be directed towards

- ✓ enriching the product portfolio for pharmaceutical packaging operations
- ✓ pursuing specialized aluminium foil based packaging applications relevant to the food and FMCG sectors

#### **Aluminium based Flexible Packaging**

Initially, the packaging was merely a medium to carry a product. The available packaging materials were restricted to only containers like bottles, metal boxes and a few varieties of rigid plastics.

However, But later on, discovery of aluminium foil in the flexible form as a potential packaging material was the real milestone in the field of packaging development. Aluminium foil is a packaging material, which can be customized for various types of products. Aluminium foil also initiated research for optimisation.

Now, we have numerous varieties of flexible packaging materials, a technically justified combination of different flexible packaging materials serves the purpose of the scientific meaning of packaging which offers a product the required Protection, Prevention from degrading and Presentation which was later known as "3 P" concept.

## OUR BUSINESS

We are in the business of cold rolling of aluminium “foil stock” to aluminium foil, which is further converted into “printers stock” through the process of lamination for strip pack or coating for blister pack. We also manufacture thermoforming poly vinyl chloride films (Rigid PVC films) as well as PVdC coated PVC barrier thermoforming films for blister packaging. Our wholly owned subsidiary, Flex Art Foil Private Limited, is engaged in subsequent conversion of “printers stock” to customized size and printing to proprietary designs. Our objective is to provide packaging solutions to pharmaceutical end users.

We provide end-to-end packaging solutions to the pharmaceutical sector and continuously strive to cater to the ever-growing needs of this sector, worldwide.

Currently, we are operating from the two units one at Daman and another one at Goa. We also have a wholly owned subsidiary namely Flex Art Foil Private Limited (FAFPL), which is in the business of printing aluminium foil based packaging products. FAFPL has four units across the country located in proximity to the pharmaceutical manufacturing hubs, which helps us in satisfying location specific customer requirements.

Further, we propose to set up a new unit (Unit III) at Daman for the manufacture of aluminium foil based packaging products to enhance our product portfolio and industry reach (Pharmaceutical extending into food and FMCG packaging products).

## Our Products

Currently our products include Blister Packaging, PVC, PVC / PVdC Thermoforms with the lidding foil to form a Blister Pack and Strip Packaging.

Since, our key managerial personnel, possesses required experience in the manufacturing of aluminium foil based packaging products, which is comparatively an advanced packaging form; foray into packaging applications in the food and FMCG sector is but a natural progression. Thus, to fulfill very sophisticated requirements of packaging industry including several functions such as moisture or oxygen barrier, printability or heat-sealability, aluminium-based flexible packages often combines several materials. Choice of adapted adhesive coating or tie-layer is key to guarantee both high application and final performances.

We intend to manufacture the following products:

- Applications in the pharmaceutical industry covering Cold form Alu-Alu blister packs, Child Resistant blister packs, Oral rehydration salts, Sutures and Lozenges and cough drops.
- Applications in the Food and FMCG segments covering Beverages, Dairy whiteners, Baby foods and cereals, Soft drink concentrates, Lids for jams/ yoghurts/ mineral water, etc., Lifestyle products, Frozen desserts, Confectionery, chocolates, chewing gum, bubble gum and biscuits, Retort pouches for the ready to eat segment, Lamitubes for oral care products, Personal Products and Contraceptives.



## THE ISSUE

Issue of Equity Shares	:	69,60,000 Equity Shares of face value of Rs.10/- each aggregating Rs. [●] Lacs
Of which, Employee Reservation Portion (1)	:	1,50,000 Equity Shares of face value of Rs.10/- each aggregating Rs. [●] Lacs
Net Issue to Public	:	68,10,000 Equity Shares of face value of Rs.10/- each aggregating to Rs. [●] Lacs
Of which the QIB Portion	:	At least 34,05,000 Equity Shares (allocation on proportionate basis)
Of which Available for Allocation to Mutual Funds (5% of QIB Portion)	:	1,70,250 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	:	32,34,750 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion	:	Minimum of 10,21,500 Equity Shares (allocation on proportionate basis)
Retail Portion	:	Minimum of 23,83,500 Equity Shares (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	:	1,94,48,887 Equity Shares
Equity Shares outstanding after the Issue	:	2,64,08,887 Equity Shares
Objects of the Issue	:	Please see the section titled "Objects of the Issue" on page 44 of this Red Herring Prospectus

**Note:** Under-subscription, if any, in any category **except in the QIB category** would be met with spill over from other categories at our sole discretion, in consultation with the BRLMs. **If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.**

<sup>(1)</sup> Means Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Flex Art Foil Private Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form. However, our Promoter Mr. Sudip Dutta who is also our Chairman and Managing Director is not eligible to bid through the Employee Reservation Portion.

## SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditors' Report of M/s. M.P. Chitale & Co., Chartered Accountants dated 26<sup>th</sup> October 2006 in the section titled "Financial Statements". You should read this financial data in conjunction with our financial statements including the Notes thereto and the Reports thereon, which appears on page 113 under the paragraph on "Auditors' Report" in this Red Herring Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Restated Financial Statements" on page 150 of this Red Herring Prospectus.

### Summary Financial and Operating Information (Standalone)

#### Statement of Assets & Liabilities (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	As at 30.09.06	As at 31.03.06	As at 31.03.2005
<b>A</b>	<b>Fixed Assets</b>			
	Gross Block	1,703.59	1,664.22	810.24
	Less: Depreciation	165.38	127.88	11.45
	<b>Net Block</b>	<b>1,538.21</b>	<b>1,536.34</b>	<b>798.79</b>
	<b>Capital work in Progress</b>	<b>1,565.84</b>	<b>345.85</b>	-
	<b>Total</b>	<b>3,104.06</b>	<b>1,882.20</b>	<b>798.79</b>
<b>B</b>	<b>Investments</b>	<b>401.56</b>	<b>401.56</b>	<b>0.49</b>
<b>C</b>	<b>Current Assets, Loans and Advances</b>			
	Inventories	1,277.15	801.60	369.86
	Sundry Debtors	3,854.37	2,226.69	299.53
	Cash and Bank Balances	1,234.43	206.17	40.94
	Deposits, Loans and Advances	363.69	321.90	39.95
	<b>Total</b>	<b>6,729.64</b>	<b>3,556.35</b>	<b>750.28</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>			
	Secured Loans	2,834.92	2,374.46	821.31
	Unsecured Loans	196.75	199.16	212.24
	Current Liabilities and Provisions	2,340.43	1,388.37	357.29
	Deferred Tax Liability	149.64	139.76	38.99
	<b>Total</b>	<b>5,521.74</b>	<b>4,101.75</b>	<b>1,429.83</b>
<b>E</b>	<b>Net worth (A+B+C-D)</b>	<b>4,713.50</b>	<b>1,738.35</b>	<b>119.73</b>
<b>F</b>	<b>Represented by</b>			
	<b>Equity Share Capital</b>	<b>1,944.89</b>	<b>751.00</b>	<b>151.00</b>
	Share Premium	1,932.33	-	-
	Reserves (Net of Revaluation Reserves)	887.51	947.12	(31.27)
	Effect of Amalgamation of Atlanta Vinyl Private Limited	40.22	40.22	-
	Miscellaneous Expenditures (To the extent not written off)	(91.44)	-	-
	<b>Net worth</b>	<b>4,713.50</b>	<b>1,738.35</b>	<b>119.73</b>

**Statement of Profit & Loss (As Restated)**

(Rs. in Lacs)

Sr. No.	Particulars	2006-07	2006	2005
	Period (In months)	1.04.06 to 30.09.06	1.04.05 to 31.03.06	10.02.04 to 31.03.05
<b>A</b>	<b>INCOME:</b>			
	<b>Sales</b>			
	of products manufactured by the company	5,337.64	7,167.02	952.87
	of products traded by the company		-	-
	<b>Total</b>	<b>5,337.64</b>	<b>7,167.02</b>	<b>952.87</b>
	Less: Excise Duty	571.56	920.22	133.31
	<b>Net Sales</b>	<b>4,766.08</b>	<b>6,246.80</b>	<b>819.57</b>
	Other Income	34.38	107.06	0.13
	<b>Total Income</b>	<b>4,800.46</b>	<b>6,353.87</b>	<b>819.70</b>
<b>B</b>	<b>EXPENDITURE</b>			
	Cost of Goods Sold	2,942.72	3,703.98	480.47
	Staff Cost	201.51	229.37	36.04
	Other Manufacturing Expenses	244.86	586.38	213.34
	Administrative Selling and Other Expenses	184.84	223.97	17.14
	<b>Total</b>	<b>3,573.93</b>	<b>4,743.70</b>	<b>746.99</b>
<b>C</b>	<b>Net Profit before Interest, Depreciation, Tax and Extraordinary items</b>	<b>1,226.53</b>	<b>1,610.17</b>	<b>72.72</b>
	Depreciation	37.49	65.41	11.45
	Interest	167.25	361.89	52.54
<b>D</b>	<b>Profit before tax and extraordinary items</b>	<b>1,021.79</b>	<b>1,182.87</b>	<b>8.72</b>
	Provision for Taxation:			
	Current Tax	104.44	99.61	1.00
	Deferred Tax	9.88	100.77	38.99
	Fringe Benefit Tax	10.72	3.41	-
	Wealth Tax	0.55	1.00	-
<b>E</b>	<b>Profit after Tax but before Extra-ordinary Items</b>	<b>896.20</b>	<b>978.08</b>	<b>(31.27)</b>
	Extraordinary items (Net of tax)		-	-
	Tax adjustment for earlier years		0.32	
	Net Adjustment on account of changes in Accounting Policies		-	-
<b>F</b>	<b>Net Profit after extraordinary items</b>	<b>896.20</b>	<b>978.40</b>	<b>(31.27)</b>
	Brought forward Profit/loss	947.12	(31.27)	0.00
<b>G</b>	<b>Profit Available for Appropriation</b>	<b>1,843.32</b>	<b>947.12</b>	<b>(31.27)</b>

The sharp increase in the financial position of the Company as on 31st March 2006 is due to Amalgamation of Atlanta Vinyl Private Limited with Ess Dee Aluminium Limited w.e.f. 1st April 2005.

**Summary Financial and Operating Information (Consolidated\*)**
**Statement of Assets & Liabilities (As Restated)**

(Rs. in Lacs)

Sr. No.	Particulars	As at 30.09.06	As at 31.03.06
<b>A</b>	<b>Fixed Assets</b>		
	Gross Block	2,235.57	2,174.15
	Less: Depreciation	198.93	148.99
	<b>Net Block</b>	<b>2,036.64</b>	<b>2,025.16</b>
	<b>Capital work in Progress</b>	<b>1,715.07</b>	<b>460.49</b>
	<b>Total</b>	<b>3,751.71</b>	<b>2,485.65</b>
<b>B</b>	<b>Investments</b>	<b>2.14</b>	<b>5.14</b>
<b>C</b>	<b>Current Assets, Loans and Advances</b>		
	Inventories	2,810.42	2,165.41
	Sundry Debtors	4,871.68	2,754.44
	Cash and Bank Balances	1,462.67	416.08
	Deposits, Loans and Advances	690.86	564.39
	<b>Total</b>	<b>9,835.64</b>	<b>5,900.32</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>		
	Secured Loans	4,732.75	4,109.83
	Unsecured Loans	196.75	199.29
	Current Liabilities and Provisions	2,748.57	1,464.24
	Deferred Tax Liability	166.79	150.94
	<b>Total</b>	<b>7,844.86</b>	<b>5,924.30</b>
<b>E</b>	<b>Net worth (A+B+C-D)</b>	<b>5,744.63</b>	<b>2,466.81</b>
<b>F</b>	<b>Represented by</b>		
	Equity Share Capital	1,944.89	751.00
	Share Premium	1932.33	-
	Capital reserve on Acquisition of shares of flex art foil private limited	731.63	731.63
	Reserves (Net of Revaluation Reserves)	1189.77	947.12
	Effect of Amalgamation of Atlanta Vinyl Private Limited	40.22	40.22
	Miscellaneous Expenditures (To the extent not written off)	(94.21)	(3.17)
	<b>Net worth</b>	<b>5,744.63</b>	<b>2,466.81</b>

**Note:** Our Company has acquired 100% shares of Flex Art Foil Private Limited on 31<sup>st</sup> March 2006 making it a wholly owned subsidiary.

**Statement of Profit & Loss (As Restated)**

(Rs. in Lacs)

Sr. No.	Particulars	2006-07
	Period (In months)	1.04.06 to 30.09.06
<b>A</b>	<b>INCOME:</b>	
	Gross Sales	
	of products manufactured by the company	8,343.40
	of products traded by the company	-
	Less: Sales to subsidiary	1,855.69
	<b>Total</b>	<b>6,487.71</b>
	Less: Excise Duty	604.72
	Net Sales	5,882.98
	Other Income	40.47
	<b>Total Income</b>	<b>5,923.45</b>
<b>B</b>	<b>EXPENDITURE</b>	
	Cost of Goods Sold	3,305.41
	Staff Cost	315.83
	Other Manufacturing Expenses	282.81
	Administrative Selling and Other Expenses	314.16
	<b>Total</b>	<b>4,218.21</b>
<b>C</b>	<b>Net Profit before Interest, Depreciation, Tax and Extraordinary items</b>	<b>1,705.24</b>
	Depreciation	49.94
	Interest	271.27
<b>D</b>	<b>Profit before tax and extraordinary items</b>	<b>1,384.02</b>
	Provision for Taxation:	
	Current Tax	150.85
	Deferred Tax	15.84
	Fringe Benefit Tax	17.97
	Wealth Tax	0.89
<b>E</b>	<b>Profit after Tax but before Extra-ordinary Items</b>	<b>1,198.46</b>
	Extraordinary items (Net of tax)	-
	Tax adjustment for earlier years	-
	Net Adjustment on account of changes in Accounting Policies	-
<b>F</b>	<b>Net Profit after extraordinary items</b>	<b>1,198.46</b>
	Brought forward loss/profit	947.12
<b>G</b>	<b>Profit Available for Appropriation</b>	<b>2,145.59</b>

## GENERAL INFORMATION

### ESS DEE ALUMINIUM LIMITED

(Incorporated as Ess Dee Aluminium Private Limited on 10<sup>th</sup> February 2004 under the Companies Act, 1956, with its registered office at Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210. Subsequently, our Company was converted into a Public Limited Company and the name was changed to Ess Dee Aluminium Limited on 14<sup>th</sup> June 2006)

**Registered Office:** Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210.

**Tel:** +91-260-2220314/15 **Fax:** +91-260-2220316

**Corporate Office:** “Vidyasagar”, 4<sup>th</sup> Floor, Western Express Highway, Malad (E), Mumbai – 400 097.

**Tel:** +91-22- 66919955 **Fax:** +91-22- 66940985 **Website:** www.duttagroup.in **E-mail:** ipo@duttagroup.net

**Contact Person:** Mr. Darshan Majmudar, Vice President (Finance) & Company Secretary

**Company Registration No.:** U27203DD2004PLC003385

**Registrar of Companies:** RoC Goa, Daman & Diu, Law Bhavan, EDC Complex, Plot No. 21, Patto Plaza, Panaji, Goa – 403 001

### Our Board of Directors

Name	Designation	Status
Mr. Sudip Dutta	Chairman and Managing Director	Executive
Mr. Prasenjit Datta	Director (Technical)	Executive
Mr. Shankar S. Kamble	Director	Non-Executive
Mr. Gautam Mukherjee	Director	Non-Executive and Independent
Mr. Ramdas L. Baxi	Director	Non-Executive and Independent
Mr. Dilip Phatarphekar	Director	Non-Executive and Independent

### Brief Profile of Our Board of Directors

**Mr. Sudip Dutta**, aged 34 years, is the promoter of our Company. He is also the Chairman and Managing Director of our Company and is responsible for the overall operations and management of our Company, which has two manufacturing units, situated at Goa and Daman. He is also the Chairman of our wholly owned subsidiary, Flex Art Foil Private Limited which has four manufacturing units situated at Vasai, Goa, Daman and Baddi. He has about 15 years of experience in various facets of the packaging business.

**Mr. Prasenjit Datta**, aged 42 years, is the Director (Technical) of our Company. He has 21 years of experience in both the Steel and Aluminium Industry. He was earlier the Chief Operating Officer of India Foils Limited. Mr. Datta is a B. Tech (Metallurgy) from IIT (Kharagpur) and is the Lead Assessor for RBA (UK) for ISO 9001 Systems.

**Mr. Shankar S. Kamble**, aged 60 years, is the Director of our Company. Mr. Kamble has 37 years of experience in Government service in various areas like criminal investigation, collection of intelligence, vigilance and general administration. He is a B.A. (Economics).

**Mr. Gautam Mukherjee**, aged 60 years, is an independent Director of our Company. He renders advise in the areas of organization development, institution building and management of change. He was formerly the Joint President of Indal and the Managing Director of Annapurna Foils Limited. He has 40 years of experience in the industry.

**Mr. Ramdas L. Baxi**, aged 68 years is an independent Director of our Company. He is a law graduate and has experience in the field of Insurance of over 40 years. He retired as the General Manager of New India Assurance Company Limited. Presently he is the Chairman, Board of Trustees in BOB Mutual Fund and also a director in GIC AMC Limited.

**Mr. Dilip Phatarphekar**, aged 68 years is an independent Director of our Company. He is a practising Advocate and Arbitrator and has experience of over 40 years. He has earlier worked as Head of the Legal Department and has worked companies such as Pfizer Limited and Essar Group of Companies. He has been an advisor and consultant to various pharmaceutical companies.

### **COMPANY SECRETARY AND COMPLIANCE OFFICER,**

**Mr. Darshan Majmudar,**

Vice President (Finance) and Company Secretary,  
Ess Dee Aluminium Limited,  
"Vidyasagar", 4<sup>th</sup> Floor,  
Western Express Highway,  
Malad (E), Mumbai – 400 097.  
Tel: +91-22- 66919955  
Fax: +91-22- 66940985  
E-mail: ipo@dutttagroup.net

### **LEGAL ADVISOR TO THE ISSUE**

**M/s. KANGA & CO.**

Advocates, Solicitors & Notary  
Readymoney Mansion,  
43, Veer Nariman Road, Mumbai – 400 001.  
Tel: +91-22-6633 2288, 6633 9643  
Fax: +91-22-6633 9656, 6633 9657  
Contact Person: Mr. Kishore Vussonji  
E-mail: kishore.vussonji@kangacompany.com

### **BANKERS TO OUR COMPANY**

**State Bank of India**

Industrial Finance Branch,  
S.V. Road, Malad (W),  
Mumbai – 400 064.  
Tel: +91-22-28827884  
Fax: +91-22-28827773  
E-mail: sbi.04760@sbi.co.in  
Website: www.sbi.com

**Punjab National Bank**

102, Raheja Chambers,  
Nariman Point,  
Mumbai – 400 021.  
Tel: +91-22-22790001  
Fax: +91-22-22026072  
E-mail: cm@pnbnpc.com

**The Shamrao Vithal Co-operative Bank Ltd.**

12, Udyog Nagar, S.V. Road, Goregaon (West),  
Mumbai – 400 062.  
Tel: +91-22-2874 0578  
Fax: +91-22-2875 4174  
E-mail: nambiarnp@svcbank.com  
Website: www.svcbank.com

**ICICI Bank Limited**

1<sup>st</sup> Floor, Maratha Mandir Annexe,  
Dr. A B Nair Road,  
Opp. Mumbai Central Station,  
Mumbai – 400 008.  
Tel: +91-22-5572 8832  
Fax: +91-22-2305 1988  
E-mail: sanjay.sharma@icicibank.com  
Website: www.icicibank.com

**ISSUE MANAGEMENT TEAM****BOOK RUNNING LEAD MANAGERS TO THE ISSUE****UTI Securities Limited**

1<sup>st</sup> Floor, Dheeraj Arma,  
Anant Kanekar Marg, Station Road  
Bandra (East), Mumbai – 400 051.  
Tel: +91-22-67515805 / 67515809  
Fax: +91-22-67023194  
Website: www.utisel.com  
E-mail: essdeeipo@utisel.com  
Contact Person: Mr. Saurabh Vijay / Ms. Rupal Khandelwal

**Enam Financial Consultants Private Limited**

801, Dalamal Tower,  
Nariman Point, Mumbai – 400 021.  
Tel: +91-22-6638 1800  
Fax: +91-22-2284 6824  
Website: www.enam.com  
E-mail: essdeeipo@enam.com  
Contact Person: Mr. M. Natrajan

**REGISTRAR TO THE ISSUE****Bigshare Services Private Limited**

E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka, Andheri (East),  
Mumbai – 400 072.  
Tel: +91-22-28473747/ 3474/ 0652/ 0653  
Fax: +91-22-28475207  
Website: www.bigshareonline.com  
E-mail: ipo@bigshareonline.com  
Contact Person: Mr. N.V.K Mohan

**BANKERS TO THE ISSUE****HDFC Bank Limited**

26A, Narayan Properties,  
Chandivali Farm Road, Saki Naka, Andheri East  
Mumbai – 400 072.  
Tel: +91-22- 2856 9009  
Fax: +91-22- 2856 9256  
Email: viral.kothari@hdfcbank.com /  
Contact Person: Mr. Viral Kothari



**ICICI Bank Limited**

Capital Markets Division,  
30, Mumbai Samachar Marg,  
Mumbai – 400 001.  
Tel: +91-22- 2262 7600  
Fax: +91-22- 2261 1138  
Email: sidhartha.routray@icicibank.com  
Contact Person: Mr. Sidhartha Sankar Routray

**Kotak Mahindra Bank Limited**

Cash Management Services,  
4<sup>th</sup> Floor, Dani Corporate Park,  
158, C.S.T. Road, Kalina, Santacruz (E),  
Mumbai – 400 098.  
Tel: +91-22- 6759 4800  
Fax: +91-22- 5648 2710  
Email: ibrahim.sharief@kotak.com  
Contact Person: Mr. Ibrahim Sharief

**BROKERS TO THE ISSUE**

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

**SYNDICATE MEMBER(s)****Enam Securities Private Limited**

Khatau Building, 2<sup>nd</sup> Floor, 44B, Bank Street,  
Off. Shaheed Bhagat Singh Road,  
Fort, Mumbai – 400 023,  
Tel.: +91-22- 2267 7901  
Fax: +91-22- 2266 5613  
E-mail: essdeeipo@enam.com  
Website: www.enam.com  
Contact Person: Mr. Ajay Seth

**AUDITORS TO OUR COMPANY****M.P. Chitale & Co.**

Chartered Accountants,  
Hamam House, Ambalal Doshi Marg,  
Fort, Mumbai-400 001  
Tel: +91-22-2265 1186  
Fax: +91-22-2265 5334  
E-mail: asho01@mpchitale.com

**CREDIT RATING**

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

**TRUSTEES**

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

**APPRAISING ENTITY**

The Project of our Company is not appraised by any bank or financial institution.

## MONITORING AGENCY

In terms of clause 8.17 of the SEBI (DIP) Guidelines there is no requirement for appointing a monitoring agency since the issue is less than Rs. 50,000 Lacs. However, we have appointed State Bank of India as the monitoring agency to monitor the use of issue proceeds. State Bank of India has consented to act as Monitoring Agency to monitor use of funds to be received from the proposed Public Issue. The relevant details of State Bank of India are mentioned hereunder:

### State Bank of India

Industrial Finance Branch,  
S.V. Road, Malad (W), Mumbai- 400 064  
Tel: +91-22-28827884  
Fax: +91-22-28827773  
E-mail: sbi.04760@sbi.co.in  
Website: www.sbi.com

### Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the *inter se* allocation of responsibilities for various activities between UTI Securities Limited ("UTISEL") and ENAM Financial Consultants Private Limited ("ENAM") as Book Running Lead Managers for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities.	UTISEL	UTISEL
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	UTISEL	UTISEL
3.	Drafting and approval of all statutory advertisements.	UTISEL	UTISEL
4.	<ul style="list-style-type: none"> <li>● Preparation and finalization of the road-show presentation,</li> <li>● Preparation of FAQs for the road-show team, and</li> <li>● Approval of all non-statutory advertisement including corporate advertisements.</li> </ul>	UTISEL ENAM	ENAM
5.	Appointment of Printers and Advertisement Agency	UTISEL ENAM	ENAM
6.	Appointment of Escrow Collection Banks and Registrar	UTISEL	UTISEL
7.	Retail / HNI marketing strategy which will cover, among other things, <ul style="list-style-type: none"> <li>● Finalizing centers for holding conferences for brokers, etc</li> <li>● Formulating media, marketing and, Public Relations strategy;</li> <li>● Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and</li> <li>● Finalizing collection centers.</li> </ul>	UTISEL ENAM	ENAM
8.	Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> <li>● Finalizing the list and division of investors for one to one meetings; and</li> <li>● Finalizing road show schedule and investor meeting schedules.</li> </ul>	UTISEL ENAM	ENAM

Sr. No.	Activities	Responsibility	Co-ordinator
9.	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading.	UTISEL	UTISEL
10.	Managing the book and finalization of Pricing in consultation with the Company. In case of an under subscription in the Issue, the shortfall shall be made good by the BRLMs.	UTISEL ENAM	ENAM
11.	The Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which include finalisation of listing and trading of instruments, despatch of certificates, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	UTISEL	UTISEL

## GRADING OF IPO

Our company has not opted for the grading of the present IPO.

## Book Building Process

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

The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters;
- Registrar to the Issue; and
- Escrow collection Banks

The primary responsibility of building the book shall be that of the lead book runner.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines wherein: (i) at least 50% of the Net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that 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; (ii) minimum of 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) minimum of 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see section titled "Issue Structure" on page 54 of this Red Herring Prospectus.

Our Company shall comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed UTI Securities Limited and Enam Financial Consultants Private Limited as the Book Running Lead Managers to manage the Issue and to procure the subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Illustration of Book Building and Price Discovery Process

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.60 to Rs.72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

### Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on page 174 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attach copies of your PAN card or PAN allotment letter to the Bid-cum-Application Form (see the section titled "Issue Procedure" on page 173 of this Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section Issue Procedure- Bidder's Depository Account Details" on page 185 given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

### WITHDRAWAL OF THE ISSUE

We, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

## BID/ISSUE PROGRAMME

<b>BID/ISSUE OPENS ON</b>	<b>:</b>	<b>4<sup>TH</sup> DECEMBER 2006</b>
<b>BID/ISSUE CLOSES ON</b>	<b>:</b>	<b>8<sup>TH</sup> DECEMBER 2006</b>

Bids and any revision in Bids shall be accepted only between **10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only **between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date. Bidding will not take place on Saturdays, Sundays and Public Holidays.

We will decide the Price Band in consultation with the BRLMs. The announcement on the Price Band shall also be made available on the websites of the BRLMs and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price band can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

## UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we and the BRLMs will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfil their underwriting obligations. The syndicate members shall enter into an underwriting agreement with the book runners indicating the number of Equity Shares which they would subscribe at the predetermined price.

The underwriting and would be finalized after pricing and actual allocation.

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations laid down in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement. In the event of the syndicate members not fulfilling their underwriting obligations the book runners shall be responsible for bringing in the amount devolved. Allotment to QIBs will be on proportionate basis as per the terms of this Red Herring Prospectus.

## CAPITAL STRUCTURE

The Share Capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below:

No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
<b>A. Authorised Capital</b> 3,00,00,000 Equity Shares of Rs. 10/- each	30,00,00,000	30,00,00,000
<b>B. Issued, Subscribed and Paid-Up Capital Before the Issue</b> 1,94,48,887 Equity Shares of Rs. 10/- each	19,44,88,870	38,77,21,620
<b>C. Present Issue to Public</b> 69,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share <b>Out of Which</b> 1,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share are reserved for allotment to Eligible Employees on a competitive basis.	6,96,00,000	[●]
<b>D. Net Issue to Public</b> 68,10,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	6,81,00,000	[●]
<b>E. Paid-Up Equity Share Capital after the Present Issue</b> 2,64,08,887 Equity Shares of Rs. 10/- each	26,40,88,870	[●]
<b>F. Share Premium Account</b> Before the Issue After the issue		19,32,32,750 [●]

### Notes to Capital Structure:

#### 1. Details of Increase in Authorised Equity Share Capital

Date of Meeting	Particulars of Increase/ Modification	Number of Equity Shares	Face Value (Rs.)	Total Authorised Equity Share Capital
Incorporation	Subscription to Memorandum	1000	100	Rs. 1 Lac
31.03.05	Increase	4,00,000	100	Rs. 400 Lacs
18.03.06	Sub-division	40,00,000	10*	Rs. 400 Lacs
18.03.06	Increase	2,40,00,000	10	Rs. 2,400 Lacs
14.04.06	Increase	2,50,00,000	10	Rs. 2,500 Lacs
19.06.06	Increase	3,00,00,000	10	Rs. 3,000 Lacs

\* Vide a special resolution passed in the EGM held on 18<sup>th</sup> March 2006, the Equity Shares of Rs.100 each were sub-divided into Equity Shares of Rs.10 Each.

2. Equity Share Capital Build-up: Our existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value (Rs.)*	Issue Price (Rs.)	Consideration	Remarks	Cumulative Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
10.02.04	1,000	100	100	Cash	Subscription to the Memorandum	1,00,000	Nil
31.03.05	1,50,000	100	100	Cash	Further Allotment	1,51,00,000	Nil
30.06.05	50,000	100	100	Cash	Further Allotment	2,01,00,000	Nil
01.12.05	50,000	100	100	Cash	Further Allotment	2,51,00,000	Nil
18.03.06	25,10,000	10	10	-	Sub-division*	2,51,00,000	Nil
31.03.06	40,00,000	10	-	In Lieu of Equity shares	Consideration towards making Flex Art Foil Private Limited as wholly owned subsidiary	6,51,00,000	Nil
31.03.06	10,00,000	10	-	In Lieu of Equity shares	Amalgamation of Atlanta Vinyl Private Limited	7,51,00,000	Nil
14.04.06	95,58,000	10	Nil	Bonus	Issue of Bonus Equity Shares in the ratio of 14:11	17,06,80,000	Nil
22.05.06	182	10	Nil	Bonus	Issue of Bonus Equity Shares**	17,06,81,820	Nil
22.05.06	4,69,205	10	160	Cash	Further Allotment	17,53,73,870	7,03,80,750
31.05.06	18,90,500	10	74	Cash	Further Allotment	19,42,78,870	19,13,72,750
01.06.06	15,000	10	74	Cash	Further Allotment	19,44,28,870	19,23,32,750
08.06.06	6,000	10	160	Cash	Further Allotment	19,44,88,870	19,32,32,750

Note:

\* Vide a special resolution passed in the EGM held on 18<sup>th</sup> March 2006; the Equity Shares of Rs.100 each were sub-divided into Equity Shares of Rs.10 Each.

\*\* In partial modification of the resolution passed by the members at the Second Annual General Meeting of our Company held on 14<sup>th</sup> April 2006, the Board of Directors was authorised, through a resolution passed at the EGM held on 22<sup>nd</sup> May 2006 to issue additional 182 bonus shares to Mr. Sudip Dutta and Mrs. Aarti Dutta, to correct the miscalculation in the earlier resolution.

### 3. Shares issued for consideration other than cash

We have issued following equity shares for consideration, other than cash:

Date of Issue	Name of the Persons	No. of Shares	Price	Reason for the Issue
31.03.06	Mr. Sudip Dutta	39,95,000	-	Consideration towards making Flex Art Foil Private Limited as wholly owned subsidiary
31.03.06	Mrs. Aarti Dutta	5,000	-	Consideration towards making Flex Art Foil Private Limited as wholly owned subsidiary
31.03.06	Mr. Sudip Dutta	7,83,500	-	Amalgamation of Atlanta Vinyl Private Limited
31.03.06	Mrs. Aarti Dutta	2,16,500	-	Amalgamation of Atlanta Vinyl Private Limited
14.04.06	Mr. Sudip Dutta	92,58,276	Nil	Bonus
14.04.06	Mrs. Aarti Dutta	2,98,449	Nil	Bonus
14.04.06	Mr. Prasenjit Dutta	255	Nil	Bonus
14.04.06	Mr. Vinaya Desai	255	Nil	Bonus
14.04.06	Mr. Ajoy Malhotra	255	Nil	Bonus
14.04.06	Mr. Manash Mazumdar	255	Nil	Bonus
14.04.06	Mr. Ajay Doshi	255	Nil	Bonus
22.05.06	Mr. Sudip Dutta	177	Nil	Bonus*
22.05.06	Mrs. Aarti Dutta	5	Nil	Bonus*

\*\*\* In partial modification of the resolution passed by the members at the Second Annual General Meeting of our Company held on 14<sup>th</sup> April 2006, the Board of Directors was authorised, through a resolution passed at the EGM held on 22<sup>nd</sup> May 2006 to issue additional 182 bonus shares to Mr. Sudip Dutta and Mrs. Aarti Dutta, to correct the miscalculation in the earlier resolution.

### 4. Promoter's Contribution and Lock-in: Our Company has only one promoter, Mr. Sudip Dutta, whose name figures in the Red Herring Prospectus as Promoter in the paragraph on "Our Promoter and his Background":

Name of Promoter	Date of Allotment / Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Paid up Capital	Lock in Period (Years)*
Mr. Sudip Dutta	10.02.04	Cash	900	100	100	-	-
	31.03.05	Cash	1,48,700	100	100	-	-
	30.06.05	Cash	50,000	100	100	-	-
	01.12.05	Cash	50,000	100	100	-	-
	<b>Sub-total</b>		<b>2,49,600</b>				
	18.03.06	Sub-division of Equity Shares	24,96,000	10	-	9.45%	1 Year
	31.03.06	In Lieu of Equity Shares of Flex Art Foil Private Limited	39,95,000	10	-	15.13%	1 Year



Name of Promoter	Date of Allotment / Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Paid up Capital	Lock in Period (Years)*
	31.03.06	In Lieu of Equity Shares of Atlanta Vinyl Private Limited	7,83,500	10	-	2.97%	1 Year
	14.04.06	Bonus	39,76,675	10	-	15.06%	1 Year
			52,81,601	10	-	20.00%	3 Years
	22.05.06	Bonus**	177	10	-	Negligible	3 Years
		<b>Total</b>	<b>1,65,32,953</b>			<b>62.60%</b>	

Note: All the equity shares which are being locked in for three years are not ineligible for computation of promoters' contribution and lock in as per SEBI (DIP) Guidelines.

\* 20% of the Post-Issue Paid-up Equity Share Capital, as determined after the book-building process, would be locked-in for a period of three years from the date of allotment and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue.

\*\* In partial modification of the resolution passed by the members at the Second Annual General Meeting of our Company held on 14<sup>th</sup> April 2006, the Board of Directors was authorised, through a resolution passed at the EGM held on 22<sup>nd</sup> May 2006 to issue additional 177 bonus shares to Mr. Sudip Dutta to correct the miscalculation in the earlier resolution.

- The specific written consent has been obtained from the Promoter for inclusion of such number of his existing shares to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.
- The shareholding details of persons constituting Promoter Group are mentioned hereunder:

Name	Date of Allotment / Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Paid up Capital	Lock in Period (Years)*
Mrs. Aarti Dutta	31.03.05	Cash	1,200	100	100		
	15.07.05	Cash	100	100	100		
	<b>Sub-total</b>		<b>1,300</b>	<b>100</b>	<b>100</b>		
	18.03.06	Sub-division of Equity Shares	13,000	10	-		
	31.03.06	In Lieu of Equity Shares Flex Art Foil Private Limited	5,000	10	-		
	31.03.06	In Lieu of Equity Shares of Atlanta Vinyl Private Limited	2,16,500	10	-		
	14.04.06	Bonus	2,98,449	10	-		
	22.05.06	Bonus**	5	10	-		
	<b>Total</b>		<b>5,32,954</b>				<b>2.02%</b>

\*\* In partial modification of the resolution passed by the members at the Second Annual General Meeting of our Company held on 14<sup>th</sup> April 2006, the Board of Directors was authorised, through a resolution passed at the EGM held on 22<sup>nd</sup> May 2006 to issue additional 5 bonus shares to Mrs. Aarti Dutta, to correct the miscalculation in the earlier resolution.

7. The Pre-Issue & Post-Issue shareholding pattern of our Promoter Group is as under:

Sr. No.	Particulars	Pre-Issue		Post-Issue*	
		No. of Shares @ Rs. 10/- Each	% Holding	No. of Shares @ Rs. 10/- Each	% Holding
a.	Promoter (Mr. Sudip Dutta)	1,65,32,953	85.01%	1,65,32,953	62.60%
b.	Immediate Relatives of the Promoter (Mrs. Aarti Dutta)	5,32,954	2.74%	5,32,954	2.02%
c.	Companies in which 10% or more of the share capital is held by the Promoter / an immediate relative of the Promoter / a firm or HUF in which the Promoter or any one or more of their immediate relatives is a member	-	-	-	-
d.	Companies in which Company mentioned in c. above holds 10% or more of the share capital	-	-	-	-
e.	HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	-	-	-	-
f.	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoter Group".	-	-	-	-
	<b>Total</b>	<b>1,70,65,907</b>	<b>87.75%</b>	<b>17,065,907</b>	<b>64.62%</b>

8. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% Holding	No. of Shares	% Holding
<b>Promoter Group:</b>				
● Promoter (Mr. Sudip Dutta)	1,65,32,953	85.01%	1,65,32,953	62.60%
● Immediate Relative of Promoter (Mrs. Aarti Dutta)	5,32,954	2.74%	5,32,954	2.02%
<b>Promoter Group Total</b>	<b>1,70,65,907</b>	<b>87.75%</b>	<b>17,065,907</b>	<b>64.62%</b>
Others (incl. Employees)	23,82,980	12.25%	25,32,980	9.59%
Net Offer to Public	-	-	68,10,000	25.79%
<b>Total</b>	<b>1,94,48,887</b>	<b>100.00%</b>	<b>2,64,08,887</b>	<b>100.00%</b>

\* Post Issue Shareholding pattern may change if any Pre-Issue Equity Shareholders as mentioned hereinabove are allotted Equity Shares in the Issue.

9. The entire pre-issue Equity Share Capital of our Company, other than the minimum promoter's contribution, which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of allotment in the present Public Issue.
10. During the past six months, there are no transactions in our Equity Shares, which have been undertaken / financed directly or indirectly by our promoter, his relatives and associates, persons in promoter group and our directors.
11. Our Company has made the issue of Equity Shares during preceding one year, details of which are mentioned hereunder:

Sr. No.	Date of Issue	Name of the Persons (in Rs.)	No. of Shares	Issue Price	Whether Part of Promoter Group
1	01.12.2005	Mr. Sudip Dutta	50,000	100*	Promoter
2	22.05.2006	Pivotal Securities Pvt.Ltd.	3,00,000	160	No
3	22.05.2006	Dawn Share Invest Pvt. Ltd.	29,205	160	No
4	22.05.2006	Jinal Capital Services Pvt. Ltd.	35,000	160	No
5	22.05.2006	Ms. Alka J Doshi	10,000	160	No
6	22.05.2006	Mr. Jayesh N. Shah	20,000	160	No
7	22.05.2006	Mr. Arvind B. Sheth	75,000	160	No
8	31.05.2006	Pushpman Consultants Pvt. Ltd.	13,500	74	No
9	31.05.2006	Landmark Capital Markets Ltd	40,000	74	No
10	31.05.2006	Mr. Akash Bhansali	1,000	74	No
11	31.05.2006	Mr. V. R. Bhansali	1,000	74	No
12	31.05.2006	Nemish Shah HUF	1,00,000	74	No
13	31.05.2006	Volrado Ventures Partners	16,00,000	74	No
14	31.05.2006	Jagdish N. Master HUF	1,35,000	74	No
15	01.06.2006	Mrs. Gunmala Singh	15,000	74	No
16	08.06.2006	Mr. Aswani Gupta	6,000	160	No

The reason for all the above issues was to meet the funds requirement of our Company.

12. The Promoter's contribution has been brought-in in the specified minimum lot of Rs. 25,000/- per application from the person defined as Promoter as per SEBI (DIP) Guidelines, 2000.
13. The Equity Shares held by persons other than Promoter may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoter may pledge his Equity Shares with banks or financial institutions as additional security for loans whenever availed from banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

14. Our Company, our Promoter, our Directors and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Red Herring Prospectus.

15. As on the date of filing of this Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. Further, our Company does not have any Employee Stock Option Plan.
16. An over-subscription to the extent of 10% of Net Issue to Public can be retained for the purpose of rounding off to the nearest multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to Public, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
17. In the case of over-subscription in all categories, at least 50% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
18. Only Eligible Employees who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Our Promoter Mr. Sudip Dutta who is also our Chairman and Managing Director is not eligible to bid through the Employee Reservation Portion. Employees other than those mentioned hereinabove are not eligible to participate under the Employee Reservation Portion. Bid/Application by Eligible Employees can also be made in the "Net Issue to Public" and such Bids shall not be treated as multiple Bids.
19. In case of reserved category, a single applicant in the reserved category can make application for a number of securities, which exceeds the reservation but not more than the total issue size.
20. Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public. Under subscription, if any, in the Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLMs. In case of Under-subscription in the Qualified Institutional Buyers Portion (i.e. subscription less than 50% mandatory of the Net Issue), the same shall not be available to other categories and full subscription monies shall be refunded. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to QIB Bidders.
21. As on date of filing of this Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
22. Our top ten shareholders and the shares held by them as on the date of filing the Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares of Rs. 10 Each	% of Shareholding
1	Mr. Sudip Dutta	1,65,32,953	85.01%
2	Volrado Ventures Partners	16,00,000	8.23%
3	Mrs. Aarti Dutta	5,32,954	2.74%
4	Pivotol Securities Private Limited	3,00,000	1.54%
5	Jagdish N. Master HUF	1,35,000	0.69%
6	Nemish Shah HUF	1,00,000	0.51%
7	Mr. Arvind B. Sheth	75,000	0.39%
8	Landmark Capital Markets Limited	40,000	0.21%
9	Jinal Capital Services Private Limited	35,000	0.18%
10	Dawn Share Invest Private Limited	29,205	0.15%
	<b>Total</b>	<b>1,93,80,112</b>	<b>99.65%</b>

\* Volrado Ventures Partners is a Venture Capital Fund, duly registered with SEBI.

23. Our top ten shareholders and the shares held by them 10 days prior to the date of filing the Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares of Rs. 10 Each	% of Shareholding
1	Mr. Sudip Dutta	1,65,32,953	85.01%
2	Volrado Ventures Partners	16,00,000	8.23%
3	Mrs. Aarti Dutta	5,32,954	2.74%
4	Pivotol Securities Private Limited	3,00,000	1.54%
5	Jagdish N. Master HUF	1,35,000	0.69%
6	Nemish Shah HUF	1,00,000	0.51%
7	Mr. Arvind B. Sheth	75,000	0.39%
8	Landmark Capital Markets Limited	40,000	0.21%
9	Jinal Capital Services Private Limited	35,000	0.18%
10	Dawn Share Invest Private Limited	29,205	0.15%
	<b>Total</b>	<b>1,93,80,112</b>	<b>99.65%</b>

\* Volrado Ventures Partners is a Venture Capital Fund, duly registered with SEBI.

24. Our top ten shareholders and the shares held by them two years prior to the date of filing the Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of Shareholder*	No. of Equity Shares of Rs. 100 Each	% of Shareholding
1	Mr. Sudip Dutta	900	90%
2	Mr. Viral Bhimani	100	10%
	<b>Total</b>	<b>1,000</b>	<b>100%</b>

\* Two years prior to the date of filing the Red Herring Prospectus with RoC, there were only two shareholders of our Company.

25. Our Company has not raised any bridge loan against the proceeds of this Issue.
26. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.
27. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
28. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
29. The Equity Shares issued through this Issue shall be made fully paid up on allotment.
30. A Bidder cannot make a Bid for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
31. Our Company has not re-valued assets since inception and has not issued any shares out of the revaluation reserves.
32. We have 22 members as on the date of filing of this Red Herring Prospectus.

## OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital for part financing the funds required for:

- Setting-up of additional manufacturing facilities for aluminium foil based packaging products at Daman
- General Corporate Purposes
- Meeting the Public Issue Expenses

The enriched basket of aluminium foil based packaging products include:

- Applications in the pharmaceutical industry covering
  - Cold form Alu-Alu blister packs
  - Child Resistant blister packs
  - Oral re hydration salts
  - Sutures
  - Lozenges and cough drops

And

- Applications in the Food and FMCG segments covering
  - Beverages
  - Dairy whiteners
  - Baby foods and cereals
  - Soft drink concentrates
  - Lids for jams/ yoghurts/ mineral water, etc
  - Lifestyle products
  - Frozen desserts
  - Confectionery, chocolates, chewing gum, bubble gum and biscuits
  - Retort pouches for the ready to eat segment
  - Lamitubes for oral care products
  - Personal Products
  - Contraceptives

The other objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on Stock Exchanges. 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 Objects 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 we have been carrying out until now is in accordance with the objects clause of our Memorandum of Association.

## 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

		(Rs. in Lacs)
Particulars		Amount
<b>Setting-up of Additional Manufacturing Facilities at Daman</b>		<b>11,479.08</b>
a) Land and Building	1,812.94	
b) Plant & Machinery	8,843.04	
c) Electrical Installations and Miscellaneous Assets	627.10	
d) Research & Development Equipments	196.00	
<b>Public Issue Expenses</b>		<b>[●]</b>
<b>General Corporate Purposes</b>		<b>[●]</b>
<b>Total</b>		<b>[●]</b>

### Means of Finance

		(Rs. in Lacs)
Particulars		Amount
Funds raised through issue of equity shares		2,170.40
Initial Public Offer		[●]
Internal Accruals		[●]
<b>Total</b>		<b>[●]</b>

**Note:** Any shortfall in the funding would be financed through loan funds.

We confirm that firm arrangements of finance through verifiable means towards 100% of the stated means of finance, excluding the amount to be raised through proposed Public Issue, has been ensured.

As per the means of financing, the entire cost of Setting-up of Additional Manufacturing Facilities at Daman aggregating to Rs. 11,479.08 Lacs, General Corporate Purposes and Public Issue Expenses are proposed to be funded through the proposed IPO and Funds Available with the Company including Internal Accruals. The Company has already raised Rs. 2,170.40 Lacs through further issue of Equity Shares and the Company has Rs. 1,135.78 Lacs as internal accruals as on 30<sup>th</sup> September 2006 which has been certified by the auditors vide their certificate dated 26<sup>th</sup> October 2006.

### DETAILED BREAK-UP OF COST OF PROJECT:

#### SETTING-UP OF ADDITIONAL MANUFACTURING FACILITIES AT DAMAN

##### **a) Land and Building:**

Our Company has completed the extension of building at the existing land at an aggregate cost of Rs. 52.01 Lacs. We have acquired additional land admeasuring 11060 square meters bearing Survey No. 57/5(2)A located at Bhenslore, Village Dunetha, Nani Daman, Daman on 10<sup>th</sup> October 2006 at an approximate cost of Rs. 362.09 Lacs. However, we are in the process of identifying further lands conceived by us. We propose to construct a building as a part of the Project at an estimated cost of Rs. 1,260.93 Lacs.

## b) Plant & Machinery:

Our Company proposes to purchase plant & machinery aggregating Rs. 8,843.04 Lacs comprising imported machinery aggregating Rs. 6,570.93 Lacs, indigenous Plant & Machinery aggregating Rs. 1,267.36 Lacs and miscellaneous Plant & Machinery for Rs. 1,004.75 Lacs for the Project.

### i. Plant & Machinery - Imported

We have placed orders for the following new Plant & Machinery of European Origin:

Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)	Date of Placement of Order	Expected Date of Supply
Laminator	Nordmeccanica, Italy	1	292.38	31.05.06	November 2006
Nickel & Copper Plating Machine, Dechrome Machine, Chrome Plating Machine	Daetwyler, Switzerland		410.11	06.07.06	December 2006
<b>Total (A)</b>			<b>702.49</b>		

We have also placed orders for the following second hand Plant & Machinery of European Origin:

Sr. No.	Particulars	Name of Supplier	Qty	Estimated Total Cost (Rs. in Lacs)	Age of Machine*	Balance Estimated Life*	Date of Placement of Order	Expected Date of Supply
1	Rotomec, Tandem Co-extruder 1400 mm	Maschinen Ritter -Wickeltechnik, Germany	1	414.00	Not more than 10 years old	More than 10 years	31.05.06	November 2006
2	9 Colour Cerutti, Rotogravure Printing Machine with online hotmelt and lamination	Maschinen Ritter - Wickeltechnik, Germany	1	543.37	Not more than 10 years old	More than 10 years	31.05.06	Already Received
3	Midimat Foil Separator	Maschinen Ritter - Wickeltechnik, Germany	1	321.95	Not more than 10 years old	More than 10 years	25.07.06	November 2006
	<b>Total (B)</b>			<b>1,279.32</b>				

\* As certified by the Management.

Following new Plant & Machinery are proposed to be imported for which orders are yet to be placed:

Sr. No.	Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)	Quotation Date
1	Foil Separator	KAMPF – Germany	1	1,188.00	07.08.06
2	Laminator	Nordmeccanica, Italy	1	292.38	14.03.06
3	Roll Slitting and Winding Machine	KAMPF – Germany	4	488.00	24.07.06
4	Pouching Machine	Waterline, Switzerland	1	324.67	21.03.06
	<b>Total (C)</b>			<b>2,293.05</b>	



Following second hand Plant & Machinery are proposed to be imported for which orders are yet to be placed:

Sr. No.	Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)	Age of Machine*	Balance Estimated Life*	Quotation Date
1	4 – Hi Foil Rolling Mill with Filtration System	Achenbach, Germany	1	1,936.29	Not more than 10 years old	More than 10 years	17.04.06
2	Rotomac Rotogravure Colour Printing Machine	Maschinen Ritter – Wickeltechnik, Germany	1	359.78	Not more than 10 years old	More than 10 years	14.07.06
<b>Total (D)</b>				<b>2,296.07</b>			
<b>GRAND TOTAL (A+B+C+D)</b>				<b>6,570.93</b>			

\* As certified by the Management.

#### ii. Plant & Machinery - Indigenous

Following indigenous Plant & Machinery have been purchased:

Sr. No.	Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)
1.	4 HI Cold Rolling Mill	Varia Engineering	1	360.00
2.	Turbo Ventilator	Sarhi Engineers	10	0.60
3.	OIL Filtration System	Real Technologies	1	36.00
4.	Pumps & Compressor	Qualitech Industrial Products & Gem Equipments	Set	7.80
5.	Cranes	S Crane	2	18.00
6.	Mill Drive System	Dollas Enterprise	1	3.44
7.	Fork Lift	Godrej & Boyce	1	8.90
8.	Annealing Furnace	Suraksha	1	12.00
9.	Fire Fighting System	Shreeji Appliances Pvt. Ltd.	1 Set	19.00
<b>Total (A)</b>				<b>465.74</b>

Following indigenous Plant & Machinery is to be purchased for which order has already been placed:

Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)	Date of Placement of Order	Expected Date of Supply
Roll Grinding machine	Dhiman Engineers	1	35.57	16.01.06	November 2006
<b>Total (B)</b>			<b>35.57</b>		

The following indigenous Plant & Machinery are to be purchased for which orders are yet to be placed:

Sr. No.	Particulars	Name of Supplier	Qty.	Estimated Total Cost (Rs. in Lacs)	Date of Quotation	Expected Date of Supply
1	Foil Annealing Furnace	Suraksha Trade and Engineering Services Pvt. Ltd.	1	149.00	02.05.06	October 2006 - December 2006
2	Screw Compressor, air Drier, Receivers X 500 CFM	Qualitech Industrial Products	2	52.00	02.05.06	October 2006 - December 2006
3	Thermic Fluid Heater	Parchem Enterprises	2	24.00	25.07.06	August 2006 - February 2007
4	Fire Fighting / Fire Hydrant	Shreeji Safetime Appliances Pvt. Ltd.	Set	97.00	02.05.06	October 2006 - December 2006
5	Chilling Plant / Cooling Tower	Voltas	2	48.00	05.05.06	October 2006 - December 2006
6	Foil Coater	Sudha Engineering	1	32.00	14.10.05	December 2006
7	Fork Lift Trucks 3 Ton Cap	Godrej & Boyce	5	43.00	13.01.06	October 2006 - December 2006
8	Overhead Cranes 15 / 5 Ton	Electromech	4	80.00	07.08.05	October 2006 - December 2006
9	Stretch Wrapping Machine	Sia Pack India	Set	28.05	09.05.06	October 2006 - December 2006
10	Blown Film Plant	Raju Engineering	1	169.00	06.07.06	December 2006 - March 2007
11	Roller Conveyor for Packing & Despatch Line	Yash Packing (Strapex)	2	44.00	11.05.06	December 2006 - March 2007
	<b>Total (C)</b>			<b>766.05</b>		
	<b>Total Indigenous Plant &amp; Machinery (A+B+C)</b>			<b>1,267.36</b>		

### iii. Plant & Machinery - Miscellaneous:

The following Miscellaneous Plant & Machinery are to be purchased for which orders are yet to be placed:

Sr. No.	Particulars	Name of Supplier	Estimated Total Cost (Rs. in Lacs)	Expected Period of Supply
1	Bearings	Shah Bros	32.00	October 2006 - December 2006
2	Cylinders, Rubber Rolls, Chilling Rolls etc,	Tristar Appliances	285.75	October 2006 - December 2006
3	Oil Storage System & Underground Tanks	Prakin / Local Fabricator	37.00	October 2006 - December 2006
4	Spares- b/up Rolls, w/ Rolls, Gears, Bearings, motors etc.	Various Suppliers	400.00	Till March 2007
	Pre Commissioning Expenses and Machine stabilisation cost		250.00	
	<b>Total</b>		<b>1,004.75</b>	

**Note:** The actual suppliers of various Plant & Machinery may differ while negotiating the prices for the respective Plant & Machinery. Further, the type of Plant & Machinery may also differ considering the conditions prevailing while placing the orders.

**c) Electrical Installations and Miscellaneous Assets:**

The following Electrical Installations and Miscellaneous Assets will be required for the proposed Project, for which negotiations are on with the prospective suppliers:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Estimated Total Cost (Rs. in Lacs)</b>
1	Transformers	67.00
2	HT Cables & PCC	7.12
3	Cables & Laying	5.94
4	Circuit Breakers	4.39
5	Main & Control Cable	90.15
6	DG Sets	100.00
7	HT line Installation & Control Panels	75.00
8	Office Furniture, Racks for Store & Cylinder Room	49.50
9	AC installation for cylinder Engraver & Air Handling System	178.00
10	ERP Installation	50.00
	<b>Total</b>	<b>627.10</b>

**d) Research & Development Equipments:**

The following laboratory equipments will be required for our Research & Development Activities, for which negotiations are on with the prospective suppliers:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Estimated Total Cost (Rs. in Lacs)</b>
1	Gas Chromatography	60.00
2	Humidity Chamber/ Permeability Testing Machine	55.00
3	Various Material Testing Machines	15.00
4	FTIR Spectrometer	10.00
5	Plastometer	15.00
6	Spectrometer	31.00
7	Light Spectrometer	10.00
	<b>Total</b>	<b>196.00</b>

## **PUBLIC ISSUE EXPENSES**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Estimated Total Cost (Rs. in Lacs)</b>
1	Fees of BRLMs, Registrar, Legal Advisor, Auditors, etc.	[●]
2	Underwriting and Selling Commission	[●]
3	Advertisement and Marketing Expenses	[●]
4	Printing and Stationery, Distribution, Postage, etc.	[●]
5	Other Charges	[●]
	<b>Total</b>	<b>[●]</b>

## **GENERAL CORPORATE PURPOSES**

Our Company intends to deploy the balance Issue proceeds aggregating Rs. [●] Lacs, towards the general corporate purposes, including but not restricted to meeting working capital requirements, strategic initiatives, entering into strategic alliances, partnerships, joint ventures and acquisitions, investment in research and technology up-gradation, investment in other segments of the industry, meeting exigencies, which our Company in the ordinary course of business may not foresee, repayment of debts, purchase of corporate office or any other purposes as approved by our Board of Directors.

Note: The Working Capital has not been shown as part of Cost of Project, as we intend to make necessary funds arrangements as and when required out of funds available with us (including funds available for General Corporate Purposes, if any) and/or bank borrowings.

## **SCHEDULE OF IMPLEMENTATION**

<b>Activity</b>	<b>Starting Date</b>	<b>Expected Date of Completion</b>	<b>Revised Date of Completion</b>	<b>Remarks</b>
Extension of Building at existing Land	January 2006	Completed	Completed	Extension of building at the existing land has already been completed.
Acquisition of New Land and construction of Building thereon	August 2006	October 2006	February 2007	Major Part of the Land has been acquired, on which construction work is in progress. However, we are in the process of identifying further lands, on which construction work will be commenced accordingly.
Placing of orders for Plant & Machinery	January 2006	February 2007	February 2007	Few Plant & Machinery have already been identified and orders are being placed. Plant & Machinery shall be installed based on sequence of activity, plant layout, lead-time of each machinery supplier, and actual installation of all other utilities and commissioning of Plant & Machinery.
Installation of Plant & Machinery	February 2006	May 2007	June 2007	
Commissioning & Trial Run	October 2006	June 2007	July 2007	
Full Commercial Production	July 2007		July 2007	

## DEPLOYMENT OF FUNDS IN THE PROJECT

We have already deployed Rs. 2,127.46 Lacs in the Project till 20<sup>th</sup> October 2006, which has been certified by M/s. M.P. Chitale & Co., Chartered Accountants vide their certificate dated 26<sup>th</sup> October 2006, details of which are mentioned hereunder:

Particulars	Amount (Rs. in Lacs)	
<b>Setting-up of Additional Manufacturing Facilities at Daman</b>		<b>2,036.02</b>
a) Land and Building	450.19	
b) Plant & Machinery	1,293.24	
c) Electrical Installations and Miscellaneous Assets	292.59	
<b>Public Issue Expenses</b>		<b>91.44</b>
<b>Total</b>		<b>2,127.46</b>

The means of finance for the above-mentioned deployment is mentioned hereunder:

Particulars	Amount (Rs. in Lacs)
Fund Available with the Company including Internal Accruals	2,127.46
<b>Total</b>	<b>2,127.46</b>

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

(Rs. in Lacs)

Particulars	Already Deployed till 20 <sup>th</sup> October 2006	To be Deployed till 31 <sup>st</sup> March 2007	To be Deployed from April 2007 to July 2007	Total Amount
<b>Setting-up of Additional Manufacturing Facilities at Daman</b>				
a) Land and Building	450.19	1,362.75	-	<b>1,812.94</b>
b) Plant & Machinery	1,293.24	7,349.80	200.00	<b>8,843.04</b>
c) Electrical Installations and Miscellaneous Assets	292.59	324.51	10.00	<b>627.10</b>
d) R&D Equipments	-	196.00	-	<b>196.00</b>
<b>Public Issue Expenses</b>	<b>91.44</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Sub-total</b>	<b>2,127.46</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>General Corporate Purposes</b>	-	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Total</b>	<b>2,127.46</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

## **INTERIM USE OF FUNDS**

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft.

In case the Issue does not go as planned, we will make alternative arrangements like availing of fresh loans and/or internal accruals to meet the shortfall, if any.

## **MONITORING OF UTILIZATION OF FUNDS**

In terms of clause 8.17 of the SEBI (DIP) Guidelines there is no requirement for appointing a monitoring agency since the issue is less than Rs. 50,000 Lacs. However, we have appointed State Bank of India as the monitoring agency to monitor the use of issue proceeds. State Bank of India has consented to act as Monitoring Agency to monitor utilisation of funds to be received from proposed Public Issue. The relevant details of State Bank of India are mentioned under section titled "General Information" beginning on page 28 of this Red Herring Prospectus.

Further, no part of the Issue proceeds will be paid by us as consideration to our Promoter, Directors, key management personnel or companies promoted by our Promoter. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the FY 2006-07 & 2007-08 and provide all the details, if any, in relation to all proceeds of the Issue that have not been utilized thereby, also indicating investments, if any, of such unutilized proceeds of the Issue.

## BASIC TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

### Face Value and Issue Price

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at the Price of Rs. [●] per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchanges(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled "Main Provisions of Articles of Association" beginning on page 199 of this Red Herring Prospectus.

### Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of the Equity Shares will be in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 25 Equity Shares to the successful bidders.

### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue (including allotment of mandatory 50% of the Net Issue to the QIBs) including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, our Company and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

## ISSUE STRUCTURE

Issue of 69,60,000 Equity Shares of Rs.10 each aggregating for a price of Rs. [●] per Equity Share aggregating Rs. [●] Lacs. The net Issue to public is of 68,10,000 Equity Shares (excluding employee reservation portion of 1,50,000 Equity Shares). The Issue is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

	<b>Eligible Employees</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	Up to 1,50,000 Equity Shares	A minimum of 34,05,000 Equity Shares must be allotted to QIBs.	Not less than 10,21,500 Equity Shares shall be available for allocation.	Not less than 23,83,500 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	About 2.16% of the Issue Size.	At least 50% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds)* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders*	Not less than 35% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Non Institutional Bidders*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds Receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	25 Equity Shares and in multiples of 25 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 1,00,000 and in multiples of 25 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 1,00,000 and in multiples of 25 Equity Shares thereafter.	25 Equity Shares and in multiples of 25 Equity Shares.



	<b>Eligible Employees</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Indian Nationals who are permanent employees or Executive Director(s) of our Company or our subsidiary company i.e. Flex Art Foil Private Limited, based in India and are present in India on the date of submission of Bid-cum-Application Form.***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid-cum-Application Form	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form
Margin Amount	Full Bid Amount on bidding	At least 10% of the bid amount on bidding.	Full Bid Amount on bidding	Full Bid Amount on bidding

\* Subject to valid bids being received at or above the Issue Price. At least 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available 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. Further, at least 15% of the

Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 1,70,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in any category except in the QIB category would be met with spill over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

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

Under subscription if any, in the reservation category shall be added back to the Net Issue to Public. Under subscription, if any, in the Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLMs. In case of Under-subscription in the Qualified Institutional Buyers Portion (i.e. subscription less than 50% mandatory of the Net Issue), the same shall not be available to other categories and full subscription monies shall be refunded. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated to proportionately to QIB Bidders.

\*\*\* Our Promoter Mr. Sudip Dutta who is also our Chairman and Managing Director is not eligible to bid through the Employee Reservation Portion.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building.

**Investors should read the following with the Risk Factors included from page number 10 to 20 and the details about our Company and its financial statements included in this Red Herring Prospectus. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.**

### Qualitative Factors

#### Strong Customer Base

We have a strong and dedicated full-fledged Marketing Department headed by President (Sales & Marketing), who is assisted by Chief Marketing Officer and able support staff. Marketing Department's major role is to build partners who can contribute to the surge of growth enabling the company to broaden our customer base.

The marketing strategy of our Company is a mix of various tools depending on various products and the objective for the particular product / mix. We sell directly to the Customers and meet customer needs in a time bound manner using the existing sales force and Internet. However personal selling and technical counselling still remains the best tool for our type of industry.

We have a Customer base of over 250 customers both in India and abroad in various entities like Pharmaceutical MNC, Indian Pharma Majors, and various small-scale industries encompassing merchant exporter. Though, as on 31<sup>st</sup> March 2006, our top six customers including our wholly owned subsidiary, Flex Art Foil Private Limited, accounted about 85% of our sales volume, but presence of such large customer base gives us marketing strength and paves way for future expansions and growth without worrying for ready market.

#### Multi-product Relationship with Large Number of Customers

Our product portfolio allows us to create value for the brand by repeating it in various different packaging products. It also allows ascertaining the overall impact of packaging on the product. Our Company has two manufacturing units. Unit I is located at Daman and Unit II is situated at Goa. Further, our subsidiary has four manufacturing units located at Daman, Goa, Vasai and Baddi. Hence multi location manufacturing facilities make us a unique workshop for the product promotion and offer better logistics support to our Customers. Sourcing various products from one source helps to curb counterfeits and create an appeal in the selves.

Our Company shall be in a position to give our valued customers benefits of better solutions to their packaging needs under one roof. It would be a win-win situation for both company and the customers as the customers will enjoy one roof shopping and company will be able to sell variety of products to one customer.

All our manufacturing units are strategically situated and are close to the Pharmaceutical hubs. The proximity to the customers supports us logistically reducing lead time for supplies, which enhances our service levels which is the key to our industry. Our multi-location supply units allow our Company to sustain the cost of the level of services. Sales revenue from any of our product supports us to maintain our technical/ commercial/ agent/ distributor in any particular area or for a particular client. Cost of marketing additional products is also negligible once any of our products is being sold to a specific customer.

#### Diversified Customers Enabling De-risking of the Business Model

All our units are located at strategic locations and are close to major sea ports and international airports, they are well connected with rail and road transport thereby making movement of material easy making the inventory available in more precise and accurate time lines. Our Company caters to various corporate customers of small and big size. Customers are based in different geographical locations and are from various industries. We cater and will cater to industries like Pharmaceuticals, Food and Beverages, FMCG and are also exporting our products. Our strategy to cater our products and services to a wider arena of customers insulates us from dependency on any particular industry. It de-risks our business to a large extent, as recession in any one industry is offset by boom in any other industry. Similarly geographical unrest in one market can be offset by the other market. We immediately respond by geographically aligning our business enterprise to exploit the emerging manufacturing hubs as well continue to strive to meet total customer satisfaction at existing locations.

## Strong Technical Base

One of our major strengths and key to success is our knowledge and experience in developing cheaper and functional packaging material mix. Other major key to success is our qualified team of technocrats and in-house research and development capabilities. The manufacturing activity is carried under the direct supervision of competent, well trained, technical staff with proper qualification and adequate practical experience.

## Product Composition, Structure and Design Capacities

In the foil industry, it is of primary importance that the product is pinhole free. We have a technology which provides pinhole free micron foil which is much superior when compared to industry standards. This enables our customers to down gauge for consequential cost reductions. Our ability to identify and stay abreast of evolving trends that meets with our buyers' requirements allows us to enhance our market share with existing buyers and develop new customers.

## Quality and ISO Certification

Both our existing manufacturing units are ISO 9001:2000 certified from SWISO, Wohlen Switzerland. Additionally, we are DMF registered with US FDA for Type III Pharma Packaging. Since, our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our buyers, as we are capable of meeting their quality standards, which enables them to maintain their brand image in the market. The details of the ISO Certifications are mentioned below:

UNIT	Date of Issue	Expiry Date
Unit I (Daman)	11 <sup>th</sup> May 2005	3 years from the date of issue
Unit II (Goa)	6 <sup>th</sup> May 2005	3 years from the date of issue

## Tax benefits

The existing units of our Company viz. Unit-I and Unit-II as well as our proposed Unit-III are in Daman (Union Territory) and Goa, which are entitled for deduction in Income tax u/s. 80 IB of the Income tax Act, 1961 and exemption in Sales Tax.

## Deep Geographical and Market Penetration

By virtue of acquisition of wholly owned subsidiary, our Company has inherited deep market penetration with a large clientele and wide geographical coverage. Our Company has also got presence in global market with existing Customers in Latin America, Africa, Middle and South East Asia.

## Strategic Locations Resulting in Strong Customer Base

We have taken a conscious decision to consolidate our business by amalgamating Atlanta Vinyl Private Limited, the PVC thermoforming film unit, with our company thereby consolidating the business and offering a comprehensive packaging solution to the pharma and the food industry. With a view to cater to the entire supply chain, our company has also invested in acquisition of Flex Art Foil Private Limited to make it a wholly owned subsidiary, which is primarily into foil printing, making it a wholly owned subsidiary.

Our one unit is situated at Daman, which is into manufacturing of Aluminium Foil based packaging products, and another unit at Goa, which is into manufacturing of thermoforming Poly Vinyl Chloride films (PVC films) based packaging products. Our Wholly owned Subsidiary is having manufacturing units situated at Daman, Goa, Vasai (Thane) and Baddi (Himachal Pradesh). These units are strategically situated and are close to the Pharmaceutical hubs. The proximity supports us logistically reducing lead time for supplies, which enhances our service levels which is the key to our industry Our multi-location supply unit allows our Company to sustain the cost of high level of services, These locations are the primary key and form one of the key tools of our USP(Unique Selling Point).

With the acquisition and amalgamations, we have inherited their marketing network, which has given us a wide customer base. We have a client base that includes customers in India who are Indian multi national companies or Multi National Companies with parent company located outside of India. Major companies from the food packaging industry will also form part of our customer base. Our Company has made in roads in the overseas market and its products are exported to various overseas customers. Products supplied by our Company are well accepted in the international market.

Our management believes in healthy and long-term customer relationship. Personal selling and technical counselling remains the best tool for our type of industry.

### **In Tune with the Good Manufacturing Practices (cGMP)**

Our manufacturing facilities have manufacturing areas, which follow current Good Manufacturing Practices (cGMP). Our manufacturing units are situated in areas where there is no risk of contamination from external environment. None of our units produce or emit disagreeable or obnoxious odours or fumes which are harmful to the environment. Every care possible is taken for delivery of products, which adhere to the high and stringent standards laid, by the pharma and the food industry. Thereby we are in a position to give our valued customers benefits of better solutions to their packaging needs under one roof. This result in a win- win situation for both company and customers.

### **Quality Assurance**

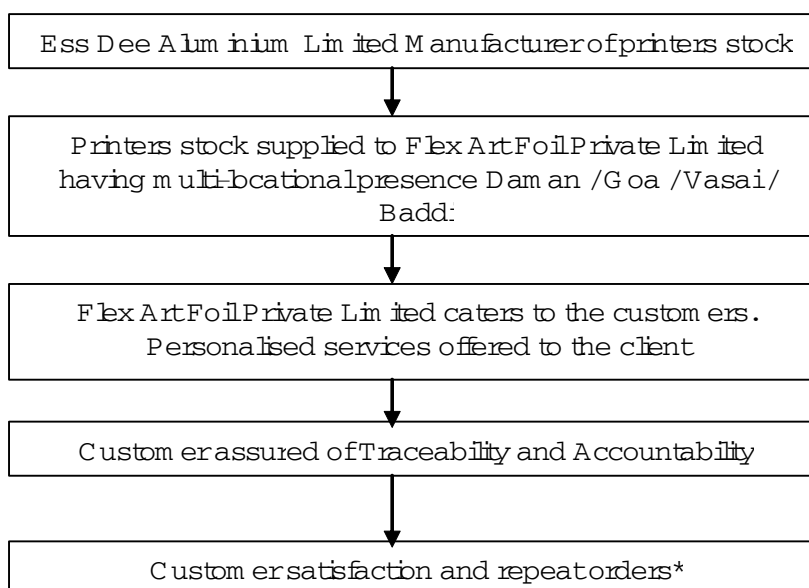
All products that leave the factory premise are inspected by the Quality Control Department at every stage of manufacturing to ensure the adherence to desired specifications. Since, our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our buyers, as we are capable of meeting their quality standards, which enables them to maintain their brand image in the market.

### **Human Resource Initiatives**

Our company feels that the strength of any successful organization lies in the experience and guidance of its team leaders and staff alike. A lot of care and precession is taken in choosing the right people for the right job. It has been only due to the highly empathetic management style that our Company has grown over the years. Our company provides an environment that induces an employee as an entrepreneur in his own work area thus our employees has been very happy working with us and looks at promising long careers.

### **Supply Chain, a competitive strength**

Our Company’s supply chain can be outlined as under, which gives us a competitive edge:



\* If a customer is satisfied with our products and services, that satisfaction could result into repeat orders.

## QUANTITATIVE FACTORS

Note: Our Company has been incorporated on 10<sup>th</sup> February 2004 as a Private limited Company, and subsequently converted in to Public Limited Company.

1. Adjusted Earning Per Share (EPS)	EPS (Rs.)	Weight
2004-05	Nil	1
2005-06	31.97	2
Weighted average	21.31	

2. Price/ Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share	At the lower band of Rs. 200 per share	At the upper band of Rs. 225 per share
(a) Based on 2005-06 EPS of Rs. 31.97	6.26	7.04
(b) Industry P/E *		
(i) Highest (Max India)	202.60	202.60
(ii) Lowest (Precision Cont.)	2.90	2.90
(iii) Average	16.05	16.05

\* Source: Capital Market November 20 – December 03, Vol. XXI/19)

3. Return on Net Worth	%	Weight
(a) 2004-05	Nil	1
(b) 2005-06	56.28	2
(c) Weighted Average	37.52	

#### 4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS i.e. Rs. 31.97

Particulars	At the lower band of Rs. 200 per share	At the upper band of Rs. 225 per share
Total Net Worth After Issue (Rs. in Lacs)	18,633.50	20,373.50
No. of Equity Shares after the Issue	2,64,08,887	2,64,08,887
Profits required to get required EPS (Rs. in Lacs)	8,442.92	8,442.92
Min. Required RONW for maintaining above EPS	45.31%	41.44%

## 5. Net Asset Value (NAV) Per Share

Particulars	At the lower band of Rs. 200 per share	At the upper band of Rs. 225 per share
a) As at 31 <sup>st</sup> March 2006	127.76	127.76
b) After Issue	93.75	100.34
c) Issue Price	[●]	[●]

### Accounting Ratios of some of the Company in the same Industry Group:

Name of the Company	EPS (Rs.)	P/E Ratio	RONW%	Book Value (Rs.)
Bilcare Limited	32.30	17.2	33.6	104.50
Ess Dee Aluminium Limited*	31.97	#	56.28	127.76

(\* Source: Capital Market November 20 – December 03, Vol. XXI/19)

# will be determined by book building process

\* As on 31st March 2006

Except Bilcare Limited, there are no other listed companies, which are comparable with our Company.

Note: All the financial parameters / accounting ratios of the Company disclosed throughout in the RHP are based on the Restated Financial Statements.

Since the restated financial information of the peer group / industry average is not ascertainable, the ratios disclosed in the RHP for the purpose of comparison with the accounting ratios of the company is not based on restated financial statements of the peer group / industry.

It is further confirmed that financial information disclosed under the head "Basis for Issue Price" is based on stand alone financial statements of the company.

The base date for the respective accounting ratios of our Company is 31<sup>st</sup> March, 2006.

The Face Value of our Equity Shares is Rs.10/- per share and the Issue Price is 20 times of the Face Value (at the lower end of the Price Band) and 22.5 times of the Face Value (at the higher end of the Price Band).

The BRLMs believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors beginning on Page 10 of this Red Herring Prospectus and our financials as set out in the Auditors' Report beginning on page 113 of this Red Herring Prospectus to have a more informed view about the investment proposition. The final Issue Price shall be determined on basis of demand from investors.

The Issue Price of Rs. [●] has been determined by us in consultation with BRLMs and on the basis of assessment of market demand for the Equity Shares from the investors by way of book building and is justified on the basis of the above factors.

## STATEMENT OF TAX BENEFITS

Our Auditors, M/s. M.P. Chitale & Co., Chartered Accountants have, vide their letter dated 15<sup>th</sup> June 2006 certified that under the current provisions of the Income Tax Act, 1961 and other existing laws for the time being in force, the following benefits, *inter alia*, will be available to us and the members. The said letter is reproduced hereunder:

The Board of Directors  
Ess Dee Aluminium Limited  
Plot No. 124-133,  
Panchal Udyog Nagar,  
Bhimpore, Daman – 396 210.

**Sub.: Initial Public Offering of Ess Dee Aluminium Ltd. – Possible tax benefits available to the company and its shareholders.**

Sir,

In connection with the proposed Initial Public Offering of the Equity Shares of your company, at your request we have prepared a note entailing the various benefits under the provisions of the Direct Taxes (Income Tax & Wealth Tax) which are currently available to the company as also to the shareholders of the company.

We may mention that several of the benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed below are not exhaustive. Our statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for individual professional tax advice. In view of individual nature of tax consequences, the changing tax laws we advise that each investor be advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation on the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For M.P. Chitale & Co.  
Chartered Accountants,

Ashutosh Pednekar  
Partner

Dated: 15<sup>th</sup> June 2006



## Tax Benefits to the Company and its Shareholders

### To the Company

#### A. Under the Income Tax Act, 1961

1. In accordance with and subject to the provisions of Section 112(1)(b) of the Income Tax Act, 1961, long term capital gain accruing to the Company will be subject to tax at the rate of 20% (plus applicable surcharge and education cess) applicable to the Company.

- If long term capital gain is computed with indexation @ 20%(plus applicable surcharge and education cess)
- If long term capital gain is computed without indexation @ 10%(plus applicable surcharge and education cess)

The Company is eligible to claim exemption in respect of tax on long-term capital gains u/s. 54EC and 54ED if the amount of capital gains is invested in certain specified bonds/ securities subject to the fulfilment of the conditions specified in those sections.

2. The Company is not liable to pay long term capital gains tax in respect of transfer of an 'eligible Equity Share' in a company purchased on or after the 1<sup>st</sup> day of March, 2003 and before the 1<sup>st</sup> day of March, 2004 (both days inclusive) and held for a period of 12 months or more under Section 10(36) of the Act.

3. The Company is not liable to pay long term capital gains tax in respect of shares of the company held by them for a period of more than twelve months by virtue of Section 10(38) of the Act, subject to the fulfilment of the following conditions:

- (a) The transaction of sale of such equity share is entered into on or after 1 October 2004.
- (b) The transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

4. Short term capital gains arising on transfer of equity shares of a company would be liable to tax at the rate of 10% (plus applicable surcharge and education cess) by virtue of Section 111 A if the following conditions are satisfied:

- (a) the transaction of sale of such equity share is entered into on or after 1 October, 2004.
- (b) the transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

#### 5. Benefits of unabsorbed business/ long term capital losses and allowances

Company has unabsorbed losses/ allowances under the Act, which can be carried forward for set off against the income under the Act of future years as under:

- (i) As per Section 72 of the Act, Company can carry forward the unabsorbed business losses for a period of eight assessment years immediately succeeding the assessment year in which the loss was first computed.
- (ii) As per Section 32 of the Act, Company can carry forward the unabsorbed depreciation allowance of earlier years for an indefinite period to be set off against business income under the Act of future years.
- (iii) As per Section 74 of the Act, Company can carry forward the unabsorbed long term capital losses for a period of eight assessment years immediately succeeding the assessment year in which the loss was first computed to be set off against long term capital gains under the Act of future years.

6. The Company is (subject to fulfilment of conditions mentioned therein) entitled to a deduction of 100% for the first five years (& 30% for the subsequent five years) of the profits and gains from certain industrial undertakings other than infrastructure development undertakings u/s.80 (IB) of the Act.

7. Dividend Income received from Domestic Companies is exempt under section 10(34) of the Income-tax Act, 1961.

8. In accordance with and subject to the provisions of Section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

- (i) Income received in respect of the units of a Mutual Fund specified under Clause (23D) of Section 10 of the Act; or
- (ii) Income received in respect of units from the Administrator of the specified undertaking; or
- (iii) Income received in respect of units from the specified company.

### **Under Wealth Tax Act, 1957**

The Company is liable to pay wealth tax as per the provisions of Wealth Tax Act, 1957 at the rate of 1% in respect of certain assets owned by the Company, subject to the basic exemption of Rs.15 Lacs.

### **To the Resident Members of the Company**

#### **B. Under the Income Tax Act, 1961**

1. Dividend Income received from Domestic Companies is exempt under section 10(34) of the Income-tax Act, 1961.
2. The shareholders are not liable to pay long term capital gains tax in respect of shares of the company held by them for a period of more than twelve months by virtue of Section 10(38) of the Act, subject to the fulfilment of the following conditions:
  - (a) The transaction of sale of such equity share is entered into on or after 1 October, 2004.
  - (b) The transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

Proviso to the section specifies that in case of individual and HUF, where the total income as reduced by such short term capital gains is below the maximum amount not chargeable to tax, then such short term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to tax and the tax on the balance of such short term capital gains shall be computed at the rate of ten percent.

3. Short term capital gains arising on transfer of the company's shares would be liable to tax at the rate of 10% (plus applicable surcharge and education cess) by virtue of Section 111 A if the following conditions are satisfied :
  - (a) the transaction of sale of such equity share is entered into on or after 1 October, 2004
  - (b) the transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

Further, the public issue of shares of the Company would also qualify as an eligible issue of capital and long term capital gains would qualify for the benefit of Section 54ED of the Act if the capital gains are invested in shares of the Company.

4. In accordance with and stated provisions of Section 88E, where the business income of an assessee includes profit and gains from sale of taxable securities, a rebate should be allowed from the amount of income tax equal to Securities transaction tax paid on such transactions. However the amount of rebate should be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.

### **Under Wealth Tax Act, 1957**

Shares held in Domestic Company are not "asset" under the Wealth-Tax Act 1957, hence not liable to wealth tax in the hands of the holder of the said shares

### **To The Non-Resident Members Of The Company**

#### **C. Under the Income Tax Act, 1961**

1. Under Section 115E of the Act, where shares in the company (not covered under sections 10(36) and 10(38)), are acquired or subscribed for in convertible foreign exchange by a Non Resident Indian, capital gains arising to the non-resident Indian on transfer of shares held for a period exceeding 12 months, shall, of the Act, be concessionaly taxed at the rate of 10% (plus applicable surcharge and education cess). (Reference may also be made to the provisions of Section 115D of the Act).
2. Under section 115F of the Income Tax Act, 1961 the Long Term Capital gain as referred to in 1 above shall be exempted from income tax entirely / proportionately if he/she invest all or a portion of the net consideration in specified assets as defined in section 115C (f) of the Income Tax Act, 1961 within 6 months of the date of transfer. The amount so exempted shall, however, be chargeable to tax under the provisions of section 115F(2) if the specified assets are transferred or converted in to money within three years from the date of acquisition thereof as specified in the said section.
3. Under provisions of Section 115G of the Act, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is 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.

4. As per Section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of India origin who is not a "resident") elects not to be governed by the provision of Chapter XII-A of the Income Tax Act, 1961, than his/her total income shall be computed and charged in accordance with other provisions of the Act.
5. By virtue of Section 10(34) of the Act, income earned by way of dividend income from domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the shareholders.
6. In accordance with and stated provisions of Section 88E, where the business income of an assessee includes profit and gains from sale of taxable securities, a rebate should be allowed from the amount of income tax equal to Securities transaction tax paid on such transactions. However the amount of rebate should be shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
7. Where any Double Taxation Avoidance Agreement [DTA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the company's shares, those beneficial provisions shall prevail over the provisions of the Income Tax Act, 1961 in that regard.

### **Under Wealth Tax Act, 1957**

Share held in Domestic Company are not "asset" under the Wealth-Tax Act 1957, hence not liable to wealth tax in the hands of the holder of the said shares

### **To The Foreign Institutional Investors (FIIs)**

#### **D. Under the Income Tax Act, 1961**

1. Under Section 115AD (1)(b)(ii) of the Act, Income by way of Short Term Capital Gain arising from the transfer of shares held in the Company for a period of less than twelve months will be taxable @ 30% (plus applicable surcharge and education cess).
2. Under Section 115AD (1)(b)(iii) of the Act, Income by way of Long Term Capital Gain arising from the transfer of shares held in the Company will be taxable @ 10% (plus applicable surcharge and education cess)
3. Income by way of dividend received on shares of the Company is exempt u/s. 10(34) of the Income Tax Act, 1961."
4. In accordance with and stated provisions of Section 88E, where the business income of an assessee includes profit and gains from sale of taxable securities, a rebate should be allowed from the amount of income tax equal to Securities transaction tax paid on such transactions. However the amount of rebate should be shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
5. Where any Double Taxation Avoidance Agreement [DTA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the company's shares, those beneficial provisions shall prevail over the provisions of the Income Tax Act, 1961 in that regard.

#### **Notes:**

- a) All the above benefits are as per the current tax laws as amended by the Finance Act, 2006.
- b) The current position of tax benefits available to the company and to its shareholders is provided for general information purposes only. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his /her participation in the issue.
- c) The tax benefits listed above are not exhaustive and 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, M.P. Chitale & Co. accepts no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.
- d) Unless otherwise specified, sections referred to are sections of the Income Tax Act, 1961 (the Act).

## INDUSTRY OVERVIEW

***Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.***

### Packaging Industry

All major industries create wealth but if there is one industry that plays a unique role by way of both creation of wealth through a wide range of manufacturing activities and also by way of preserving the wealth or value created by many, many other industries, it is packaging. Apart from the huge value addition and employment involved in these activities, packaging serves the economy by helping preservation of the quality and lengthening the shelf life of innumerable products - ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, edible oils, electronic goods etc., besides domestic appliances and industrial machinery and other hardware needing transportation. With water becoming a consumer product, polymer material-based bottles are becoming a universal presence.

Packaging is the science, art and technology of protecting products from the overt and inherent adverse effects of the environment. Packaging is the integration of elements of materials, machinery and people to erect and maintain barriers between the product and those external forces inexorably seeking to revert the contents back to their essential components. The package is the physical entity that functions as the wall between the contents and the exterior.

Packaging, as distinct from mere "packing", plays its most visible and catalytic role in a modern economy with the widespread adoption of branding of products and development of consumer preferences. To the extent that any consumer product is packaged in a manner that meets the criteria of safety, convenience and attractiveness, it gains market share. In the aggregate, packaging as a sectoral activity boosts consumption and economic growth. Heightened competition in all product sectors within the country as also the increasing need to look for export markets have contributed to the rising demand for appropriate, and at the same time cost-effective, packaging material and technologies.

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

The World Packaging Organisation's (WPO) slogan, "Better Quality of Life Through Better Packaging", sums up the important place that packaging occupies in a modern economy. To ensure that public appreciation of this role and the policy-makers' support to the industry are not diluted, attention should be paid to basic issues like collection, segregation and reuse of synthetic packaging material and observation of regulatory requirements.

### Packaging serves the following purposes:

1. **Containment:** Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. Faulty packaging (or under packaging) can lead to spillages and result in major losses and serious damage.
2. **Protection and Preservation:** Packaging plays a vital role in protecting products as they go from the manufacturer to the consumer. Packaging is designed to ensure that the product reaches the consumer in good condition. The product is protected during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; from infestation.
3. **Supplementary Product Protection:** Packaging can also provide supplementary product protection. This may be achieved by forms of cushioning such as shredded papers, sheets of corrugated paperboard, foamed plastic or wrappings. Packaging therefore contributes to food safety, quality and nutrition. Packaging technology has made major contributions to advancing food science and food safety and reduction of food spoilage.

4. **Communication:** 'A package must protect what it sells and sell what it protects'. Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.
5. **Convenience:** Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers. Frozen food packs, microwavable containers, wine cardboard casks, easy-open beverage and food cans and aseptic cartons are good examples of convenience packaging. These types of packaging reflect the demand for convenience and quick food preparation in a way that guarantees freshness.

Lightweight medical devices are packaged in peel-open, pre-sterilised containers designed for easy use in operating rooms, patients' rooms, or laboratories. In the administration of drugs, unit-dose packaging, solid and liquid, in small containers allows sealed, unused drugs to be returned to stock. Medical packaging also reduces the risk of accidental overdose or improper use by children (child resistant closures).
6. **Environmental Aspects:** Packaging reduces the amount of waste going to landfill. Without the benefit of packaging to preserve food, a higher proportion of food would become spoiled and consequently consigned to garbage collection for land disposal.

When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable by-products.
7. **Reduction of Pilferage:** Packaging of a wide variety of products sold from self-service counters is designed to reduce stealing. The product may be sold in a blister package sealed to a large paperboard backing. The large card makes the package more difficult to conceal and steal. Other examples of security packages are lock-on caps and tamper-proof closures.
8. **Marketing Trends:** Marketing trends are placing increasing emphasis on the look, sales appeal and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience. The continuously changing demands of consumers will require higher quality graphics and promotional links between graphics and advertising to support brand identities, plus the ability to reflect current consumer trends and images.

## Factors Affecting Growth of Packaging Industry in India

### 1. Urbanization

Modern technology is now an integral part of nation's society today with high-end package usage increasing rapidly. As consumerism is rising, rural India is also slowly changing into more of an urban society. The liberalization of the Indian economy, coupled with globalisation and the influx of the multi-nationals, has improved the quality of all types of primary and secondary packaging. Also industrialization and expected emergence of the organized retail industry is fuelling the growth of packaging industry.

### 2. Increasing Health Consciousness

As people are becoming more health conscious, there is a growing trend towards well-packed, branded products rather than the loose and unpackaged formats. Today 'even a common man is conscious about the food intake he consumes in day-to-day life.

### 3. Low Purchasing Power resulting in Purchase of Small Packets

India being a growing country, purchasing power capacity of Indian consumers is lower; the consumer goods come in small, affordable packages. Apart from the normal products packed in flexible packaging, the use of flexible in India includes some novel applications not usually seen in the developed world. Products like toothpaste, toothpowder, and fairness creams in laminated pouches are highly innovative and are not used elsewhere. Another typical example of such applications is tobacco and betel nut-based intoxicants and mouth fresheners catering to unique Indian taste.

### 4. Indian Economy Experiencing Good Growth Prospects

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

### 5. Changing Food Habits amongst Indians

Changing lifestyles and lesser time to spend in kitchens are resulting in more incidence of eating away from homes resulting in explosive growth of restaurants and fast food outlets all over the country. Indians are trying out newer cuisines and also purchasing similar food items for their homes. Therefore, the review period has seen new products like pasta, soups, and noodles being launched in India, fuelling the growth of packaging industry in India.

### 6. Personal health consciousness amongst Indians:

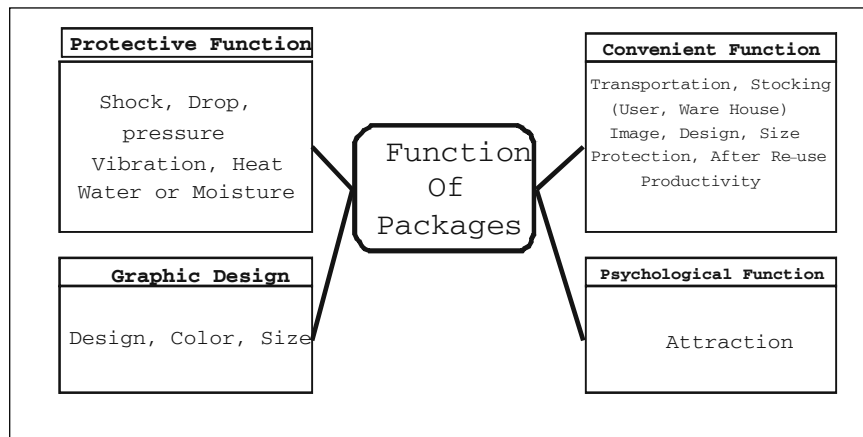
With growing awareness towards contagious diseases like AIDS and other STDs, awareness towards usage of contraceptives and disposables syringes have increased the demand for packaging required for the same.

### 7. Rural Marketing Pushing Demand for Sachets

India comprises of a big rural market and there has been growing focus on rural marketing, whereby manufacturers are introducing low-priced goods in smaller pack sizes. Low priced sachets have proved to be extremely popular in smaller towns and villages, where people do not prefer to buy larger packs due to financial constraints.

### Packing Industry can be classified in following ways:

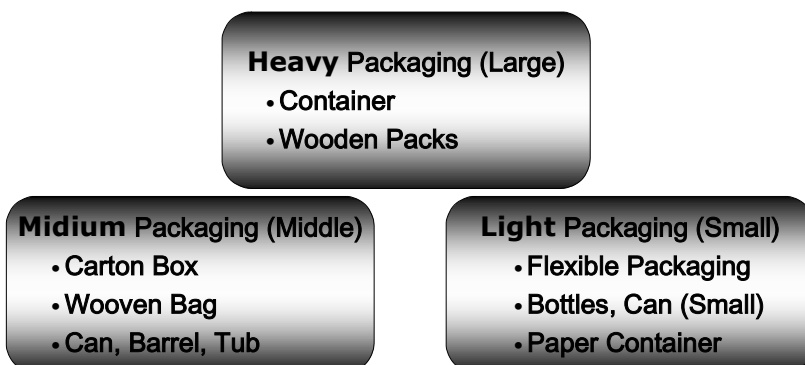
#### a. Functions of Packages



#### b. Classification of Packaging

3

##### 1. By Shape (Form or Size)



## 2. By Methods (Way of Packing)

- Vacuum Packaging
- Aseptic Packaging
- Retortable Packaging
- Shrink Packaging
- Strip Packaging
- Etc
- Gas Flush Packaging
- Moisture – Proof Packaging
- Blister Packaging
- Skin Packaging
- Tamper – Evidence Packaging

## 3. By Contents

- Food Packaging
- Cosmetics Packaging
- Powder Packaging
- Toiletry Packaging
- Etc
- Drug Packaging
- Liquid Packaging
- Clothing Packaging
- Dangerous Article Packaging

## 4. By Materials

### **Rigid Packaging**

- Bottle, Metal can
- Wooden Box
- Metal Box

### **Semi - Rigid Packaging**

- Carton Box
- Plastic Bottle

### **Flexible Packaging**

- Paper, Plastic
- Film, Al - Foil
- Cellophane

Currently, our Company is engaged only into a niche segment of packaging i.e. Pharmaceutical packaging.

### **Pharmaceutical Packaging in India**

Pharmaceutical packaging occupies a considerable portion of the overall drugs and pharmaceutical market in India and is growing steadily with the same pace of the industry. Pharmaceutical packaging consists of various types of glass, pet bottles, strip and blister packs, injectibles, ampoules, bulk packs, etc.

The Indian pharmaceutical packaging industry is witnessing a spurt in growth. Today, the packaging industry in India is considered a sunrise industry and its linkages are extensive and highly employment creating. On one side, it involves manufacture (and sometimes import) of a wide range of packing material - paper, paperboard, cardboard, a range of polymer products including rigid and flexible packaging material, aluminium foil, tin and good old wood and steel. Other backward linkages of packaging

including printing, labelling and binding/adhesive tapes etc. Of course, machinery for making/processing these products and for packing/package is another segment closely linked to this industry.

Growth will follow upward trends in global medication consumption, which will expand at a strong pace as aging demographic patterns lead to an increasing number of diseases and disorders. Pharmaceuticals will assume an expanding role in worldwide health care delivery based on new product introductions and economical advantages over other forms of patient treatment.

Besides upward trends in medication consumption, the adoption of stricter regulations and standards governing the production, storage, distribution and labelling of pharmaceuticals will boost global growth opportunities for packaging products and accessories. Historically, pharmaceutical packaging requirements focused exclusively on preserving the quality of enclosed medication. These requirements are now being extended to cover such criteria as the prevention of product tampering and counterfeiting, the assurance of product dispensing accuracy and the promotion of patient compliance with product dosage schedules.

Currently, we are engaged only into production of aluminium-based strip and blister foils besides thermoforming PVC, PVdC coated PVC films.

### Types of Aluminium Foil based Pharmaceutical Packaging

Top Component	Bottom Component
<b>Strip Packs</b>	
Printed soft 25 - 40 micron aluminium foil/laminated to 120-200 gauge LDPE	Plain or Printed soft 25- 40 micron aluminium foil/laminated to 120-200 gauge LDPE
<b>Lidding Component</b>	<b>Forming Component</b>
<b>Blister Packs</b>	
Plain or printed/20-30 micron hard aluminium foil/with 4-8 gsm of heat sealable lacquer	<ul style="list-style-type: none"> <li>● 200-400 micron PVC film- for non sensitive to medium sensitive products- thermoforming films</li> <li>● 40-120 gsm PVdC coated PVC film for mid sensitive to sensitive products- thermoforming films</li> <li>● 40-120 gsm PVdC /PE/coated PVC film for sensitive to high sensitive products- thermoforming films</li> </ul>
<b>Cold Formed Alu-Alu Blister Packs</b>	
Plain or printed 25 micron hard foil with 6-8 gsm of heat sealable lacquers	25 micron OPA/ 45 micron soft aluminium foil/ 60 micron PVC
<b>Child Resistant Packs</b>	
30-45 gsm Paper/9 micron soft foil/coated with 6-10 gsm heat seal lacquer	200-400 micron PVC or PVC/PVdC thermoforming films

Having been associated with the pharmaceutical industry our bid to expand the horizons would be directed towards

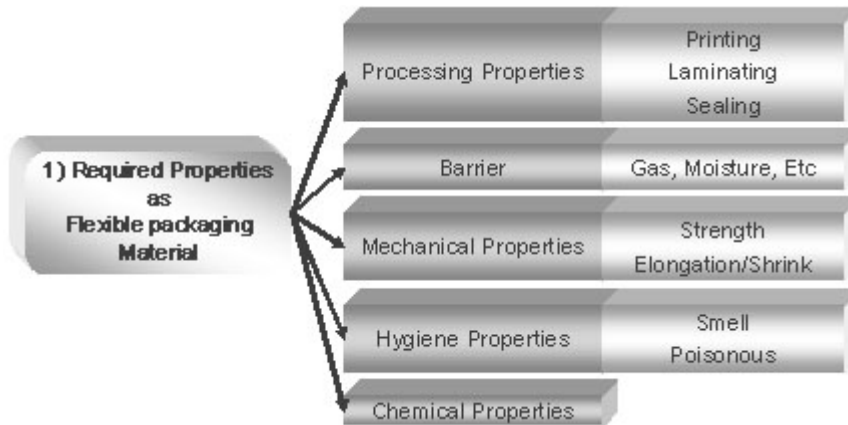
- enriching the product portfolio for pharmaceutical packaging operations
- pursuing specialized aluminium foil based packaging applications relevant to the food and FMCG sectors



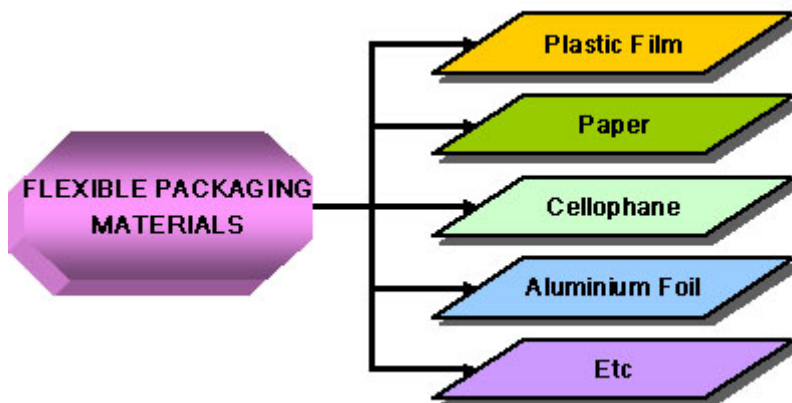
## Flexible Packaging Industry

Flexible packaging materials are categorized by ascertaining :

### a. Required Properties



### b. Kind of Materials (Webs)



## Flexible Packaging - But why?

- **Protection** - Flexible Packaging gives total consumer protection by keeping the product clean and protecting it from pilferage and adulteration
- **Barrier** - It provides good barrier properties against moisture and gases and protects food from damage and wastage
- **Convenience** - It provides convenience of handling and disposal after use
- **Cost saving in material** - Flexible Packaging is light - a one kilogram oil pack weighs less than 10 grams compared to at least a 40 gram HDPE jar or 32-35 gram of PET, thereby giving tremendous saving in raw material cost.
- **Cost saving in storage and transport** - It fits closely to the shape of the contents and saves cost of storage and transport.
- **Savings in raw material consumption** - Tremendous saving in raw material consumption, serving the national cause by extension of usage at least times four times.
- **More per pack** - It provides much more product per a given amount of package. Good examples include coffee, nuts and snacks that come in foil brick packs and pouches rather than in cans or jars; juice sold in pouches rather than in rigid containers, and household cleaner refills that come in thin pouches rather than in glass bottles.

- **Smaller units possible** - Thus the option to buy only the required quantity at a time.
- **Conservation of energy** - Considerable conservation of energy for conversion. For a steel coffee can to be efficient as a foil brick pack, the can would have to be recycled at a rate of 85 per cent. However, steel cans are currently being recycled at a rate of about 45 per cent.
- **Important in lifestyles** - Convenience foods, individually packed small servings, microwaveable meals, “easy opening” packaging, secure packaging for pharmaceuticals and hazardous substances, are all examples of packaging playing a role in assisting and promoting our lifestyles.
- **Builds brands** - Helps product manufactures enhance brand images, increase sales and realize new market opportunities

## **Factors Driving Growth of Flexible Packaging Industry in India**

### **Indian economy experiencing good growth prospects**

The Indian economy is enjoying an upward trend in growth rates, with escalation of outputs in agriculture, industry and tertiary sectors. The growth movement has resulted in increasing affluence. The huge middle-income group in India has been steadily rising up the salary ladder.

Overall economic growth has proved to be beneficial for the consumer goods market, with more products becoming affordable to a larger section of the population. Some of the products that were considered luxury items a couple of years back, are becoming items of daily consumption on most households. Some such products are 100% juice drinks, toned milk.

### **Increasing health consciousness proves good for packaging industry**

With Indians becoming more health conscious, there is also a move towards packaged, branded products rather than the unpackaged formats. Even the common man is becoming conscious about the quality of water, the standard of cooking oil, calorie intakes etc.

Healthier living has resulted in a growing demand for aseptic packaging. More and more consumers are also realising the need for nutritive drinks, showing a preference for juice drinks, 100% juices, milk drinks against carbonates or concentrates, thereby pushing up demand for liquibox.

### **Changing food habits amongst Indians**

Rising affluence and lesser time to spend in kitchens has resulted in more incidence of eating away from home. This has resulted in proliferation of Italian, Chinese restaurants and pizza, burger outlets all over the country, even in smaller cities. Indians are trying out newer cuisines and also purchasing similar food items for their homes. Therefore, the review period has seen new products like pasta, soups, noodles being launched in India, and are expected to become more popular in the coming years.

### **Flexible packaging dominates due to low unit cost**

Flexible packaging is the most commonly used packaging in India. Flexible packaging dominates the food packaging being used for a variety of FMCG and food items ranging from milk, beverages, frozen desserts, contraceptive, confectionary, ready to eat retort pouches, Oral re-hydration salts, personal products and detergents, dentifrice, bakery products and processed food, biscuits, vegetable oil to rice. This has now extended to the liquor market. What is not considered here is the Pan masala and the gutkha market.

### **Changing consumer habits help to spur growth of packaging materials**

With more and more women entering the corporate world and with middle-income families rising up the income ladder, life of the average Indian family has become extremely hectic. Women have less time to spend in kitchens and are not willing to perform time-consuming elaborate meals as daily routine. This has resulted in a booming market for convenience products, both in the foods and non-foods sectors. There is a growing market for Ready-To-Eat (RTE) microwave-able food items; light, convenient packing materials; easy-to-pour dispensing caps etc.

## **Aluminium based Flexible Packaging**

Initially, the packaging was merely a medium to carry a product. The available packaging materials were restricted to only containers like bottles, metal boxes and a few varieties of rigid plastics.

However, later on, discovery of aluminium foil in the flexible form as a potential packaging material was the real milestone in the field of packaging development. Aluminium foil is a packaging material, which can be customized for various types of products. Aluminium foil also initiated research for optimisation.

Now, there are numerous varieties of flexible packaging materials, a technically justified combination of different flexible packaging materials which offers a product the required Protection, Prevention from degrading and Presentation which was later known as “3 P” concept.

Packaging gradually became the fifth “P” of the four “P” concept of Marketing thanks to the contribution of flexible packaging.

Aluminium foil in flexible packaging has a wide range of end uses, covering amongst others,

Plain or printed foil/paper/wax- triple laminates	Confectionery, chocolates, frozen desserts
Plain or printed paper/Poly /foil/poly- four ply laminates	Contraceptive, oral re hydration salts,
Plain or printed foil/ with heat seal lacquer or poly- bi laminates	Confectionery
Printed pet or BOPP/poly/foil/poly Printed pet or BOPP / adhesive/foil/Poly or CPP 3 and 4 ply laminates	Beverages, processed foods, instant foods, retort pouches, personal products, contraceptive, suture wraps, soft drink concentrates etc.
Foil, Poly and Paper based five ply laminates	Lamitube
Foil/paper- bi laminates	Lifestyle products, lid applications
<ul style="list-style-type: none"> <li>✓ Pet refers to polyester film</li> <li>✓ BOPP refers to bi axially oriented polypropylene</li> <li>✓ CPP refers to Cast polypropylene</li> <li>✓ Poly refers to a family of polymers, copolymers, ionomers, Low density polyethylene, linear low density polyethylene</li> </ul>	

## OUR BUSINESS

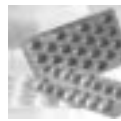
We are in the business of cold rolling of aluminium “foil stock” to aluminium foil, which is further converted into “printers stock” through the process of lamination for strip pack or coating for blister pack. We also manufacture thermoforming poly vinyl chloride films (Rigid PVC films) as well as PVdC coated PVC barrier thermoforming films for blister packaging. Our wholly owned subsidiary, Flex Art Foil Private Limited, is engaged in subsequent conversion of “printers stock” to customized size and printing to proprietary designs. Our objective is to provide packaging solutions to pharmaceutical end users.

We provide end-to-end packaging solutions to the pharmaceutical sector and continuously strive to cater to the ever-growing needs of this sector, worldwide.

END TO END SOLUTIONS PROVIDER

Attempting to provide entire range of aluminium foil and pvc based primary packaging materials to the Health Care Industry

- Aluminium strip pack foil
- Aluminium blisterpack foil
- PVC film
- PVDC coated PVC film
- Cold form aluminium laminate
- Child resistant laminates
- Laminates for oral rehydration salts, cough lozenges and anti-TB kits



### Location:

Currently, we are operating from the following two units:

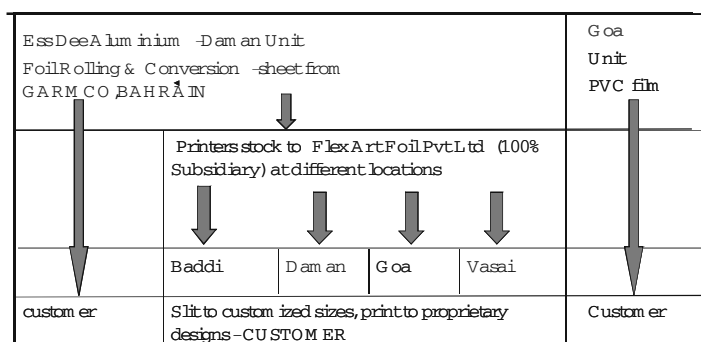
Unit	Location	Activity
Unit I	Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210	Manufacturing of Aluminium Foil based packaging products using 100% imported foil stock from GARMCO, Bahrain
Unit II	Plot No. 161, Kundaim Industrial Estate, Kundaim, Goa – 403 115	Manufacturing of thermoforming Poly Vinyl Chloride films (PVC films) based packaging products

### Subsidiary

Our wholly owned subsidiary Flex Art Foil Private Limited (FAFPL) is in the business of printing aluminium foil based packaging products. FAFPL has four units across the country located in proximity to the pharmaceutical manufacturing hubs, which helps us in satisfying location specific customer requirements.

For further details about our subsidiary please refer the section titled “Our Subsidiary” on page 147 of this Red Herring Prospectus.

### Our Current Business Model



Further, we propose to set up a new unit (Unit III) at Daman for the manufacture of aluminium foil based packaging products to enhance our product portfolio and industry reach (Pharmaceutical extending into food and FMCG packaging products).

### **Plant & Machinery**

For details about the Plant & Machinery, please refer section titled “Plant & Machinery” beginning on page 46 of this Red Herring Prospectus.

### **Technology**

Our Company uses the proven technology for manufacturing aluminium foil and PVC based packaging products, which we intend to continue for the new Project also.

### **OUR PRODUCTS**

Currently our products include the following:

#### **1. Blister Packaging**

Two basic types of pharmaceutical blister packages exist. In one variety the cavity is constructed of clear thermoformed plastic and the lid is formed of aluminium foil. The other type of package contains foil as an essential component of both webs and its cavity is created by cold stretching.

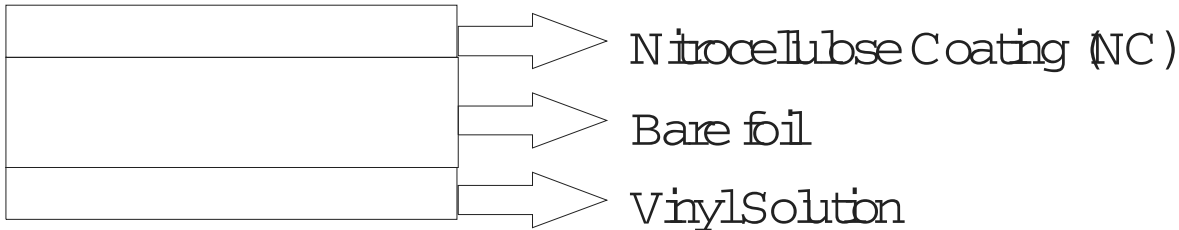
Blister packages facilitate:

- a) Product integrity
- b) Product protection
- c) Tamper evidence
- d) Reduced possibility of accidental misuse
- e) Patient compliance

The basic components of pharmaceutical blister packages are the forming film and the printed lidding foil with heat seal coating (Blister Foil).

**Blister Foil:**

This form of foil is generally used in the packing of non-sensitive drugs, which do not need much protection. This type of foil has three components, which are illustrated below:



Nitrocellulose coating is applied after printing to ensure the print from getting off from the Aluminium surface.

Solution vinyl coating is given for seal ability. Solution vinyl is nothing but a Heat Seal Lacquer (HSL). The grammage of coating is either 4 - 6 GSM or 6 – 8 GSM depending upon the requirement. Normally, 4 – 6 GSM is used in the products for domestic market whereas 6 – 8 GSM is used for Exports.

Blister foils come in the following different forms:

- 18 microns (0.018 mm / 49.14 GSM)
- 20 microns (0.020 mm / 54.60 GSM)
- 23 microns (0.023 mm / 62.79 GSM)
- 25 microns (0.025 mm / 68.25 GSM)

In addition to the above GSM, solution vinyl contributes to the total Grammage.

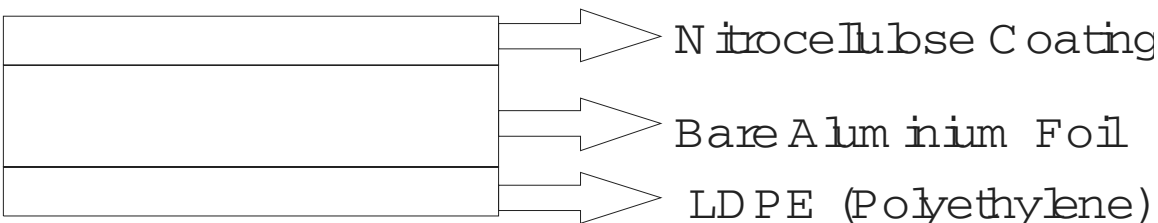
**2. PVC, PVC / PVdC Thermoforms with the lidding foil to form a Blister Pack**

PVC forming film is called rigid PVC because it is almost free of softening agents. Rigid PVC is a very clear, stiff material with a low WVTR. It exhibits excellent thermoformability, a high flexural strength, good chemical resistance, low permeability to oils, fats, and flavoring ingredients, easy tintability, and low cost. These properties make rigid PVC the material of choice for blister packaging, and it essentially has 100% of the market share for the plastic components. PVC films that are thermoformed has a thickness of about 250 microns. PVdC Coated PVC has a high volume potential. PVdC plays a critical role in blister packaging. PVdC is the most common coating over PVC in blister packaging because it can reduce the gas and moisture permeability of PVC blister packages by a factor of 5 to 10. Coated PVC films have a grammage of 20 to 120 gsm. The coating is applied on one side and is generally on the outer side of the pack

**3. Strip Packaging**

**Strip Foils:**

Strip Foils are used for the drugs, which are light sensitive to mid sensitive to highly sensitive. Here is the structure of the strip foil:



There are basically two types of Strip foils, which are mentioned below:

**0.030 mm Strip Foil:**

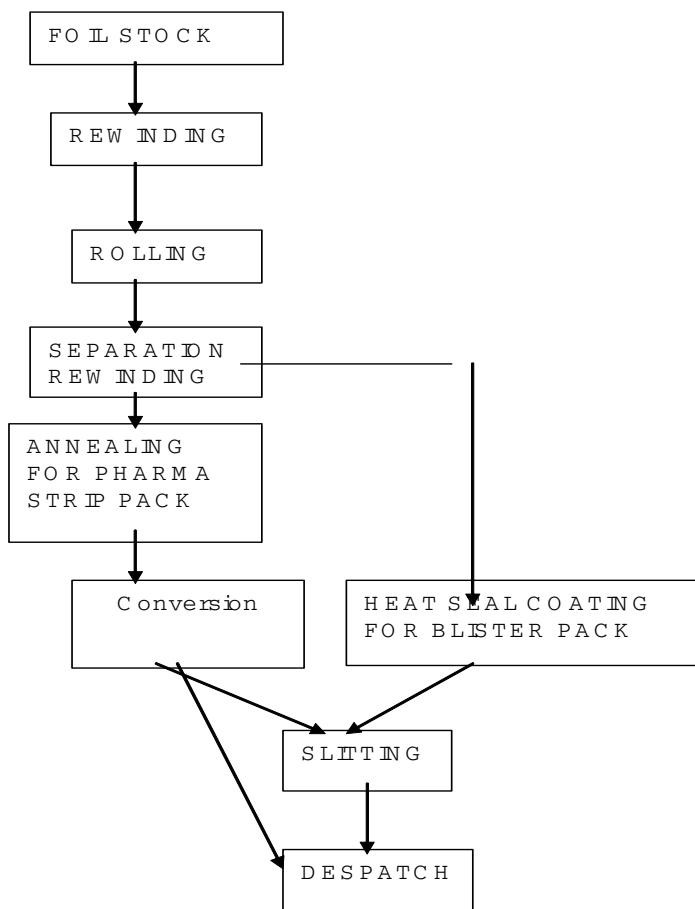
- This type of foil has a structure of three components. The top component is nitrocellulose coating for printability.
- The second component is the 30 microns aluminium foil.
- And the third component is 150 GSM LDPE, which is 37.50 microns.
- LDPE plays the role of sealant layer.
- The top and the bottom layers are made of the same materials; i.e., 0.030 mm foil with Nitro cellulose coating and 150 Gauge/37.50 microns LDPE.

**0.040 mm Strip Foil:**

- This type of foil has a structure of three components. The top component is Nitrocellulose Coating for Printability.
- The second component is the 40 microns aluminium foil.
- And the third component is 150 GSM LDPE, which is 37.50 microns.
- LDPE plays the role of sealant layer.
- The top and the bottom layers are made of the same materials; i.e., 0.040 mm foil with Nitro cellulose coating and 150 Gauge/37.50 microns LDPE.

**MANUFACTURING PROCESS**

The flow chart of manufacturing process for Blister Foil and Strip Foil is as follows:



**Foil stock:**

We import foil stock from GARMCO, Bahrain. The cold rolled sheet is imported in a thickness of 300 microns or 0.3mm.

**Rewinding:**

The foil stock received at Daman is then issued to the production after verification by the quality assurance department of its chemical composition and unique package number. This is then rewound on mild steel iron spools, which are dynamically balanced for cold rolling. During rewinding the sheet is checked on line for physical surface defects.

**Rolling:**

Cold rolling involves continuous reduction of the foil into different thickness as required for pharmaceutical end use. The process involves tension control, pressure and speed characteristics. Thickness is measured on line by means of a beta gauge. Coolant oil to the extent of flow rate in the region of 2000 litres/min is used to absorb the heat generated during the cold rolling process. This coolant oil is continuously recycled using a chilled tank in order to cool as well as filter the oil before recycling. The process used conforms to a universal rolling application.

**Separation rewinding:**

Separation involves the bifurcation of pack rolled foil having surface characteristics of matt and bright side. During separation a side trimming is given to take care of the stress generated during cold rolling. The rewinding is done on either 3 inch or 6 inch steel spools.

**Annealing:**

The process of annealing involves heating of the foil to temperatures above the final boiling points of the coolant oil used in order to extricate the oil film present in the foil. During the process the foil also becomes soft and a same is referred to as zero temper foil. The cooling takes place in ambient temperature and forced cooling is not recommended. Once the foil has attained room temperature the same is then checked for surface viscosity and bursting strength before releasing for the next process.

**Conversion:**

Conversion means where aluminium foil is laminated or extrusion coated with various polymers and films or paper to suit the end use of various customers. They may be printed or plain. Generally it is carried out either by extrusion coating or by wet or dry based lamination. Generally 90% of these are printed.

**Heat seal coating:**

The key ingredient of the heat seal is the vinyl monomer, which is procured from Dow Chemicals, US in powder form. This is then made into a solution and coated on the foil using a bath and application roll process. It is then transferred on the drying zone so that only the solid contents remains on the foil as the heat-seal medium. The thickness or grammage of heat-seal depends on the customer and the usage in the final requirements of the blister pack foils.

**Slitting:**

Slitting is done on the coated or laminated foil using rotary knives to trim the foil at both sides. The key parameters, which are taken care in slitting, include build-up of the foil and elimination of defects, which have taken place in prior processing.

**Dispatch:**

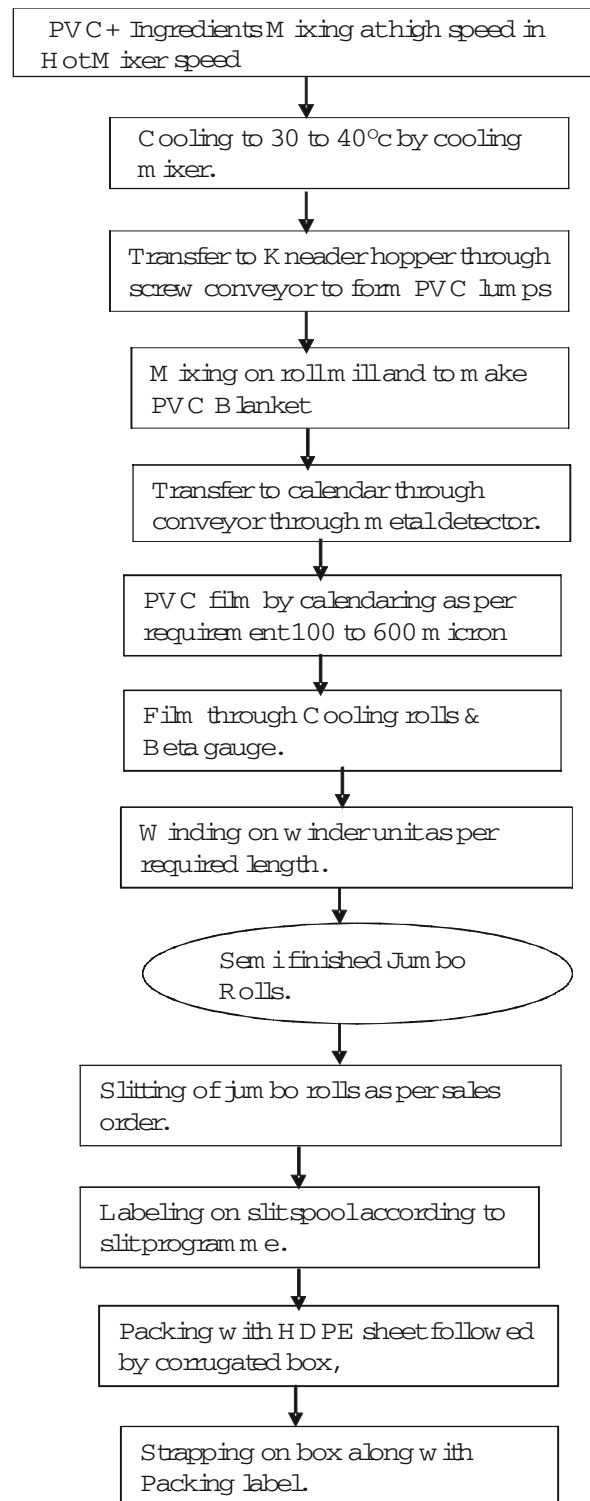
The finished foil is wrapped in layers of polythene and corrugated paper and post release by Quality Assurance, the same is transferred to dispatch department. Depending on the distance to be travelled, the foil is put into wooden crates or transferred to lorry beds with adequate packing precautions.



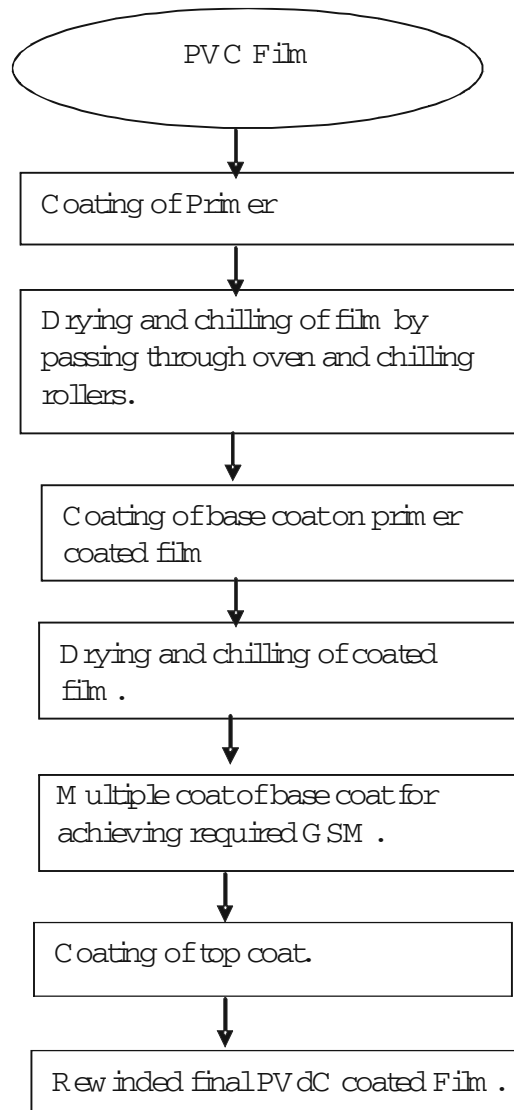
## **Manufacturing Process**

The flow chart of manufacturing process for PVC, PVC / PVdC Thermoforming Film is as follows:

### **PVC Calendering Process:**



**PVdC Coating Process:**



**Post Expansion Aluminium based Flexible Packaging Application**

Since, our Company has key managerial personnel, who possess the required experience in the manufacturing of aluminium foil based packaging products, which is comparatively an advanced packaging form; foray into packaging applications in the food and FMCG sector is a natural progression for our company. Thus, to fulfill very sophisticated requirements of packaging industry including several functions such as moisture or oxygen barrier, printability or heat-sealability, aluminium-based flexible packages often combines several materials. Choice of adapted adhesive coating or tie-layer is key to guarantee both high application and final performances.

We intend to manufacture the following products:

- Applications in the pharmaceutical industry covering
  - Cold form Alu-Alu blister packs
  - Child Resistant blister packs

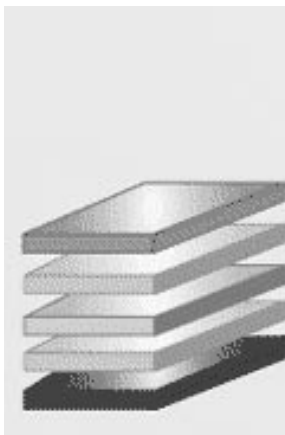
- Oral re hydration salts
- Sutures
- Lozenges and cough drops

And

- Applications in the Food and FMCG segments covering
  - Beverages
  - Dairy whiteners
  - Baby foods and cereals
  - Soft drink concentrates
  - Lids for jams/ yoghurts/ mineral water, etc
  - Lifestyle products
  - Frozen desserts
  - Confectionery, chocolates, chewing gum, bubble gum and biscuits
  - Retort pouches for the ready to eat segment
  - Lamitubes for oral care products
  - Personal Products
  - Contraceptives

**Typical structures:**

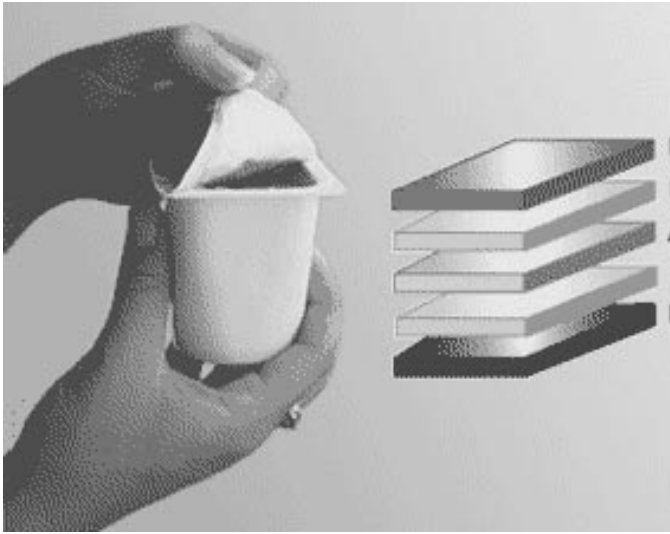
1) *Plastic based structure with aluminium foil as barrier layer:*



PET  
 Polymer  
 Alu  
 Polymer  
 Polymer



2) Paper based structure with aluminium foil as barrier layer:

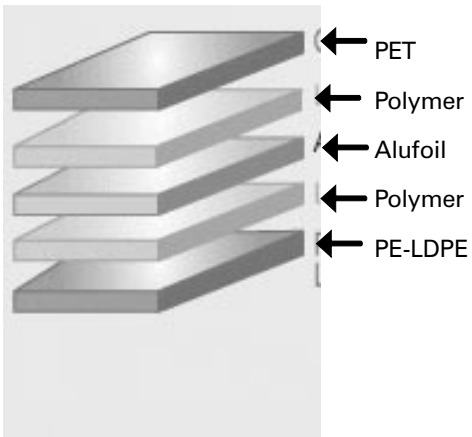


- Paper
- PE+Polymer
- Alu Foil
- Polymer
- Polymer

**“Instant coffee” packages**

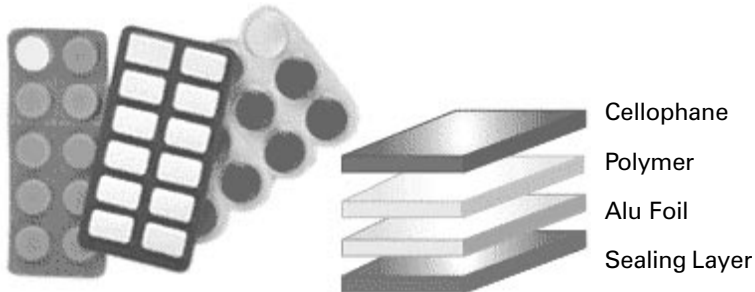
This is one of the large applications of aluminium based multi-layers structure.

A high barrier to oxygen and aromas is required as well as a long shelf life.



### Medicines and tablets packages

Another well usual application of these structures is tablets packages used for chewing gums or medicines. Again, high protection and long shelf like are the key drivers for packaging design.



### Paper based structures replacement

In some case, there is a need to replace paper based multi-layers films by a plastic/aluminium structure. Various solutions are currently available.



## **Brief Note on Key Manufacturing Process**

Major processes involved in the manufacture of Flexible Laminates:

### **Rotogravure Printing**

A Technique in which the ink is transferred by direct contact with the substrate from cells etched into a chromed copper-printing cylinder.

The cylinder is the image carrier and can be manufactured either by chemical etching or electronic engraving- we have opted for electronic engraving system. The cylinder then rotates on a pool of ink, which is applied through a tray and sump system by the help of a pump. The excess ink is given back to the tray by the help of doctor blade assembly mounted in the machine. The ink is transferred to the substrate by capillary action under pressure from a rubber-covered roller. For multicolour jobs, auto register control is used to maintain the register in the longitudinal and traverse direction.

### **Extrusion coating/lamination**

In extrusion coating and lamination, resin is melted and formed into thin hot film, which is coated onto a moving, flat substrate such as paper, paperboard, metal foil, or plastic film. The coated substrate then passes between a set of counter-rotating rolls, which press the coating onto the substrate to ensure complete contact and adhesion.

Extrusion laminating, also called sandwich laminating is a process related to extrusion coating. However, in this case, the extrusion-coated layer is used as an adhesive layer between two or more substrates. A second layer is applied to the extrusion coating while it is still hot and then the sandwich is pressed together by pressure rolls. The extrusion-coated layer may also serve as a moisture barrier.

### **Lamination**

The process of film laminating differs completely from the extrusion coating and extrusion laminating processes; it is the combination of a film to another substrate — film, paper, or foil—by using a laminating adhesive.

The adhesive is coated onto one substrate of the lamination, dried in an oven if it contains solvent or water, and then combined with the other substrate in a heated nip station using pressure. For finished products that contain more than two substrates, additional laminating steps are needed.

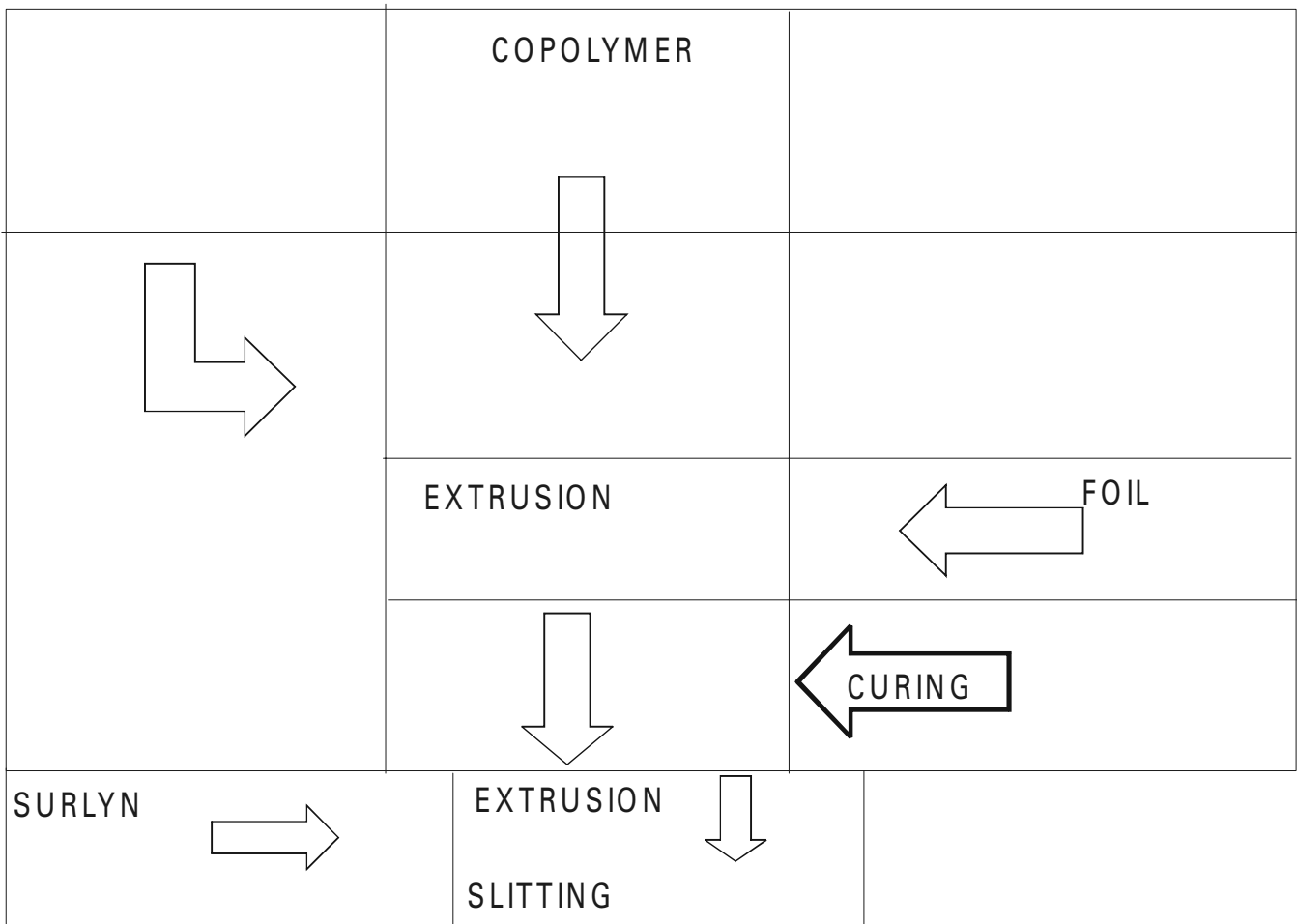
The bond values in a laminating operation depend on the specific characteristics of the laminating adhesive. It must have sufficient cohesive strength and the necessary adhesive strength to bond sufficiently to each of the substrates. Other variables such as coating weight, nip temperature, treatment level, etc., also will influence the final bond value.

### **Slitting**

Slitting is the final manufacturing process where the parent laminate roll is cut to smaller, customer specified width and diameter

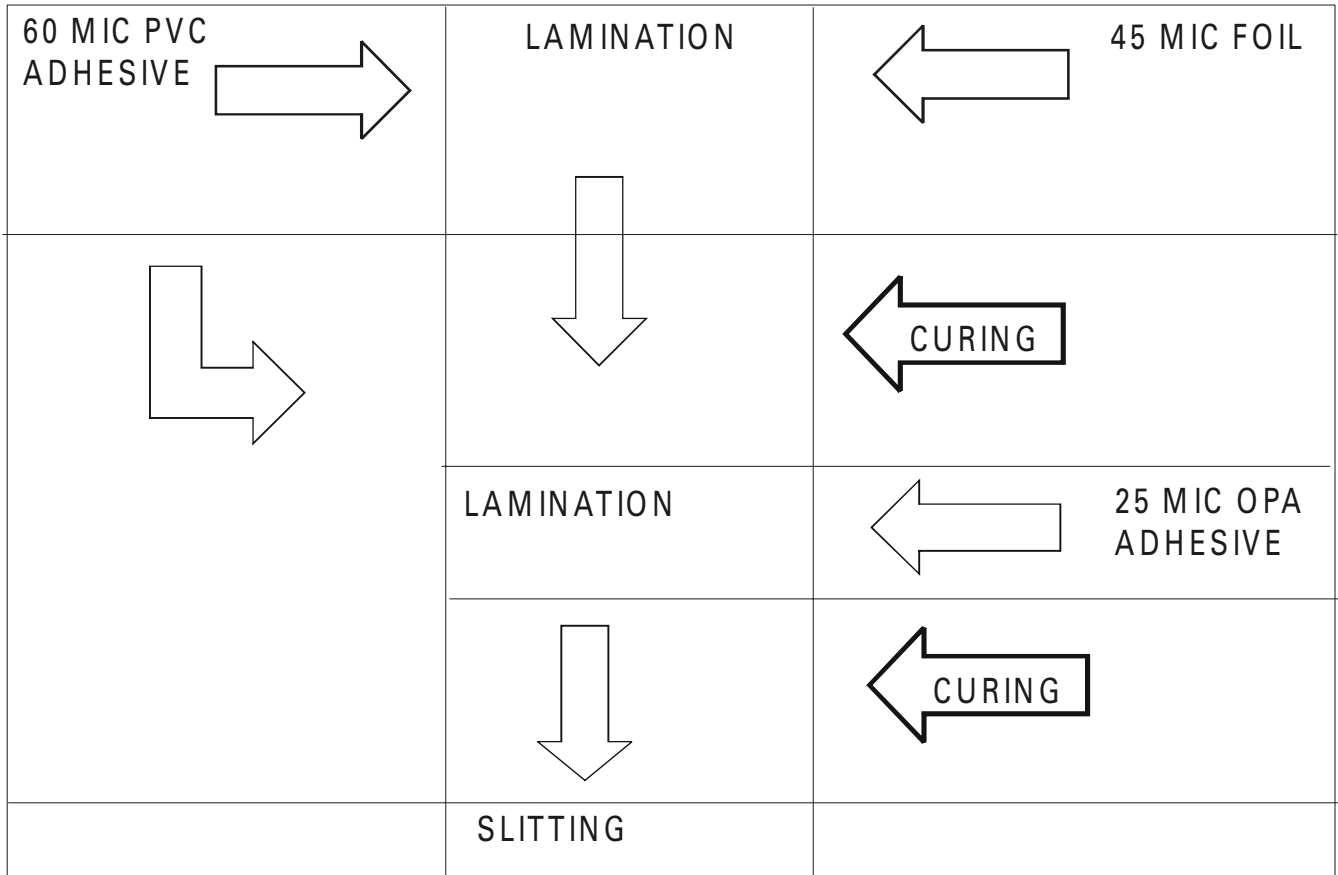
**Typical Structures and Flow Chart for some of the Products Proposed To Be Manufactured by our Company**

**FLOW CHART FOR CONTRACEPTIVE / WRAP**



**Specification:**

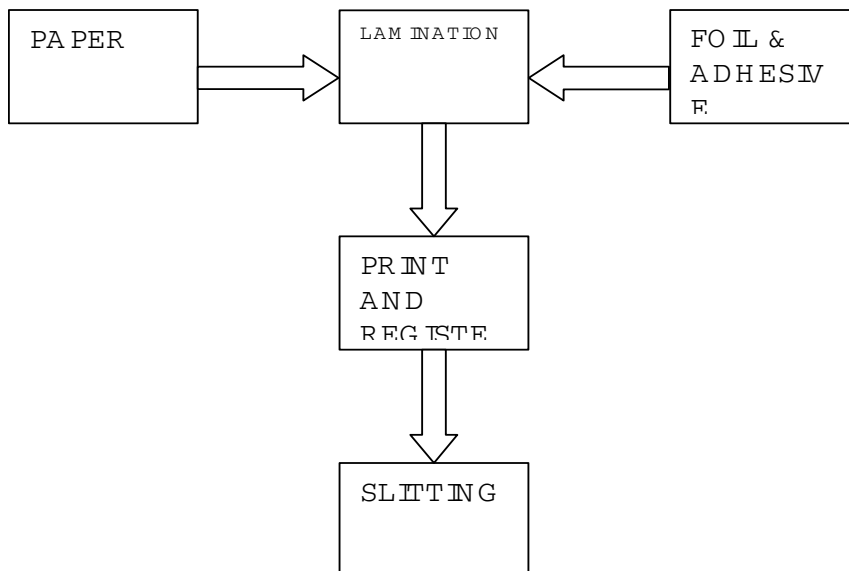
- 41 gsm OLB Paper/ 17 micron EAA/9 micron foil/25 micron EAA
- 20 micron BOPP/ 17 micron EAA/ 9 micron Foil/ 25 micron surlyn
- 12 micron PET/ 17 micron EAA / 9 micron Foil/ 25 micron surlyn



**Specification:** 25 micron oriented polyamide / Adhesive/45 micron Aluminium

Foil/Adhesive/60 micron PVC

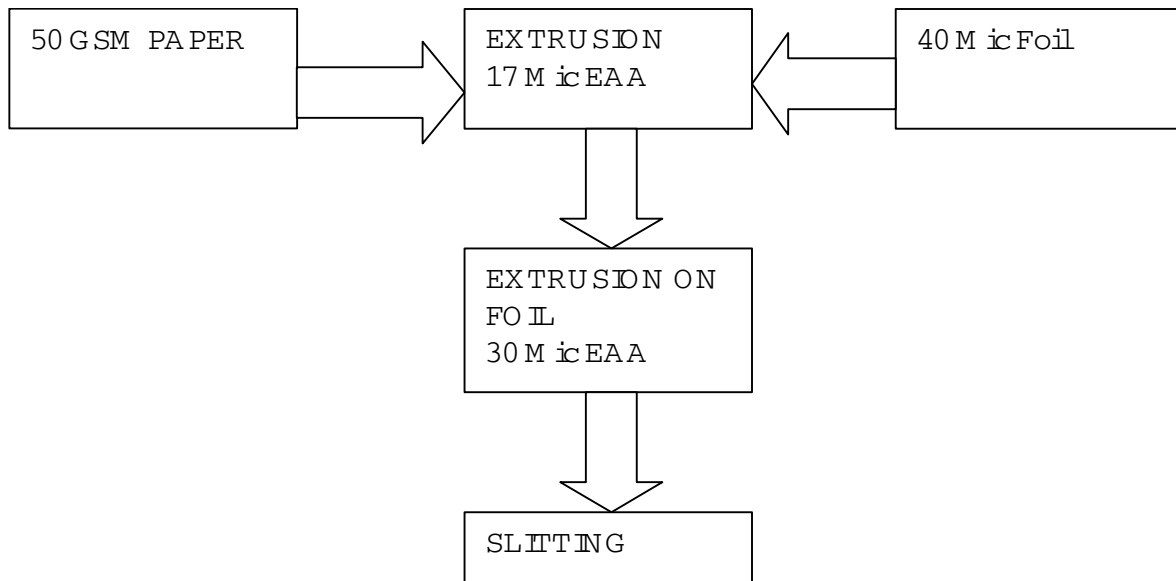
**FLOW CHART FOR CONFECTIONERY WRAP**



**Specification:** 7 micron Aluminium Foil/2 gsm adhesive/ 35 gsm paper / 17 gsm Hotmelt

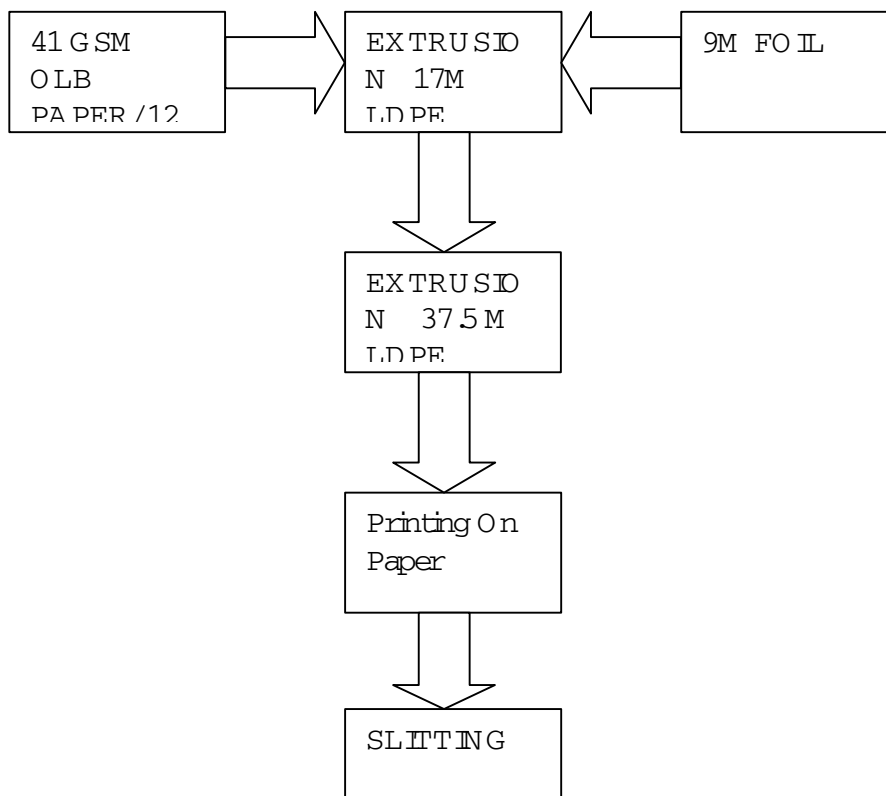


**SUTURE WRAP:**



**Specification:** 50 gsm Maplitho / 17EAA / 40 micron Foil/ 30 Micron EAA

**ORAL REHYDRATION SALTS:-**



**Specification:** 41 gsm Paper / 17 Micron Poly / 9 Aluminium Foil / 37.5micron Poly

**Collaborations:** We have not entered into any collaboration.

## **Infrastructure Facilities**

### ***Raw-Materials***

Our key raw material i.e. Aluminium foil stock is imported from GARMCO, Bahrain. The other raw materials like Polythene films, Vinyl resin, PVC resin, PVdC coating, solvent, etc. are procured either from domestic market or are imported from various approved sources.

### ***Utilities***

Our Company mainly requires the following utilities:

#### ***Power***

Our Company has adequate power load connection to carry out our present business operations. The power requirement for the project will be met by installation of transformers of requisite KVA. The power will also be purchased from Daman Electricity Board. Our Company will also install D.G. Sets for stand by power supply for critical equipments.

#### ***Water***

Water is mainly used for chilling plant, which is required to maintain the temperature of machines to avoid overheating. Our Company procures water from the local authorities, which we intend to continue for the project also.

#### ***Fuel***

Our Company does not require fuel in the manufacturing process except for the proposed D.G. Sets, which will be used for protecting the critical equipments, in case of power shut down.

#### ***Manpower***

Our Company recruits personnel through advertisements / manpower consultants / known references. As on 31st October 2006 our Company had 175 employees, out of which 155 employees are stationed at the two manufacturing units. The balance 20 employees are placed at our corporate office. The detailed break-up of our employees is mentioned hereunder:

<b>Description</b>	<b>Corporate Office (Mumbai)</b>	<b>Unit I - Daman</b>	<b>Unit II - Goa</b>	<b>Total</b>
Management Cadre	9	7	2	<b>18</b>
Officers	9	5	4	<b>18</b>
Clerks/Supervisors	1	11	9	<b>21</b>
Workers	1	66	51	<b>118</b>
<b>Total</b>	<b>20</b>	<b>89</b>	<b>66</b>	<b>175</b>

Our Company also engages contract labourers, which are hired from regular labour contractors who meet requisite statutory requirements.

#### ***Additional Manpower Requirements for the Project:***

During the implementation of the project, our Company will hire required professionals and increase the workforce both at managerial and plant level accordingly, considering the increase in scope of work.

## **PAST PRODUCTION FIGURES OF THE INDUSTRY**

The packaging industry is highly fragmented and is dominated by large number of unorganised players. There is no published data available of the industry in regard to past production figures, existing installed capacities, past trends and future prospects regarding exports etc.

## COMPETITION

Our competition consists of

- Manufacturers with interest in basic metal who do not have the flexibility to cater to the emerging requirements of customized tailor made offerings
- Players in the un organized, small scale sector who do not have the wherewithal or access to necessary technology to cater to the requirements of a globally competitive Indian pharmaceutical Industry

Our fully integrated business model, complete alignment with the pharmaceutical industry, product basket and geographical spread facilitates a unique positioning as an end-to-end packaging solutions provider.

## APPROACH TO MARKETING AND PROPOSED MARKETING SETUP

Our Company has a separate full-fledged Marketing Department to procure orders and contracts. The Marketing Department is headed by our President (Marketing & Sales), who is assisted by a team of experienced professionals and subordinate staff.

Backyard provider-plant in proximity to pharmaceutical manufacturing hubs

Daman	Daman, Silvassa, Gujarat, Chennai, Indore
Vasai	Maharashtra
Goa	Goa, Bangalore, Hyderabad
Baddi	Himachal, Jammu, Uttaranchal

- Ability to provide JUST IN TIME and in small batches
- Manufacturing facilities at par with c GMP requirements
- Only FDA approved, food grade, non toxic ingredients used in manufacturing
- Down gauging possibilities - cost saving initiative
- All units accredited to ISO 9001: 2000 version- DMF accreditation received in Aug 2006
- Fully integrated business model
- 100 % inspection rewinding after Printing to ensure defect free material.

Our marketing strategy is based on the principle of

- Identifying existing and potential markets.
- Market segmentation.
- Tracking of brands having mass consumption of primary packaging material
- Designing customized solutions for every segment
- Focusing on value addition- continuously enrich the mix
- Minimizing risk through a detailed, multi functional customer appraisal system
- Conducting regular customer satisfaction surveys and incorporating suggestions on improvement
- Regular technical and commercial training of the team
- Identifying with the KRAs of our customers and facilitating deliverance through our composite offerings
- Comprehensive and personalized customer interface covering corporate office, manufacturing locations, R&D centre for a better understanding of their requirements

## EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

Our Company is currently exporting to countries like Chile, Ghana, Costa Rica, Nigeria, Kenya and Colombia. We look to expand our exports to other countries in South America, Africa and Middle East in a big way. Furthermore, we are looking at aggressively expanding our export market base and escalating our global reach, manifolds.

Many of our satisfied customers in India are large multinational pharmaceutical majors. We feel that our long and fruitful relationships with these companies in India will help us in our foray in the international markets. The Indian pharmaceutical industry has established a major presence in the global regulated markets of USA/ Europe. Through our close association with the Industry we are able to replicate facilities and practices, which will facilitate our endeavour to export packaging materials to the regulated markets.

As on 15th November 2006, we have an outstanding export obligation of US\$ 11108753.11 which needs to be fulfilled. This amount pertains to various EPCG Licences and Advance Licences. The details of the licences and outstanding export obligations is as follows:

Sr. No.	Details	Licence No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation (in US\$)	Export Obligation completed (in US \$)	Balance Export obligation to be completed (in US \$)	Date upto which Export Obligation to be completed
1	EPCG	330003573	1-May-03	37.74	6,30,971.78	6,30,971.78	Nil	1-May-11
2	Advance Licence	310382404	30-May-06	368.60	11,75,493.00	1,98,409.52	9,77,083.48	29-May-08
3	Advance Licence	310386327	22-Jun-06	414.45	1,27,1653.40		12,71,653.40	21-Jun-08
4	Advance Licence	310390281	19-Jul-06	158.00	4,66,418.57		4,66,418.57	18-Jul-08
5	Advance Licence	310390631	21-Jul-06	158.00	4,66,418.57		4,66,418.57	20-Jul-08
6	Advance Licence	310390589	20-Jul-06	158.00	4,66,418.57		4,66,418.57	19-Jul-08
7	Advance Licence	310396620	25-Aug-06	79.51	2,26,930.15		2,26,930.15	24-Aug-08
8	Advance Licence	310390854	24-Jul-06	173.80	5,13,060.50		5,13,060.50	23-Jul-08
9	Advance Licence	310390858	24-Jul-06	158.00	4,66,418.57		4,66,418.57	23-Jul-08
10	EPCG	330013048	28-Aug-06	138.77	23,52,082.97		23,52,082.97	27-Aug-09
11	EPCG	330013835	7-Nov-06	70.28	12,34,297.11		12,34,297.11	6-Nov-09
12	EPCG	330013834	7-Nov-06	115.05	20,20,800.72		20,20,800.72	6-Nov-09
13	Advance Licence	310407045	8-Nov-06	224.33	6,47,170.50		6,47,170.50	7-Nov-08
		<b>Total</b>		<b>2,254.53</b>	<b>1,19,38,134.41</b>	<b>8,29,381.30</b>	<b>1,11,08,753.11</b>	

Further, our Company proposes to import certain plant & machinery, required for the current Project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty.

As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

## **BUSINESS STRATEGY**

### ***Maintain and Expand Long-term Relationships with Clients***

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time rather than a project-based execution approach.

Our Company believes that a long-term client relationship with large clients fetches better dividends. Long-term relations are built on trust and continuous maintaining of the requirements of the customers. It helps understanding the basic requirement of our Company and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our existing clientele is an example of our long-term client relationships.

### ***Multi-Product Relationship with Large Number of Clients***

Our Company shall be in a position to give our valued customers benefits of better solutions to their packaging needs under one roof. It would be a win-win situation for both company and the customers as the customers will enjoy one roof shopping and company will be able to sell variety of products to one customer.

Our multi-product portfolio allows us to sustain the cost of high level of services, which our Company aims to give to our clients. Sales revenue from any of our product supports us to maintain our technical/ commercial/ agent/ distributor in any particular area or for a particular client. Cost of marketing additional products is also negligible once any of our products is being sold to a specific customer.

### ***Mix of Organic and Inorganic Models of Growth***

Our strategy so far had been organic growth. At this stage of our business, we believe that a combination of organic and inorganic models will help us continue to grow. Strategic acquisitions would help us in leveraging complementary skills to capture market opportunities as well as reduce time-to-market and accelerate growth.

### ***Continue to Focus on Training and Motivating Our Work Force***

Our Company will strongly continue its policy of training its work force with adequate product knowledge, market knowledge and above all the application of knowledge to the industry. Company shall always focus on narrowing the hierarchy for free and transparent two-way communication between management and employees for better exchange of ideas, views and opinions for a maintaining good competitive work atmosphere at all levels. Company will adopt pull mechanism for motivating its employees by rewarding instead of push mechanism by penalizing the employees.

### ***Investing In Advanced Technology***

The manufacturing process has changed over the past years. New technologies are constantly being developed for the various processes of manufacturing packaging products. We have invested in latest technology, Plant & Machinery and intend to continue upgrading our technology in the future in the field of product development and merchandising to keep ourselves competitive and efficient.

### ***Capitalize the opening of new markets***

Our present customer base comprises of large number of Indian and Multinational companies within the country and exports to countries like Nigeria, Kenya, Chile, Colombia and Ghana. With the generic drugs going off-patent in Europe and in the USA during 2005 - 2009 there exists large scope for further exports from our country.

***Continue to build-up a professional organization***

We have a team of professionals and technocrats to look after various stages of production, commercial and marketing divisions of our Company. We believe in transparency, flow of information, and commitment to the work among our work force and with our valuable customers, suppliers, investors, government authorities, banks, financial institutions etc. Over a period of time, we have been able to build-up an image that can be matched with our peers. The philosophy of professionalism is foundation stone of our business strategy and we wish to make it more sound and strong in times to come.

***Enhancing Customer Base***

Our Company intends to grow business continuously by adding new customers both in existing as well as in the new countries. We aim to do this by effective leveraging of our marketing skills & relationship and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing ex- buyers.

***Wide Market Network***

Our Company has a wide market network and presence. We are exporting aluminium foils to many countries. It gives our Company a strong foothold in the market against the competitors.

***Maintain Operational Efficiencies and Cost Competitiveness***

Our Company intends to maintain operational efficiencies to the highest possible level as compared with our peers in the industry. Further, we intend to reduce our operational costs to maintain the competitiveness and offer the quality products at reasonable prices.

***Our overall business strategy shall be to***

- Maximise revenue through capacity expansion and increase in efficiency
- Reduction in cost of borrowing
- Enhancing production efficiency and minimize process losses
- Reduce operational costs and be cost competitive
- Have a consumer centric approach
- Deliver value for money to our clients
- Adopt best practices in all functions and processes

**FUTURE PROSPECTS**

Company by the virtue of the experience of its promoter has a good hold in the packaging industry. Precursors suggest that packaging industry shall witness a promising growth in quantum and quality in the near future. Brand positioning, budgeted spending, growing and malls, and overall growing aspirations of consumer will force companies to look for effective, different, economical and attractive packaging.

EDAL aims to be equipped with state of the art facilities, a qualified team of people and have a clear understanding of the market. All the various processes will be independent profit making module when looked in isolation and will give a great synergetic touch in uniqueness of product and contribution towards the bottom line when seen in tandem.

Our Company intends to use the technology of Alu/Alu packing, child resistant packing, retort pouches, solvent less lamination etc for its future products

## LICENSED AND INSTALLED CAPACITY AND CAPACITY UTILISATION

### Daman:

The combined capacities of Unit I & Proposed Unit III are mentioned hereunder:

Year	2004-05 (A)	2005-06 (A)	2006-07 (P)	2007-08 (P)	2008-09 (P)
Installed Capacity (MTPA)	3,600	3,600	9,100	18,000	18,000
Annualised Capacity Utilisation %	31.93	67.81	58.09*	64.96**	77.78
Commercial Production (MTPA)	479#	2,441	5,286	11,693	14,000

(A): Actual (P): Projected

# Commercial production commenced w.e.f. 1<sup>st</sup> November 2004.

\* Partial Commercial production is expected to commence from August 2006; hence the capacity utilization is considered for part of the year

\*\* Full Commercial production is expected to commence from July 2007; hence the capacity utilization is considered for part of the year

### Goa:

The capacity details of Unit II are mentioned hereunder:

Year	2003-04 * (A)	2004-05 (A)	2005-06 (A)	2006-07 (P)	2007-08 (P)**	2008-09 (P)
Installed Capacity (MTPA)	4200	4200	4200	4200	5800	5800
Annualised Capacity Utilisation %	30.98%	51.95%	52.48%	85.71%	81.03%	94.14%
Commercial Production (MTPA)	1301	2182	2204	3600	4700	5460

Note

\* The Goa Unit of our Company originally belonged to Atlanta Vinyl Private Limited, which has been amalgamated with our Company w.e.f. 1<sup>st</sup> April 2005.

\*\* Expansion will be planned to augment capacities.

(A): Actual (P): Projected

The projected capacity utilisation for the year 2006-07 is higher than the actual average capacity utilisation by more than 25% during the previous three years, as we are adding PVdC Coating facility, which will enable us to offer at least three new products with more tonnage by way of broadening of customer base.

## INSURANCE

Our Company has insured the immovable and movable properties under various policies.

## PROPERTY

We have acquired land bearing Survey No. 57/5(2)A lying being and situate at Bhenslore, Village Dunetha, Nani Daman, Daman on 10th October 2006 at an approximate cost of Rs. 362.09 Lacs. The aforesaid property has been purchased by us from Prerna Textile Industries Private Limited having its registered office at 213 TV Industrial Estate, 2nd Floor, Plot No.248A, Worli Scheme, SK Ahire Marg, Mumbai 400 025, in pursuance of the Deed of Sale dated 10th October 2006. Our Company has a clear title to the said property and the aforesaid property is free from all encumbrances save and except the charges created in favour of banks on the security of the said property. No government approvals are required by our Company for the acquisition of the said property. No part of the purchase price has been paid otherwise than in cash.

## HISTORY AND CORPORATE STRUCTURE

### OUR HISTORY AND BACKGROUND

Our Company was incorporated as Ess Dee Aluminium Private Limited on 10<sup>th</sup> February 2004 under the Companies Act, 1956 and registered with the Registrar of Companies, Goa, Daman & Diu with its Registered Office situated at Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210. Our Company is promoted by Mr. Sudip Dutta. Our Company was converted into a public limited company and its name was changed to Ess Dee Aluminium Limited on 14<sup>th</sup> June 2006. Our Company has its own manufacturing facilities at Daman and Goa for manufacture of Aluminium Foils and Poly Vinyl Films based packaging products respectively for the pharmaceutical sector.

The Goa unit of our Company was earlier owned by Atlanta Vinyl Private Limited (“Atlanta Vinyl”), a company promoted by our Promoter, Mr. Sudip Dutta. Atlanta Vinyl was incorporated on 20<sup>th</sup> September 2002 and registered with the Registrar of Companies, Goa, Daman & Diu with its registered office situated at Plot No. 161, Kundaim Industrial Estate, Kundaim, Goa – 403 115. Atlanta Vinyl was carrying on the business of manufacture of Poly Vinyl Films for the pharmaceutical sector. Considering the similar nature of business and following the principles of Corporate Governance, Atlanta Vinyl has been amalgamated with our Company with effect from 1<sup>st</sup> April 2005, in pursuance of the orders dated 31<sup>st</sup> March 2006 and 7<sup>th</sup> April 2006 by the Hon’ble High Courts at Goa and Mumbai respectively.

The shareholding of Atlanta Vinyl Private Limited prior to amalgamation was as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares of Rs. 100 Each	% of Shareholding
1	Mr. Sudip Dutta	78,350	78%
2	Mrs. Aarti Dutta	21,650	22%
	<b>Total</b>	<b>100,000</b>	<b>100%</b>

The brief audited financials of Atlanta Vinyl till 31<sup>st</sup> March 2005 i.e. the last date of financials before amalgamation with our Company are as under:

(Rs. Lacs)

Particulars	Year Ended March 31,		
	2003	2004	2005
Total Income	1.44	799.43	1618.46
Profit After Taxation	0.06	10.26	19.14
Share Capital (Rs. 100 each)	4.95	100.00	100.00
Reserves (excluding Revaluation Reserves)	0.06	10.32	40.22
Less: Miscellaneous Expenditure	0.27	105.73	0.22
Net Worth*	4.74	4.59	140.00
Book Value Per Share (Rs.)	95.76	4.59	140.00
Earning Per Share (Rs.)	1.21	10.26	19.14

\* In the F.Y. 2003, the Net Worth of Atlanta Vinyl Private Limited was Rs. 4.74 Lacs. In the F.Y. 2004 the company increased the issued Share Capital to Rs. 100 Lacs, but since the company had miscellaneous expenditure amounting to Rs. 105.73 Lacs, there was no major difference in the Net Worth. However, in the F.Y. 2005 the company had written off the miscellaneous expenditure to the extent of Rs. 105.51 Lacs and there were reserves of 40.22 Lacs during the year. Hence the Net Worth showed a sharp increase and was Rs. 140 Lacs for the year ended 31<sup>st</sup> March 2005.



We have a wholly owned subsidiary company namely Flex Art Foil Private Limited (“Flex Art”), which was also promoted by our Promoter, Mr. Sudip Dutta. For further details, please refer section titled “Our Subsidiary” appears on page 147 of this Red Herring Prospectus.

### Major events in the History of Our Company

Sr. No.	Major Events	Year
1	Completed the construction of the factory at Daman for manufacture of Aluminium foil based packaging products with a capacity of 3,600 MTPA.	2004
2	Amalgamation of Atlanta Vinyl Private Limited with our Company thereby adding an additional unit for manufacture of Poly Vinyl Films based packaging products at Goa with a capacity of 4,200 MTPA.	2006
3	Acquisition of the entire paid-up share capital of Flex Art Foil Private Limited, engaged in the business of printing aluminium foil based packaging products	2006
4	Commencement of setting up of additional manufacturing facilities for Aluminium foil based packaging products at Daman	2006

For further details about the history of the business of our Company kindly refer to the section titled “Our Business” beginning on page 74 of this Red Herring Prospectus.

### Registered Office of our Company

The registered office of our Company is situated at Plot No. 124-133, Panchal Udyog Nagar, Bhimpore Daman – 396 210 since incorporation.

### Changes in the Memorandum of Association of our Company

Since Incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the Members:

Sr. No.	Changes	Date	Type of Meeting
1	Increase in authorized share capital from Rs. 1 lac to Rs. 4 crores	31.03.05	EGM
2	Alteration of Objects Clause to include guarantees being given by our Company for contracts entered into by other companies and to enable our Company to amalgamate/ takeover other company.	29.09.05	EGM
3	Sub-division of the equity shares of the nominal value of Rs.100/- each into 10 equity shares of Rs.10/- each.	18.03.06	EGM
4	Increase in authorized share capital from Rs.4 crores to Rs.24 crores	18.03.06	EGM
5	Increase in authorized share capital from Rs.24 crores to Rs.25 crores	14.04.06	AGM
6	Change in the of name of our Company pursuant to conversion from a private company to a public company	01.06.06	EGM
7	Alteration of the objects clause in the Memorandum of Association of our Company pursuant to the amalgamation of Atlanta Vinyl Private Limited with our Company so as to include the objects clause reflected in the Memorandum of Association of Atlanta Vinyl as also certain other businesses, which can be carried on by our Company.	19.06.06	EGM
8	Increase in authorized share capital from Rs.25 crores to Rs.30 crores	19.06.06	EGM

## **Our Main Objects:**

The main objects of our Company as stated in the Memorandum of Association are:

- (1) To carry on the business as producers, processors, assemblers, refiners, makers, converters, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub agents, merchants, distributors, consigners, jobbers, brokers, concessionaires and dealers or otherwise deal in all kinds and varieties of substances, materials, minerals, chemicals and products, including in particular, but without limitation, all types and description of aluminium , aluminium strips, foils, packaging wires or any product in which aluminium is used.
- (2) To carry on the business as manufacturers, producers, processors, converters and dealers of all varieties of packaging, flexible packaging, rigid packaging from materials such as aluminium, laminated, separated or combined with other materials.
- (3) To carry on the business as manufacturers, processors, dealers, importers, exporters, merchants, stockists, distributors, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub agents, merchants, consigners, jobbers, brokers, concessionaires and otherwise deal in 5.5 to 200 micron aluminium foil plain or printed, unsupported or coated or laminated multiply structures in reel/sheet/pouch/tube form and 100 micron to 600 micron aluminium cold rolled sheets , pp caps, fin stock, circles, litho and closures and aluminium ingots and other primary and secondary packaging products made from raw materials of all kinds whether for industrial, commercial, domestic or any other use.

## **Subsidiaries of Our Company**

Our Company has one wholly owned subsidiary, Flex Art Foil Private Limited, which was also promoted by our Promoter Mr. Sudip Dutta. For details please refer the section titled "Our Subsidiary" beginning on page 147 of this RHP.

## **Shareholders' Agreement**

There is no Shareholders' Agreement amongst the shareholders of our Company.

## **Other Agreements**

Except material contracts mentioned on page 214 of this Red Herring Prospectus, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this Red Herring Prospectus, which are subsisting as on date.

## **Strategic Partners**

Presently, our Company does not have any strategic partners.

## **Financial Partners**

Presently, our Company does not have any financial partners.

## OUR MANAGEMENT

### Board of Directors

Board of Directors comprising of six directors currently manage our Company. Mr. Sudip Dutta is our Chairman & Managing Director. The following table sets forth the details regarding our Board of Directors as on the date of filing of this Red Herring Prospectus with SEBI:

Sr. No.	Name, Age, Designation, Address & Occupation of Director	Other Directorships	Date of Appointment & Term of Directorship
1	Mr. Sudip Dutta, 34 years, Chairman and Managing Director, 1403 /4, "A" Wing, Oberoi Gardens, Thakur Village, Kandivali (E), Mumbai – 400 101. Businessman	Flex Art Foil Private Limited	Since Incorporation. Appointed as CMD w.e.f. 15 <sup>th</sup> June 2006, for a period of five years.
2	Mr. Prasenjit Datta, 43 years, Whole Time Director, 1704, Challenger Tower II Thakur Village, Kandivali (E), Mumbai – 400 101. Service	Nil	30 <sup>th</sup> April 2004. Appointed as WTD w.e.f. 15 <sup>th</sup> June 2006. Liable to retire by rotation.
3	Mr. Shankar S. Kamble, 60 years, Director, 305, Sai Sharan, N.C. Kelkar Road, Dadar (West), Mumbai – 400 028. Consultant	Nil	31 <sup>st</sup> March 2006. Liable to retire by rotation.
4	Mr. Gautam Mukherjee, 60 years, Independent Director, 3/1 Priyonath Mullick Road, Bhavanipur, Kolkata – 700 025. Businessman	Nil	22 <sup>nd</sup> May 2006, Liable to retire by rotation.
5	Mr. Dilip Phatarphekar, 66 years, Independent Director, B/502, Surya Apartments, 53, Bhulabhai Desai Road, Mumbai – 400 026. Professional	Panama Petrochem Ltd.	22 <sup>nd</sup> May 2006, Liable to retire by rotation.
6	Mr. Ramdas L. Baxi, 68 years, Independent Director, 23/24, Modinagar, 'C' Bldg., Near Chaturabai Bhavan, Off. Mathuradas Road, Kandivali (West), Mumbai – 400 067. Consultant	GIC AMC Ltd.	22 <sup>nd</sup> May 2006, Liable to retire by rotation.

The Brief Profile of our Board of Directors appears on page 28 of this Red Herring Prospectus.

## **BORROWING POWERS:**

The extract of the latest resolution of our Company authorizing our Board's borrowing powers in excess of our paid-up share capital and free reserves passed in the Annual General Meeting held on 19<sup>th</sup> June 2006 is as follows:

### **Borrowing by Creation of Charge/ Mortgage [Section 293 (1) (a)]**

"RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded:

A. to the Board of Directors of the Company for mortgaging and/or charging pari passu or otherwise with the subsisting charges on such terms and conditions, at such time or times and in such forms and manner and with such ranking as to priority as it may think fit, all or some or any immovable and/or movable properties of the Company, wherever situate, present and future and/or the whole or substantially the whole of the Company's any one or more undertaking or all the undertakings, including the present and/or future properties, whether movable or immovable, comprised in any undertaking or undertakings of the Company as the case may be, in favour of the lender(s) including Debenture Trustee(s) for the holder(s) of the Debentures that may be issued whether privately placed/ to be placed with the financial institutions, banks, bodies corporate and others with powers to the lender(s)/Debenture Trustee(s) to take over the management of the business and concern of the Company in certain events and upon the terms and conditions decided/to be decided by the Board of Directors of the Company, together with interest thereon, additional interest, cumulative interest, liquidated damages, remuneration of Debenture Trustee(s), if any, on redemption/prepayment premium if any, costs, charges, expenses and all other moneys payable by the Company to the lender(s) or Debenture Trustee(s), and to the holder(s) of the debentures/bonds in terms of availment of loans or issue of the said debentures/bonds subject to the maximum amount of Rs.500 Crores (Rupees Five Hundred Crores only).

B. to the Board of Directors of the Company for finalizing and executing the loans agreements, trust deed(s) and/or other deeds, documents and agreements and to do all such acts, deeds and things and to take all such further steps as may, in the opinion of the Board of Directors, be necessary or expedient for giving effect to this resolution."

### **BORROWING POWERS (Section 293 (1) (d))**

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including external commercial borrowings/ foreign currency convertible bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may 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 but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.500 Crores (Five Hundred Crores only) exclusive of interest, and the Directors are hereby, further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Directors may think fit."

## **COMPENSATION TO MANAGING DIRECTORS / WHOLE-TIME DIRECTORS**

### **Mr. Sudip Dutta, Chairman and Managing Director**

The remuneration of our Chairman and Managing Director, Mr. Sudip Dutta as per the resolution passed in general meeting held on 19th June, 2006, is detailed hereunder:

#### **A. Remuneration:**

**Salary:** Not exceeding Rs.15,00,000/- (Rupees Fifteen Lacs only) per month subject to such increments as may be given by the Board of Directors from time to time.

**Perquisites:** In addition to the aforesaid salary, the Chairman and Managing Director shall be entitled to the following perquisites:

- a) Furnished residential accommodation. Where the Company provides no accommodation, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishing, repairs and maintenance, housekeeping, society charges, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family. ('Family' means wife, dependent children and dependent parents of the Chairman & Managing Director)
- c) Contribution to provident fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- d) Gratuity at the rate not exceeding half a month's salary for each completed year of service.
- e) Leave at the rate of one month for every twelve months of service. Leave not availed of may be encashed.
- f) Reimbursement of expenses on domestic/ foreign travel by business class and above, leave travel, credit card annual fees and membership fee of clubs.
- g) Reimbursement of entertainment expenses and other expenses actually and properly incurred for the business of the company.
- h) Company maintained Car(s) with driver(s), Mobile(s), Telephone(s) and fax at residence

**Commission:**

Commission shall be decided by the Board of Directors based on the net profits of the company each year subject to a maximum of 1% of the net profits of the company as computed pursuant to Section 349 of the Act and subject to the condition that the aggregate remuneration of the Chairman and Managing Director shall not exceed 5% of the net profits of the Company, in accordance with Sections 198, 269, 309 and Schedule XIII to the Companies Act, 1956.

**B. Minimum Remuneration**

During the currency of the tenure of the Chairman and Managing Director, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay him remuneration by way of Salary and Perquisites up to the limits laid down in Schedule XIII based on the effective capital of the Company from time to time or such other higher limit as may be prescribed by the Central Government as Minimum Remuneration and the Board/ Committee of Directors is authorised to decide from time to time the quantum of such remuneration within the aforesaid limits.

For the purpose of computation of minimum remuneration, the following shall not be included:

1. Contribution to Provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
2. Gratuity at the rate not exceeding half a month salary for each completed year of service; and
3. Encashment of leave at the end of the tenure.

The Board be and is authorized to vary/ modify/ increase/ alter the said remuneration from time to time during the tenure of his office.

**Mr. Prasenjit Datta, Whole Time Director**

The remuneration of our Whole Time Director, Mr. Prasenjit Datta as per the resolution passed in general meeting held on 19th June, 2006, is detailed hereunder:

**A. Remuneration:**

**Salary:** Not exceeding Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month subject to such increments as may be given by the Board from time to time

**Perquisites:**

In addition to the aforesaid salary, Mr. Prasenjit Datta shall be entitled to the following perquisites:

- a) Furnished residential accommodation. Where the Company provides no accommodation, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishing, gas, electricity, water and other utilities shall be borne by the Company.
- b) Reimbursement of medical expenses incurred for self and family ('Family' means wife, dependent children and dependent parents of the Whole Time Director).
- c) Contribution to provident fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- d) Gratuity at the rate not exceeding half a months salary for each completed year of service.
- e) Leave at the rate of one month for every Twelve months of service. Leave not availed of may be encashed.
- f) Reimbursement of entertainment expenses and other expenses actually and properly incurred for the business of the company. The same shall not, however, form part of remuneration under section 199 of the Companies Act, 1956.
- g) Reimbursement of expenses on domestic/ foreign travel and membership fee of clubs.
- h) Company maintained Car with driver and Telefax at residence.

The Board be and is authorized to vary/ modify/ increase/ alter the said remuneration from time to time during the tenure of his office.

**CORPORATE GOVERNANCE**

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of board, constituting the Committees such as Shareholders/ Investor Relation Committee, Audit Committee and Remuneration Committee.

Our Company has complied with the corporate governance requirements as per clause 49 of the listing agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

**Audit Committee**

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on 22<sup>nd</sup> May 2006.

In terms of the said Resolution, the Committee consists of 3 members comprising of, Mr. Ramdas L. Baxi, Mr. Gautam Mukherjee and Mr. Dilip Phatarphekar, all non-executive independent directors and Mr. Gautam Mukherjee is its Chairperson. Our Company Secretary, Mr. Darshan Majmudar is the Secretary of the Audit Committee.

The Committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The terms of reference of the Audit Committee are as per the requirements of Clause 49 of the listing agreement, which will be entered into with the stock exchanges in due course.

**Remuneration Committee**

Our Company has constituted the Remuneration Committee pursuant to the requirement of Schedule XIII of the Companies Act, 1956 for approving minimum remuneration to the Executive Directors in the event of absence or inadequacy of profits in any year. This Remuneration Committee, while approving minimum remuneration under Schedule XIII, takes into account the financial position of the Company, trends in industries, Director's qualifications, experience, past performance, past remuneration

etc..The constitution of the Audit Committee was approved by a meeting of the Board of Directors held on 22<sup>nd</sup> May 2006. The Remuneration Committee comprises of Mr. Dilip Phatarpherkar, Mr. Gautam Mukherjee and Mr. Ramdas L. Baxi as members, all of whom are non-executive independent directors. Mr. Dilip Phatarphekar is the Chairperson of the committee. Our Company Secretary Mr. Darshan Majmudar is the Secretary of the Committee.

### **Shareholders/ Investor Relation Committee**

Our Company has constituted a Shareholders/Investor Relation Committee for looking into redressal of the shareholders' and investors' complaints like transfer of shares, non receipt of balance sheet etc. The constitution of the Shareholders/ Investor Relation Committee was approved by a meeting of the Board of Directors held on 22<sup>nd</sup> May 2006. The Committee currently comprises of Mr. Ramdas L. Baxi, Mr. Gautam Mukherjee and Mr. Dilip Phatphekar as members. Mr. Ramdas L. Baxi is the Chairman of the committee. Mr. Darshan Majmudar is the Secretary of the Committee.

The terms of reference of the Shareholders/Investor Relation Committee are as per the requirements of Clause 49 of the listing agreement, which will be entered into with the stock exchanges in due course.

### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

### **Code of Conduct for Directors and Senior Management Personnel**

Our Board of Directors have approved and adopted the Code of Conduct for Directors and Senior Management Personnel in view of the proposed public issue.

### **SHAREHOLDING OF DIRECTORS INCULDING QUALIFICATION SHARES IF ANY**

Our Articles of Association do not require our Directors to hold any qualification shares. However, Mr. Sudip Dutta, Chairman and Managing Director and Mr. Prasenjit Datta, Whole time Director of our Company hold 16,532,953 and 455 Equity Shares respectively.

### **INTEREST OF DIRECTORS**

Except as stated in the "Related Party Disclosures" beginning on page 125 of this Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived therefrom. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

#### ***Interest as to Property:***

Our Company as also our wholly owned subsidiary viz. Flex Art Foil Private Limited have taken their respective corporate offices in Mumbai on rent from our Chairman and Managing Director, Mr. Sudip Dutta, who is also our Promoter. For the details of the rent received by Mr. Sudip Dutta please refer section titled "Interest of Promoter" beginning on page 108 of this Red Herring Prospectus. Further, our subsidiary company has acquired properties from our promoter, Mr. Sudip Dutta and partnership firms in which he was a partner, particulars whereof are given in the section entitled "Interest of Promoter" beginning on page 108 of this Red Herring Prospectus.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are directly or indirectly

interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

### **Directors Remuneration (including sitting fees) for the year ended March 31, 2006**

No sitting fees have been paid to any director. For details of payments or benefits paid to our executive directors, please refer to paragraph "Compensation to Managing Directors / Whole-time Directors" in the section titled "Our Management" on page 97 of this Red Herring Prospectus.

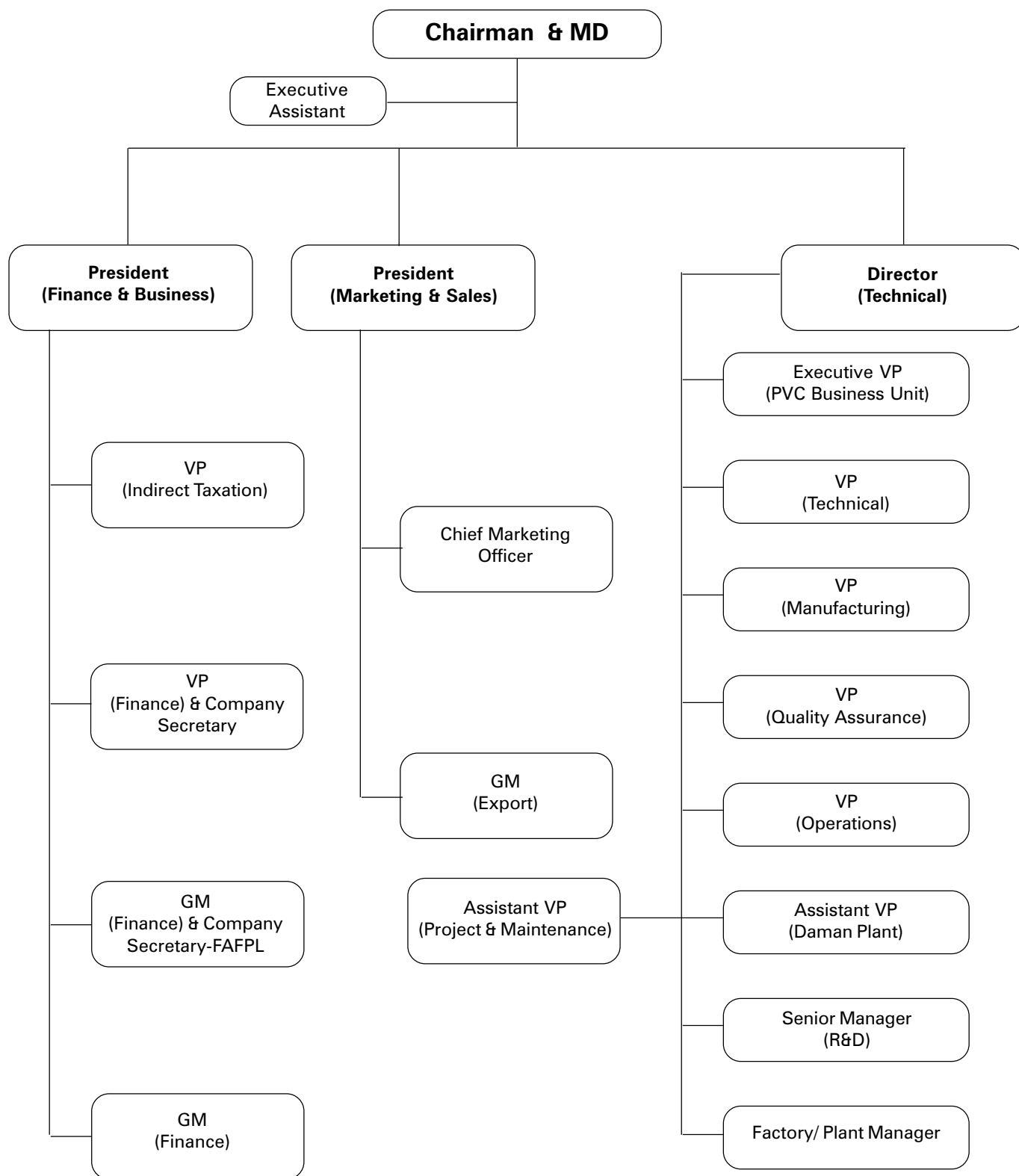
### **Changes in our Board of Directors during the last three years**

The following changes have taken place in the Board of Directors of our Company during the last three years:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	Mr. Sudip Dutta	10.02.04	Appointed as First Director
2	Mr. Prasenjit Datta	30.04.04	Appointed to broad base the board
3	Mr. Viral Bhimani	15.07.05	Resignation
4	Mr. Bipin Tanna	15.07.05	Resignation
5	Mrs. Aarti Dutta	18.03.06	Resignation
6	Mr. Shankar S. Kamble	31.03.06	Appointed to broad base the board
7	Mr. Gautam Mukherjee	22.05.06	Appointed to broad base the board
8	Mr. Dilip Phatarphekar	22.05.06	Appointed to broad base the board
9	Mr. Ramdas L. Baxi	22.05.06	Appointed to broad base the board



### Management Organisational Structure



### KEY MANAGEMENT PERSONNEL

Sr. No.	Name	Designation	Age (Yrs.)	Date of Joining	Work Experi- (Yrs.)	Qualification Employment	Details of previous
1.	Mr. Sudip Dutta	Chairman and Managing Director	34	10.02.04	15	Under Graduate	-
2.	Mr. Prasenjit Datta	Director (Technical)	42	30.04.04	21	B.Tech. (Metallurgy)	Sterlite Industries Ltd.
3.	Mr. Debdeep Bhattacharya	President (Marketing & Sales)	40	30.11.04	15	B.Sc.	Bilcare Ltd.
4.	Mr. Ajay Doshi	President (Operation)	44	01.06.05	20	B. Pharm., MMS (Finance & Business)	Ipca Laboratories Ltd.
5.	Mr. Darshan Majmudar	Vice President (Finance) & Company Secretary	45	12.04.06	18	B.Com., FCA, FCS	Amit Spinning Industries Ltd.
6.	Mrs. Vinaya Desai.	Vice President (Quality Assurance)	33	01.04.05	10	M. Pharm.	German Remedies Limited
7.	Mr. Partha Sarathi Bose	Vice President (Operations)	45	25.04.06	21	B. E. (Mechanical), P.G. Certificate in Gen. Mgmt.	India Foils Ltd.
8.	Mr. S.P. Medya	Vice President (Manufacturing)	38	01.04.04	14	B. E. (Mechanical)	Indian Aluminium Company Ltd.
9.	Mr. MSR Srinivasa	Head (PVC Business Unit)	43	13.04.06	18	A. M. I. E (Electrical)	Atlanta Vinyl Pvt. Ltd.
10.	Mr. Sunil Bankar	Vice President (Technical)	37	01.03.06	15	Diploma (Chemical Engineering)	Bilcare Ltd.
11.	Mr. M.S. Dan	Head- (Project & Maintenance)	49	16.06.05	25	B. E. (Mechanical)	ZISCO Steel, Zimbabwe
12.	Mr. H. S. Panda	Plant Manager	39	01.10.05	13	B. E. (Mechanical), MBA (Marketing)	Hindalco Industries Limited
13.	Mr. S. S. Dash	Sr. Manager (R&D)	38	06.12.05	16	B.Sc. (Physics Hons.), Masters Diploma in Packaging	Bilcare Ltd.
14.	Mr. Pranay Nikam	GM (Export)	25	13.04.06	3	M.Com.	Atlanta Vinyl Pvt. Ltd.

**Notes:**

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Key Management Personnel mentioned above are not as per the Accounting Standard 18.

### **Brief Profile of our Key Managerial Personnel**

**Mr. Sudip Dutta**, Chairman & Managing Director - brief profile is mentioned on page 28 under "Brief profile of our Board of Directors". The gross remuneration paid to Mr. Sudip Dutta during the last financial year was Rs. 57.75 Lacs.

**Mr. Prasenjit Datta**, Whole Time Director - brief profile is mentioned on page 28 under "Brief profile of our Board of Directors". The gross remuneration paid to Mr. Prasenjit Dutta during the last financial year was Rs. 18.00 Lacs.

**Mr. Debdeep Bhattacharya**, aged 40 years, is the President (Marketing & Sales) of our Company. He has an experience of 15 years in the aluminium foil industry and previously worked with companies such as Bilcare Limited and Indian Aluminium Company Limited. Mr. Bhattacharya holds a Bachelors degree in Science. The gross remuneration paid to him during the last financial year was Rs. 4.80 Lacs.

**Mr. Ajay Doshi**, aged 44 years, is the President (Finance & Business) of our Company. Mr. Doshi is an M.M.S with graduation in B. Pharm and has 20 years of varied experience in the Pharma industry. He was earlier the Vice President (Commercial) of Ipca Laboratories Limited. The gross remuneration paid to him during the last financial year was Rs. 9.36 Lacs.

**Mr. Darshan Majmudar**, aged 45 years, is the Vice President (Finance) and Company Secretary of our Company. He is a fellow member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. Mr. Majmudar has 18 years of experience in varied industries and was earlier the Chief Financial Officer and Company Secretary of Amit Spinning Industries Limited. He has joined our Company in April 2006 hence no remuneration was payable to him during the last financial year.

**Mrs. Vinaya Desai**, aged 33 years, is the Vice President (Quality Assurance) of our Company. She holds a Masters degree in Pharmacy and has 10 years of experience with German Remedies Limited. Mrs. Desai was an employee of Atlanta Vinyl Private Limited prior to its merger with our Company, and was inducted as an employee of our Company upon the merger. The gross remuneration paid to him during the last financial year was Rs. 3.09 Lacs.

**Mr. Partha S. Bose**, aged 46 years, is the Vice President (Operations) of our Company. Mr. Bose is a B.E. Mechanical and also holds a Post Graduate Certificate in General Management. He has 21 years of experience with companies such as India Foils Limited and Flex Industries Limited. He has joined our Company in April 2006 hence no remuneration was payable to him during the last financial year.

**Mr. S. P. Medya**, aged 38 years, is the Vice President (Manufacturing) at the Daman Unit of our Company. Mr. Medya is a B.E. Mechanical with a total experience of 15 years with companies such as Indian Aluminium Company Limited and India Foils Limited. The gross remuneration paid to him during the last financial year was Rs. 6.00 Lacs.

**Mr. MSR Srinivasa**, aged 42 years, is the Executive Vice President (PVC Business Unit) of our Goa plant. Mr. Srinivasa is a Chartered Engineer (AMIE) having obtained specialized training from M/s. Battenfeld for PVC calendaring and polymer processing. He has a total experience of 18 years in the commissioning and operating of PVC plants in various companies such as Fenoplast Limited, Sanghi Industries Limited and Krishna Vinyls Limited. Mr. Srinivasa was an employee of Atlanta Vinyl Private Limited and was inducted as an employee of our Company upon the merger. The gross remuneration paid to him during the last financial year was Rs. 4.36 Lacs.

**Mr. Sunil Bankar**, aged 37 years, is the Vice President (Technical) of our Company. Mr. Bankar holds a Diploma in Chemical Engineering with an experience of 15 years in various companies in the Pharma industry such as Bilcare Limited. Mr. Bankar was an employee of Atlanta Vinyl Private Limited prior to its merger with our Company, and was inducted as an employee of our Company upon the merger. The gross remuneration paid to him during the last financial year was Rs. 0.61 Lacs (Only for one month).

**Mr. M.S. Dan**, aged 49 years, is the Head (Project & Maintenance) of our Company. Mr. Dan is a Mechanical Engineer with 25 years of experience. He was previously employed with Steel Authority of India Limited (SAIL) and ZISCO Steel, Zimbabwe. The gross remuneration paid to him during the last financial year was Rs. 3.50 Lacs.

**Mr. H.S. Panda**, aged 39 years, is the Plant Manager of our Daman Plant. Mr. Panda is a B.E. (Mechanical) and is also an MBA (Marketing). He has a work experience of 13 years and has worked with Hindalco Industries Limited and India Foils Limited. The gross remuneration paid to him during the last financial year was Rs. 1.80 Lacs.

**Mr. S.S. Dash**, aged 38 years, is the Senior Manager (Research & Development) of our Company. Mr. Dash holds a Bachelors degree in Science and has also done his Masters Diploma in Packaging. He has 16 years of experience and was previously employed in companies such as Bilcare Limited. Mr. Dash was an employee of Atlanta Vinyl Private Limited and was inducted as an employee of our Company upon the merger. The gross remuneration paid to him during the last financial year was Rs. 2.11 Lacs.

**Mr. Pranay Nikam**, aged 26 years, is the General Manager (Export) of our Company. Mr. Nikam holds an M.Com degree and has a work experience of 4 years. He has joined our Company in April 2006 hence no remuneration was payable to him during the last financial year.

We confirm that the Promoter / Directors of our Company do not have any relationship whatsoever with any of our Key Managerial Personnel.

### Shareholding of Key Managerial Personnel

Name of the Key Managerial Personnel	No. of Shares Held as on date
Mr. Sudip Dutta	1,65,32,953
Mr. Prasenjit Datta	455
Mr. Ajay Doshi	455
Mrs. Vinaya Desai	455

### Bonus or Profit Sharing Plan

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel.

### Changes in the Key Managerial Personnel during last 3 years

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Reason
1.	Mr. Sudip Dutta	10.02.04	N.A.	First Director, Chairman and Managing Director
2	Mr. Prasenjit Datta	29.04.04	N.A.	Appointed as Director (Technical)
3	Mr. S.P. Medya	01.04.04	N.A.	Appointed as Vice President (Manufacturing)
4	Mr. Debdeep Bhattacharya	30.11.04	N.A.	Appointed as President (Marketing & Sales)
5	Mrs. Vinaya Desai	01.04.05	N.A.	Appointed as Vice President (Quality Assurance)
6	Mr. K. N. Mayya	15. 04.05	31.03.06	Resigned and appointed as the company secretary of Flex Art Foil Private Limited
7	Mr. M.S. Dan	13.05.05	N.A.	Appointed as Head (Project & Maintenance)
8	Mr. Ajay Doshi	1.06.05	N.A.	Appointed as President (Finance & Business)
9	Mr. H. S. Panda	01.10.05	N.A.	Appointed as Plant Manager
10	Mr. Arjun Lahiri	18.10.05	30.09.06	Resignation
11	Mr. S. S. Dash	6.12.05	N.A.	Appointed as Senior Manager (R & D)
12	Mr. Sunil Bankar	01.03.06	N.A.	Appointed as Vice President (Technical)
13	Mr. Darshan Majmudar	12.04.06	N.A.	Appointed as Vice President (Finance) & Company Secretary

Sr. No.	Name	Date of Joining	Date of Leaving	Reason
14	Mr. MSR Srinivasa	13.04.06	N.A.	Appointed as Executive Vice President (PVC Business Unit)
15	Mr. Pranay Nikam	13.04.06	N.A.	Appointed as GM (Export)
16	Mr. Partha S. Bose	25.04.06	N.A.	Appointed as Vice President (Operations)
17	Mr. Probir Chakraborty	01.08.05	05.04.06	Resignation

**Notes:**

1. All the Key Managerial Personnel mentioned above are permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.

**Employees**

The details about our employees appear under section entitled "Manpower" beginning on page 88 of this Red Herring Prospectus.

**ESOP/ESPS Scheme to Employees**

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

**Payment or Benefit to Our Officers**

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, and dividend, if any declared on the Equity Shares, if any held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Red Herring Prospectus with SEBI. Further payments have been made to our Chairman and Managing Director, Mr. Sudip Dutta, in relation to properties leased/ purchased from him by our Company and our wholly owned subsidiary.

## OUR PROMOTER AND HIS BACKGROUND

**Mr. Sudip Dutta**



**Voter ID No.: Not Available**

**Driving License No.: MH-02/95/224**

**Mr. Sudip Dutta**, aged 34 years, is the promoter of our Company. He is also Chairman and Managing Director of our Company and is responsible for overall operations and management of our Company, which has two manufacturing units, situated at Goa and Daman. He is also the Chairman of our wholly owned subsidiary, Flex Art Foil Private Limited which has four manufacturing units situated at Vasai, Goa, Daman and Baddi. He has about 15 years of experience in various facets of the packaging business.

For details of the manufacturing units of our Company and our wholly owned subsidiary, Flex Art Foil Private Limited, please refer to the sections titled "History and Corporate Structure" and "Our Subsidiary" respectively appears on page 94 and 147 of this Red Herring Prospectus.

We hereby confirm that the Permanent Account Number, Passport Number and Bank Account Number of Mr. Sudip Dutta are being submitted to the Stock Exchanges, on which our Equity Shares are proposed to be listed at the time of filing the Red Herring Prospectus with them.

### COMMON PURSUITS

Our Promoter, Mr. Sudip Dutta, does not have any interest in any other venture, which is engaged in the manufacturing of similar products as that of our Company resulting in conflict of interest.

### INTEREST OF PROMOTER

Our Promoter, Mr. Sudip Dutta, is the Chairman and Managing Director of our Company and manages the day-to-day affairs thereof.

Our Company as also our wholly owned subsidiary viz. Flex Art Foil Private Limited have taken their respective corporate offices in Mumbai on rent from our Promoter. Following are the particulars of Rent received by Mr. Sudip Dutta:

Sr. No.	Party	Agreement Particulars	Date	Rent Paid (Rs. In Lacs)
1	Ess Dee Aluminium Pvt. Ltd.	Leave and License	01.01.05	20.66
2	Ess Dee Aluminium Pvt. Ltd.	Facility Agreement	01.01.05	5.40
3	Flex Art Foil Pvt. Ltd.	Leave and License	01.01.05	13.77
4	Flex Art Foil Pvt. Ltd.	Facility Agreement	01.01.05	3.60
	<b>Total</b>			<b>43.43</b>

Further, our Promoter Mr. Sudip Dutta has sold following properties to our Company:

Sr. No.	Owners	Address	Date
1	Mrs. Aarti Dutta, Mr. Sudip Dutta	Plot No. 29, Corlim Industrial Estate, Goa	01.02.06
2	Mrs. Aarti Dutta, Mr. Sudip Dutta	A-20, Sagar Sangam Industrial Estate Co-op Society Ltd.	22.02.06
3	Mrs. Aarti Dutta, Mr. Sudip Dutta	A-21, Sagar Sangam Industrial Estate Co-op Society Ltd.	22.02.06
4	Mr. Sudip Dutta	Village Dabhel, Daman	02.03.06

The other interest of our Promoter in our Company has been adequately disclosed under the section titled "Interest of Directors" on page 101 of this Red Herring Prospectus.

### Payment or benefit to our promoter

For details of payments or benefits paid to our promoter, Mr. Sudip Dutta, please refer to paragraph "Compensation to Managing Directors / Whole-time Directors", "Interest of Promoter" and "Related Party Transactions" beginning on page 98, 108 and 110 respectively of this Red Herring Prospectus.

### DISASSOCIATION DETAILS

In the year 2005, Mr. Sudip Dutta promoted a private limited company viz., Flex Art Foil Private Limited (which is now the wholly owned subsidiary of our Company) with the objective of taking over the running business of the following concerns:

Name of the Concern	Status	Proprietor/Partners
Flex Art (Vasai)	Sole Proprietorship (Business has been taken over by Flex Art Foil Private Limited with effect from 01.04.05)	Mr. Sudip Dutta
Sushmit Packaging (Nani Daman)	Partnership (dissolved with effect from 31.03.06)	Mr. Sudip Dutta Mrs. Aarti Dutta
Flex Art Goa (Corlim, Goa)	Partnership (dissolved with effect from 31.03.06)	Mr. Sudip Dutta Mrs. Aarti Dutta Mr. Pranay R.
Aditya Foils (Baddi, Himachal Pradesh)	Partnership (Mrs. Sudip Dutta and Mrs. Aarti Dutta have retired with effect from 10.02.06)	Mr. Sudip Dutta Mrs. Aarti Dutta Mr. Pranay R.

Mr. Sudip Dutta and Mrs. Aarti Dutta have automatically disassociated themselves on the dissolution of / retirement from the aforesaid firms.

Further, in pursuance of the Order dated 31<sup>st</sup> March 2006 and 7<sup>th</sup> April 2006 of the Hon'ble High Courts at Goa and Mumbai respectively, Atlanta Vinyl Private Limited, another company promoted by our Promoter, Mr. Sudip Dutta, has been amalgamated with our Company. This amalgamation is with effect from 1<sup>st</sup> April 2005.

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## RELATED PARTY TRANSACTIONS

For details on Related Party Transactions refer to the section titled "Related Party Disclosures" beginning on page 125 of this Red Herring Prospectus.



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## CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, 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 and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Red Herring Prospectus are to the legal currency of India.

## **DIVIDEND POLICY**

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by our Board of Directors. Our Articles of Association provide that the dividend declared by the shareholders at the Annual General Meeting shall not exceed the amount recommended by the Board of Directors. Our Board of Directors may recommend dividends, at their discretion, to be paid to the members. Generally the factors that may be considered by our Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

## FINANCIAL STATEMENTS

### Auditor's Report

The Board of Directors,  
Ess Dee Aluminium Limited,  
Plot No. 124-133,  
Panchal Udyog Nagar,  
Bhimpore, Daman – 396 210

- A. a) We have examined the annexed financial information of Ess Dee Aluminium Limited ('the Company') for the financial period 10<sup>th</sup> February 2004 to 31<sup>st</sup> March 2005, financial year ended 31<sup>st</sup> March 2006 and half year ended 30<sup>th</sup> September 2006 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements for the half year ended 30<sup>th</sup> September 2006 is approved by the Board of Directors of the Company for the purpose of disclosure in the offer document being issued by the Company in connection with the public issue of equity shares in the Company (referred to as 'the Issue').
- b) In accordance with the requirements of
- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
  - (ii) The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
  - (iii) Our terms of reference with the Company dated May 15, 2006 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as at 31<sup>st</sup> March 2005, 31<sup>st</sup> March 2006 and half year ended 30<sup>th</sup> September 2006 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

We report that the restated profits of the Company for the financial period 10<sup>th</sup> February 2004 to 31<sup>st</sup> March 2005, financial year ended 31<sup>st</sup> March 2006 and half year ended 30<sup>th</sup> September 2006 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

- B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.
- i. Statement of Cash Flow as appearing in 'Annexure 5' to this report;
  - ii. Accounting Ratios as appearing in 'Annexure 6' to this report;
  - iii. Statement of Unsecured Loans taken including that from related parties enclosed as 'Annexure 7' to this report.
  - iv. Statement of Debtors including the related party debtors enclosed as 'Annexure 8' to this report.
  - v. Details of transactions with the Related Parties as appearing in 'Annexure 9' to this report;
  - vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
  - vii. Capitalisation Statement as appearing in 'Annexure 11' to this report;
  - viii. Statement of Secured Loans as appearing in 'Annexure 12' to this report.
  - ix. Details of Contingent Liabilities as appearing in 'Annexure 13' to this report;
  - x. Statement of Tax Shelter as appearing in 'Annexure 14' to this report.

- xi. Details of qualifications appearing in the audit report as given in 'Annexure 15' to this report.
  - xii. Details of changes in Significant Accounting Policies as given in 'Annexure 16' to this report.
  - xiii. Details of loans and advances as given in 'Annexure 17' to this report.
- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M.P. Chitale & Co.**  
**Chartered Accountants,**

**Ashutosh Pednekar,**  
**Partner**

Place: Mumbai

Date: 26<sup>th</sup> October 2006

**Annexure –1**
**STATEMENT OF ASSETS & LIABILITIES (AS RESTATED)**

(Rs. in Lacs)

Sr. No.	Particulars	As at 30.09.06	As at 31.03.06	As at 31.03.2005
<b>A</b>	<b>Fixed Assets</b>			
	Gross Block	1,703.59	1,664.22	810.24
	Less: Depreciation	165.38	127.88	11.45
	<b>Net Block</b>	<b>1,538.21</b>	<b>1,536.34</b>	<b>798.79</b>
	<b>Capital work in Progress</b>	<b>1,565.84</b>	<b>345.85</b>	<b>-</b>
	<b>Total</b>	<b>3,104.06</b>	<b>1,882.20</b>	<b>798.79</b>
<b>B</b>	<b>Investments</b>	<b>401.56</b>	<b>401.56</b>	<b>0.49</b>
<b>C</b>	<b>Current Assets, Loans and Advances</b>			
	Inventories	1,277.15	801.60	369.86
	Sundry Debtors	3,854.37	2,226.69	299.53
	Cash and Bank Balances	1,234.43	206.17	40.94
	Deposits, Loans and Advances	363.69	321.90	39.95
	<b>Total</b>	<b>6,729.64</b>	<b>3,556.35</b>	<b>750.28</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>			
	Secured Loans	2,834.92	2,374.46	821.31
	Unsecured Loans	196.75	199.16	212.24
	Current Liabilities and Provisions	2,340.43	1,388.37	357.29
	Deferred Tax Liability	149.64	139.76	38.99
	<b>Total</b>	<b>5,521.74</b>	<b>4,101.75</b>	<b>1,429.83</b>
<b>E</b>	<b>Net worth (A+B+C-D)</b>	<b>4,713.50</b>	<b>1,738.35</b>	<b>119.73</b>
<b>F</b>	<b>Represented by</b>			
	Equity Share Capital	1,944.89	751.00	151.00
	Share Premium	1,932.33	-	-
	Reserves (Net of Revaluation Reserves)	887.51	947.12	(31.27)
	Effect of Amalgamation of Atlanta Vinyl Private Limited	40.22	40.22	-
	Miscellaneous Expenditures (To the extent not written off)	(91.44)	-	-
	<b>Net worth</b>	<b>4,713.50</b>	<b>1,738.35</b>	<b>119.73</b>

**STATEMENT OF PROFIT & LOSS (AS RESTATED)**

(Rs. in Lacs)

Sr. No.	Particulars	2006-07	2006	2005
	Period (In months)	1.04.06 to 30.09.06	1.04.05 to 31.03.06	10.02.04 to 31.03.05
<b>A</b>	<b>INCOME :</b>			
	<b>Sales</b>			
	of products manufactured by the company	5,337.64	7,167.02	952.87
	of products traded by the company	-	-	-
	<b>Total</b>	<b>5,337.64</b>	<b>7,167.02</b>	<b>952.87</b>
	Less: Excise Duty	571.56	920.22	133.31
	<b>Net Sales</b>	<b>4,766.08</b>	<b>6,246.80</b>	<b>819.57</b>
	Other Income	34.38	107.06	0.13
	<b>Total Income</b>	<b>4,800.46</b>	<b>6,353.87</b>	<b>819.70</b>
<b>B</b>	<b>EXPENDITURE</b>			
	Cost of Goods Sold	2,942.72	3,703.98	480.47
	Staff Cost	201.51	229.37	36.04
	Other Manufacturing Expenses	244.86	586.38	213.34
	Administrative Selling and Other Expenses	184.84	223.97	17.14
	<b>Total</b>	<b>3,573.93</b>	<b>4,743.70</b>	<b>746.99</b>
<b>C</b>	<b>Net Profit before Interest, Depreciation, Tax and Extraordinary items</b>	<b>1,226.53</b>	<b>1,610.17</b>	<b>72.72</b>
	Depreciation	37.49	65.41	11.45
	Interest	167.25	361.89	52.54
<b>D</b>	<b>Profit before tax and extraordinary items</b>	<b>1,021.79</b>	<b>1,182.87</b>	<b>8.72</b>
	Provision for Taxation:			
	Current Tax	104.44	99.61	1.00
	Deferred Tax	9.88	100.77	38.99
	Fringe Benefit Tax	10.72	3.41	-
	Wealth Tax	0.55	1.00	-
<b>E</b>	<b>Profit after Tax but before Extra-ordinary Items</b>	<b>896.20</b>	<b>978.08</b>	<b>(31.27)</b>
	Extraordinary items (Net of tax)	-	-	-
	Tax adjustment for earlier years	-	0.32	-
	Net Adjustment on account of changes in Accounting Policies	-	-	-
<b>F</b>	<b>Net Profit after extraordinary items</b>	<b>896.20</b>	<b>978.40</b>	<b>(31.27)</b>
	Brought forward Profit/loss	947.12	(31.27)	0.00
<b>G</b>	<b>Profit Available for Appropriation</b>	<b>1,843.32</b>	<b>947.12</b>	<b>(31.27)</b>

**SIGNIFICANT ACCOUNTING POLICIES****1. System of Accounting:**

The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis. Financial Statements are prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles in India (GAAP) and comply in all material aspects, with mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are set out below. Management has made certain estimates and assumptions in conformity with the GAAP in the preparation of these financial statements, which are reflected in the preparation of these financial statements.

**2. Revenue Recognition:**

- a. Sale of goods is recognized on shipment or dispatch to customer.
- b. Export incentives / interest income and income on investments are accounted on accrual basis.

**3. Fixed Assets, Capital Work-in-Progress and Depreciation:****a. Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less depreciation. Cost comprises the purchase price and other attributable costs, including interest and finance costs incurred till the asset is commissioned.

**b. Capital Work-in-Progress:**

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use, and, the cost of assets not put to use before the balance sheet date.

**c. Depreciation:**

Depreciation is provided on the straight line method at the rates and in manner laid down in Schedule XIV to the Companies Act, 1956. Leasehold Lands are amortized over the period of lease.

**4. Inventories:**

- a. Stocks of raw materials, components, stores and spare parts are stated at cost and are valued on first in first out basis.
- b. Goods in bonded warehouse are valued at cost.
- c. Finished goods are stated at cost or net realizable basis whichever is lower.

**5. Sundry Debtors and Advances:**

Specific debts and advances in respect of which certain amounts are identified as irrecoverable are written off.

**6. Taxation**

Income tax comprises current tax and deferred tax charge or release. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

**7. Foreign Exchange Transactions:**

Transactions in foreign currency are recorded at exchange rates prevailing on the dates of respective transactions. The difference in translation and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

**8. Retirement Benefits:**

- a. Provident Fund benefit to employees is provided for on accrual basis and charged to Profit and Loss Account of the year.
- b. Gratuity is considered accrued and accounted for on basis of actuarial valuation.

**9. Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of cost of such assets till such time as the assets is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred.

**NOTES ON ACCOUNTS**

1. These interim financial statements have been prepared and adopted by the Board of Directors for the specific purpose of compiling the information required to be inserted in the offer document of the proposed initial public offering of the Company. Accordingly, information that is not required for this purpose but otherwise would have been part of the complete set of financial statements has not been compiled in these interim financial statements.
2. Provision for leave encashment is provided on proportionate basis
3. **Contingent Liabilities**
  - a) Guarantees: - The Company has given guarantee to the electricity supply undertakings aggregating to Rs. 13.80 lacs (March 2006, Rs 25.70 Lacs )
  - b) The Company is under obligation under the EPCG scheme to export Aluminium Foil / Rigid PVC film. The contingent liability under the guarantee amounted to Rs. 3,322.83 Lacs (March 2006, Rs 39.02 Lacs), which is secured by fixed deposit under lien to the bank to the extent of Rs. 146.60 lacs (March 2006, Rs.22.86 Lacs).
4. **Segment Reporting (Accounting Standard – AS 17)**

**During the half year ended September 30, 2006**

Information about Primary Business Segments

Rs in Lacs

Particulars	ALUMINIUM FOIL	PVC RIGID FILM	TOTAL
<b>REVENUE</b>			
External Net of Excise duty	3448.50	1317.58	4766.08
Less Inter Segment	Nil	Nil	Nil
Other Income	30.38	4.00	34.38
<b>TOTAL REVENUE</b>	<b>3478.88</b>	<b>1321.58</b>	<b>4800.46</b>
<b>SEGMENT RESULT</b>			
Profit Before Tax and Interest	969.63	219.41	1189.04
<b>Less</b>			
i) Interest Expenses	119.19	48.06	167.25
ii) Unallocated Corporate Expenses	Nil	Nil	Nil
<b>Add</b>			
i) Unallocated Income	Nil	Nil	Nil
<b>TOTAL PROFIT BEFORE TAX</b>	<b>850.44</b>	<b>171.35</b>	<b>1021.79</b>

Particulars	ALUMINIUM FOIL	PVC RIGID FILM	TOTAL
<b>CAPITAL EMPLOYED</b>			
Segment Assets	7797.81	2237.45	10235.26
Add Unallocated Assets	Nil	Nil	Nil
<b>TOTAL ASSETS</b>	<b>7997.81</b>	<b>2237.45</b>	<b>10235.26</b>
Segment Liabilities	4363.63	1158.12	5521.75
Add Unallocated Liabilities	Nil	Nil	Nil
<b>TOTAL LIABILITIES</b>	<b>4363.63</b>	<b>1158.12</b>	<b>5521.75</b>
<b>CAPITAL EMPLOYED</b>	<b>3634.17</b>	<b>1079.33</b>	<b>4713.50</b>



During the year ended March 31, 2006

Information about Primary Business Segments

Rs in Lacs

Particulars	ALUMINIUM FOIL	PVC RIGID FILM	TOTAL
<b>REVENUE</b>			
External Net of Excise duty	4,359.35	1,887.45	6,246.80
Less Inter Segment	Nil	Nil	Nil
Other Income	87.72	19.34	107.06
<b>TOTAL REVENUE</b>	<b>4,447.08</b>	<b>1,906.79</b>	<b>6,353.87</b>
<b>SEGMENT RESULT</b>			
Profit Before Tax and Interest	1,132.74	412.01	1,544.76
i) Interest Expenses	213.69	148.20	361.89
ii) Unallocated Corporate Expenses	Nil	Nil	Nil
<b>Add</b>			
i) Unallocated Income	Nil	Nil	Nil
<b>TOTAL PROFIT BEFORE TAX</b>	<b>919.06</b>	<b>263.81</b>	<b>1,182.87</b>

Particulars	ALUMINIUM FOIL	PVC RIGID FILM	TOTAL
<b>CAPITAL EMPLOYED</b>			
Segment Assets	3,964.52	1,875.59	5,840.11
Add Unallocated Assets	Nil	Nil	Nil
<b>TOTAL ASSETS</b>	<b>3,964.52</b>	<b>1,875.59</b>	<b>5,840.11</b>
Segment Liabilities	991.39	396.98	1,388.37
Add Unallocated Liabilities	Nil	Nil	Nil
<b>TOTAL LIABILITIES</b>	<b>991.39</b>	<b>396.98</b>	<b>1,388.37</b>
<b>CAPITAL EMPLOYED</b>	<b>2,973.12</b>	<b>1,478.61</b>	<b>4,451.74</b>

6. Related Party Disclosures (Accounting Standard AS 18)

6.1 List of Related Parties and Relationship

- A. Subsidiary – Flex Art Foil Private Limited
- B. Key Management Personnel - Mr. Sudip Dutta CMD  
- Mr. Prasenjit Datta WTD

6.2 The following transactions were carried out with the related parties in the ordinary course of business.

(Rs. in Lacs)

During the half year ended September 30, 2006

Nature of Transaction	Subsidiaries Rs.	Key Management Personnel Rs.	Relative of Management Personnel Rs.	Related Enterprises Rs.
Sale of Material / Finished Goods	2,324.93	Nil	Nil	Nil
Purchase of Material / Finished Goods	46.87	Nil	Nil	Nil
Rent Paid	Nil	13.03	Nil	Nil
Salary	Nil	99.83	Nil	Nil
Debit Balances as on 30-09-06	1,651.11	Nil	Nil	Nil
Credit Balances as on 30-09-06	46.87	222.17	Nil	Nil

During the year ended March 31, 2006

(Rs. in Lacs)

Nature of Transaction	Subsidiaries	Key Management Personnel	Relative of Management Personnel	Related Enterprises
Sale of Material / Finished Goods	4,110.48	Nil	58.71	Nil
Purchase of Material / Finished Goods	34.28	Nil	Nil	Nil
Rent Paid	Nil	26.06	Nil	Nil
Salary	Nil	70.50	Nil	Nil
Investment as on 31.03.2006	400.00	Nil	Nil	Nil
Debit Balances as on 31.03.2006	1,350.00	Nil	8.46	Nil
Credit Balances as on 31.03.2006	Nil	199.16	Nil	Nil

7 Earning per Share (Accounting Standard – AS 20)

Basic and diluted earning per share (EPS) computed in accordance with the accounting standards (AS-20)

Particulars	Current Period As at 30 <sup>th</sup> Sept 2006 Rs. in Lacs	Previous Period As at 31 <sup>st</sup> Mar 2006 Rs. in Lacs
<b>Basic</b>		
Profit After Tax	896.19	978.40
Weighted Average Capital	1,79,57,198	30,60,685
<b>Basic EPS</b>	<b>4.99</b>	<b>31.97</b>

## 8 Deferred Tax Assets and Liabilities (Accounting Standard – AS 22)

Deferred Tax Liability / (Asset) at the year end comprise timing difference on account of :

Particulars	As at 30/09/2006 Rs. in Lacs	As at 31/03/2006 Rs. in Lacs
Depreciation	29.35	419.36
Expenditure / Provisions allowable	NIL	4.16

The Company claims exemption under section 80IB of the Income Tax Act, 1961 (IT Act) for a period of 5 years commencing from the year ended March 31, 2003 for its unit at Daman and from the year March 31, 2002 and is currently liable to pay tax under section 115JB of the IT Act. The Company has, in accordance with the Accounting Standards 22 – Accounting for Income, issued by the ICAI, recognized a deferred tax liability of Rs. 9,88,098/- in respect of timing differences arising on account of depreciation of fixed assets reversing after the expiry of the tax holiday period.

## 9. Details of Movements in Provisions in Accordance with Accounting Standard 29

During half year ended September 30, 2006 (In Rs.)

Particulars	Opening as on 01.04.2006	Provision / Additions made during the year	Provisions Reversed/ Adjusted	Closing as on 30.09.2006
Taxation	1,04,02,281	1,09,14,979	Nil	2,13,17,260
Other Provisions	4,16,000	8,96,692	Nil	13,12,692

During year ended March 31, 2006 (In Rs.)

Particulars	Opening as on 01.04.2006	Provision / Additions made during the year	Provisions Reversed/ Adjusted	Closing as on 30.09.2006
Taxation	1,00,000	1,04,02,281	1,00,000	1,04,02,281
Other Provisions	Nil	4,16,000	Nil	4,16,000

Out flow in respect of above provisions, both timing and certainty would depend on developments / outcome of these events.

- 10 This is the first instance when the Company has prepared interim financial statements. In accordance with the transitional provisions specified in the Accounting Standard 25, Interim Financial Reporting (AS 25) the Company is not required to give the comparative figures for the profit and loss account and related notes and the cash flow statement for the half year ended September 2006. As required by AS 25 the comparative figures for all balance sheet items and related notes are those of the last audited financial statements viz. as at March 31, 2006. Previous year's figures have been regrouped / reclassified wherever necessary.

**STATEMENT OF CASH FLOW FROM THE RESTATED FINANCIAL STATEMENT**

(Rs. in Lacs)

	Particular	30.09.06		31.03.06		31.03.05	
<b>A</b>	<b>Cash Flow From Operating Activities</b>						
	Profits before prior period items, Tax & after		1021.79		1,182.87		8.72
	Extraordinary Items						
	<b>Add:</b>						
	Depreciation	37.49		65.41		11.45	
	Interest Expenses	167.25		361.89		52.54	
	Prior Period Adjustments					-	
	Extraordinary Items			-		-	
			204.74		427.30		63.99
	<b>Operating Profit before working Capital Changes</b>		<b>1,226.53</b>		<b>1,610.17</b>		<b>72.72</b>
	<b>Working Capital Changes</b>						
	(Increase)/Decrease in Inventories	(475.55)		(431.73)		(369.86)	
	(Increase)/Decrease in Debtors	(1,627.67)		(1,927.16)		(299.53)	
	(Increase)/Decrease in Other Current Assets	(41.80)		(281.95)		(39.95)	
	Increase/(Decrease) in Trade Payables	952.06		1,031.08		357.29	
	(Increase)/Decrease in Working Capital		(1,192.96)		(1,609.76)		(352.05)
	<b>Cash Generated from Operating Activities</b>		<b>33.57</b>		<b>0.41</b>		<b>(279.33)</b>
	Interest Paid	(167.25)		(361.89)		(52.54)	
	Tax Paid	(115.71)		(103.71)		(1.00)	
	Deferred Tax	(9.88)		(139.76)		-	
			<b>(292.84)</b>		<b>(605.36)</b>		<b>(53.54)</b>
	<b>Cash Used (-)/(+) generated for operating activities ( A )</b>		<b>(259.27)</b>		<b>(604.95)</b>		<b>(332.87)</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>						
	Purchase of Fixed Assets	(1,259.36)		(1,148.82)		(810.24)	

(Rs. in Lacs)

	Particular	30.09.06		31.03.06		31.03.05	
	Purchase of Investments including investment in subsidiaries	0.00		(401.07)		(0.49)	
	<b>Miscellaneous Assets</b>	(91.44)					
	<b>Net Cash Used in Investing Activities ( B )</b>		<b>(1,350.80)</b>		<b>(1,549.89)</b>		<b>(810.74)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>						
	Proceeds from Share Capital	2,170.40		600.00		151.00	
	Deferred Tax Liability Net	9.88		139.76			
	Effect of Amalgamation of Atlanta Vinyl Private Limited	-		40.22		-	
	Proceeds from Long Term borrowings	89.33		539.57		718.24	
	Proceeds from Short Term borrowings	368.72		1,000.51		315.31	
	<b>Net Cash Used in Financing Activities ( C )</b>		<b>2,638.33</b>		<b>2,320.06</b>		<b>1,184.55</b>
<b>D</b>	<b>Net Increase (+)/ Decrease (-) in cash and cash equivalent ( A+B+C)</b>		<b>1,028.26</b>		<b>165.23</b>		<b>40.94</b>
	Cash and Cash Equivalent Opening Balance		206.17		40.94		-
	Cash and Cash Equivalent Closing Balance		1,234.43		206.17		40.94

## Annexure – 6

### Mandatory Accounting Ratios

Particulars	30.09.2006	31.3.2006
Earning Per Share (EPS) (Rs.)	4.99	31.97
Return On Net Worth (%)	19.01	56.28
Net Asset Value Per Share (Rs.)	41.73	127.76

1.  $EPS = a/b$

Return on Net worth =  $a/c$  %

Net Asset Value per Share =  $d/b$

a. Net Profit after Tax

b. No. of Equity Shares

c. Net Worth = Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

d. Net Assets value = Fixed Assets + Capital Work in Progress + Net Current Assets / No. of Equity Shares

## Annexure –7

### Unsecured Loans

(Rs. in Lacs)

Particulars	30.09.2006	31.03.2006	31.3.2005
From Director (Mr. Sudip Dutta)	196.75	199.16	212.24

Remarks: Above mentioned unsecured loan is interest free and repayable on demand.

## Annexure –8

### Statement of Sundry Debtors

(Rs. in Lacs)

Age-wise Break-up	30.09.2006	31.03.2006	31.3.2005
More than Six Months	244.89	198.24	-
Less than Six Months	3,609.48	2028.46	299.53
<b>Total</b>	<b>3,854.37</b>	<b>2226.69</b>	<b>299.53</b>

**Related Party Disclosures**

Transaction with related party as identified by the management in accordance with Accounting Standard 18 "Related party disclosures" issued by The Institute of Chartered Accountants of India, is as follows:

**During the half year ended September 30, 2006**
**Related Party Disclosures (Accounting Standard AS 18)**
**List of Related Parties and Relationship**

- A. Subsidiary** – *Flex Art Foil Private Limited*
- B. Key Management Personnel**
- Mr. Sudip Dutta CMD
  - Mr. Prasenjit Datta WTD

The following transactions were carried out with the related parties in the ordinary course of business.

**During the half year ended September 30, 2006**

(Rs. in Lacs)

Nature of Transaction	Subsidiaries	Key Management Personnel	Relative of Management Personnel	Related Enterprises
Sale of Material / Finished Goods	2324.93	Nil		Nil
Purchase of Material / Finished Goods	46.87	Nil	Nil	Nil
Rent Paid	Nil	13.03	Nil	Nil
Salary	Nil	99.83	Nil	Nil
Debit Balances as on 30-09-06	1651.11	Nil	Nil	Nil
Credit Balances as on 30-09-06	46.87	222.17	Nil	Nil

**During the year ended March 31<sup>st</sup>, 2006**
**List of Related Parties and Relationship**

- A. Subsidiary** – Flex Art Foil Private Limited
- B. Key Management Personnel** - Mr. Sudip Dutta Director
- C. Relatives of Key Management Personnel**
- Mrs. Aarti Dutta
  - Mr. Pradip Dutta
- D. Enterprises over which key management personnel and their relatives are able to exercise significant influence**
- Neat Pack

## **DETAILS OF TRANSACTIONS WITH RELATED PARTIES**

(Rs. in Lacs)

Nature of Transaction	Subsidiaries	Key Management Personnel	Relative of Management Personnel	Related Enterprises
Sale of Material / Finished Goods	4,110.48	Nil	58.71	Nil
Purchase of Material / Finished Goods	34.28	Nil	Nil	Nil
Rent Paid	Nil	26.06	Nil	Nil
Salary	Nil	70.50	Nil	Nil
Investment as on 31.03.2006	400.00	Nil	Nil	Nil
Debit Balances as on 31.03.2006	1,350.00	Nil	8.46	Nil
Credit Balances as on 31.03.2006	Nil	199.16	Nil	Nil

### **During the year ended March 31<sup>st</sup>, 2005**

The details of related party transactions are as under

(Rs. in Lacs)

Sr.	Particulars	Relationship	Value of Trans for the year ended 31/03/05	Amount O/s as on 31/03/05	Amount written off during the year
1	<b><u>Sale of goods</u></b>				
	Flex Art Vasai	Proprietor	197.36	106.88	NIL
	Flex Art Goa	Partner	197.55	39.38	NIL
	Sushmit Packaging	Partner	542.80	153.46	NIL

## **Annexure – 10**

### **Statement of Dividends**

The company has not declared any dividend for any of the preceding financial years/ periods.



**Capitalization Statement**

(Rs. in Lacs)

Sr. No.	Particular	30.09.06	Pre-Issue		Post-Issue
			31.03.06	31.03.05	
<b>1</b>	<b>Borrowings</b>				
	<b>Secured</b>				
	Short Term Debts	1,686.95	1,315.81	315.31	[•]
	Long Term Debts	1,147.98	1,058.65	506.01	[•]
	<b>Unsecured Debts</b>	196.75	199.16	212.24	[•]
	<b>Total Borrowings</b>	<b>3,031.68</b>	<b>2,573.63</b>	<b>1,033.55</b>	[•]
<b>2</b>	<b>Shareholder's Fund</b>				
	Equity Share Capital	1,944.89	751.00	151.00	[•]
	Reserve & Surplus	2,860.05	987.35	(31.27)	[•]
	Less: Miscellaneous Expenditure to the extent not written off	(91.44)	-	-	[•]
	<b>Total Shareholder's Fund</b>	<b>4,713.50</b>	<b>1,738.35</b>	<b>119.73</b>	[•]
<b>3</b>	<b>Debt Equity Ratio</b>	<b>0.64</b>	<b>1.48</b>	<b>8.63</b>	[•]

1. Issue price will be decided in consultation with the Merchant Bankers to the Issue. Therefore these figures will be worked out later on.
2. The company has issued further 10,00,000 equity share capital to the shareholders of Atlanta Vinyl Pvt. Ltd under the scheme of Amalgamation approved by the Honourable High court Of Bombay.
3. The company has issued further 40,00,000 equity share capital to the shareholders of Flex Art Foil Pvt. Ltd making it wholly owned subsidiary Company.
4. Our Company has also issued 23,80,705 Equity Shares at premium aggregating Rs. 2,170.40 Lacs.

**DETAIL OF SECURED LOAN**

(Rs. in Lacs)

Sr. No.	Particulars of Loan	30.09.06	31.03.06	31.3.05
1	<b>Term Loan</b>			
	Punjab National Bank	178.46	204.86	0
	State Bank of India	721.24	561.38	0
	Shamrao Vithal Bank	248.28	292.41	253.08
	Corporation bank		0	252.93
	<b>Sub Total</b>	<b>1,147.98</b>	<b>1,058.65</b>	<b>506.01</b>
2	<b>Cash Credit Account</b>			
	Punjab National Bank	38.11	291.86	0
	State Bank of India	1,208.86	486.86	0
	Shamrao Vithal Bank	369.16	471.16	105.69
	Corporation Bank		0	201.64
	<b>Sub Total</b>	<b>1,616.12</b>	<b>1,249.89</b>	<b>307.33</b>
3	<b>Vehicle loan</b>	70.82	65.93	7.98
	<b>Total Secured Loan (1+2+3)</b>	<b>2,834.92</b>	<b>2,374.46</b>	<b>821.31</b>

- i. Term Loan are secured by way of first charge on pari passu basis on all immovable properties (both present and future) together with second charge on all movable assets (both present and future) of the Company. The term loans are also secured by personal guarantee of chairman & Managing director, namely Mr. Sudip Dutta
- ii. The working capital loans are secured by way of hypothecation (both present and future) of stock of raw material / component, spares, stock in process, finished goods and book debts and a second charge on all immovable properties (both present and future) of the Company. The working capital loans are also secured by personal guarantee of chairman & Managing director, namely Mr. Sudip Dutta
- iii. Vehicle loans are secured by hypothecation of Vehicles purchased.

**Details of Secured Loans**

Nature of Borrowing / Debt	Date of Repayment (In relation to outstanding amounts)	Nature of Facility	Interest Rate (In relation to Outstanding amounts)	Security
Fund Based	12 months - On Demand	Cash Credit Daman Unit SBI	11.00%	First Charge by way of Hypothecation of the entire goods, movable and other assets present and future
		Daman Unit PNB	12.75%	
	12 Months - On Demand	- Unit Goa SBI - Unit Goa SVC	12.75% 12.50%	First Charge by way of Hypothecation of the entire goods, movable and other assets present and future
Term Loan	10/11/2009	- Unit Daman SBI (1)	11.50%	First Charge by way of Hypothecation of the entire Fixed assets goods, movable and other assets present and future
	10/04/2012	- Unit Daman SBI (2)	11.50%	
	25/05/2009	- Unit Daman PNB	13.25%	
	10/03/2011	- Unit Goa SBI	12.75%	First Charge by way of Hypothecation of the Coating Line goods, movable and other assets present and future
	10/11/2008	- Unit Goa SVC (1)	13.00%	Second Charge on all fixed Assets
	31/08/2010	- Unit Goa SVC (2)	13.00%	- First Charge by way of Hypothecation of the all Fixed assets goods, movable and other assets present and future - Second Charge on Coating Machine
Non Fund Based	Usance Max 120 Days - On Demand	Foreign Letter of Credits		Hypothecation of material procured under the L/c, First Charge on all Current Assets
	Usance Max 120 Days - On Demand	- Unit Daman - SBI - Unit Daman - PNB  - Unit Goa - SBI		Hypothecation of material procured under the L/c, First Charge on all Current Assets
	Usance Max 90 Days - On Demand	Unit II Goa ICICI Bank		Hypothecation of Capital Goods procured under the L/c, Exclusive first Charge on all Assets of this unit

**DETAIL OF CONTINGENT LIABILITIES**

- a. Guarantees: - The Company has given guarantee to the electricity supply undertakings aggregating to Rs. 13.80 lacs (March 2006, Rs 25.70 Lacs)
- b. The Company is under obligation under the EPCG scheme to export Aluminium Foil / Rigid PVC film. The contingent liability under the guarantee amounted to Rs. 3,322.83 Lacs (March 2006, Rs 39.02 Lacs), which is secured by fixed deposit under lien to the bank to the extent of Rs. 146.60 lacs (March 2006, Rs.22.86 Lacs)

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	30.09.06	31.3.06	31.3.05
Tax Rate	33.66	33.66	36.60
Net Profit before Tax & Extra Ordinary items	1021.79	1,182.87	8.72
Tax at Notional Rate	343.93	398.15	3.19
<b>Adjustment:</b> Deduction u/s 80 IB	992.42	814.94	Nil
Difference between Depreciation (as per I. T. Act less Book Depreciation)	29.36	81.12	115.85
Others	Nil	Nil	Nil
Unabsorbed depreciation	Nil	286.81	(107.12)
<b>Total (A)</b>	<b>1021.79</b>	<b>1,182.87</b>	<b>8.72</b>
<b>Permanent Differences</b>	Nil	-	-
Deduction U/Sec. 10 B	Nil	-	-
<b>Total (B)</b>	<b>Nil</b>	-	-
<b>Net Adjustment (A+B)</b>	<b>1021.79</b>	<b>1,182.87</b>	<b>8.72</b>
Tax Saving thereon	343.93	398.15	3.19
Total taxation (C)	-	-	-
Taxation on extra ordinary items	-	-	-
Taxable income as per provisions of MAT	1021.79	1,182.87	8.72
Tax Payable as per provisions of MAT (D)	104.44	99.61	0.68
Net Tax payable as per I. T. Returns (higher of C or D above)	104.44	99.61	0.68

## **Annexure - 15**

There have been no qualifications in the Audit Report for the preceding years / periods.

## **Annexure - 16**

### **Effect of change in Accounting Policy**

During the year 2005-06, AS 22 on Accounting of Taxes on Income became applicable to the Company pursuant to which a deferred tax liability was recognised as of March 31, 2006. The Financial statements have been restated to the extent of deferred tax liability existing as on March 31, 2005 to make the statement comparable.

There has been no change in the accounting policy of the company during the preceding years / periods.

## **Annexure - 17**

### **Statement of Loans & Advances**

Particulars	(Rs. In Lacs)		
	30.09.2006	31.03.2006	31.3.2005
<b>Unsecured Considered Good</b>			
Loans & Advances	10.40	19.39	0.38
Advance to Suppliers	243.58	226.21	-
VAT Receivable	9.85	9.26	-
Interest accrued on FD	25.51	3.91	0.32
Advance Tax	30.49	24.74	1.37
<b>Deposits</b>			
Deposit with Central Excise	-	0.04	-
Cenvat Credit	43.03	37.67	34.90
Others	0.82	0.67	2.98
<b>Total</b>	<b>363.69</b>	<b>321.90</b>	<b>39.95</b>

## Consolidated Financial Statements

### Auditor's Report

The Board of Directors,  
Ess Dee Aluminium Limited  
Plot No. 124-133,  
Panchal Udyog Nagar,  
Bhimpore, Daman – 396 210.

- A. a) We have examined the attached financial statements of Ess Dee Aluminium Limited ('the Company') and its subsidiary as at 30<sup>th</sup> September 2006 comprising the consolidated balance sheet, as on that date. The financial statements for the period ended 30<sup>th</sup> September 2006 is approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue').
- b) In accordance with the requirements of
- (i) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
  - (ii) The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
  - (iii) Our terms of reference with the Company dated May 30, 2005 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated consolidated assets and liabilities of the Company as at 31<sup>st</sup> March 2006 and half year ended 30<sup>th</sup> September 2006 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

We report that the restated consolidated profits of the Company for the financial year ended 31<sup>st</sup> March 2006 and half year ended 30<sup>th</sup> September 2006 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

- B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.
- (i) Statement of Cash Flow as appearing in 'Annexure 5' to this report;
  - (ii) Accounting Ratios as appearing in 'Annexure 6' to this report;
  - (iii) Statement of Unsecured Loans taken including that from related parties enclosed as 'Annexure 7' to this report.
  - (iv) Statement of Debtors including the related party debtors enclosed as 'Annexure 8' to this report.
  - (v) Details of transactions with the Related Parties as appearing in 'Annexure 9' to this report;
  - (vi) Statement of Dividends as appearing in 'Annexure 10' to this report;
  - (vii) Capitalisation Statement as appearing in 'Annexure 11' to this report;
  - (viii) Statement of Secured Loans as appearing in 'Annexure 12' to this report.
  - (ix) Details of Contingent Liabilities as appearing in 'Annexure 13' to this report;
  - (x) Statement of Tax Shelter as appearing in 'Annexure 14' to this report.
  - (xi) Details of qualifications appearing in the audit report as given in 'Annexure 15' to this report.
  - (xii) Details of changes in Significant Accounting Policies as given in 'Annexure 16' to this report.
  - (xiii) Details of loans and advances as given in 'Annexure 17' to this report.

- C. a) In our opinion the financial information of the Company as stated in Para A & B above read with Significant Accounting Policies enclosed in Annexure 2 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M.P. Chitale & Co.**  
**Chartered Accountants,**

**Ashutosh Pednekar**  
**Partner**

Place : Daman  
Date : 26<sup>th</sup> October 2006

**STATEMENT OF ASSETS & LIABILITIES (AS RESTATED)**

(Rs. in Lacs)

Sr. No.	Particulars	As At 30.09.06	As at 31.03.06
<b>A</b>	<b>Fixed Assets</b>		
	Gross Block	2,235.57	2,174.15
	Less: Depreciation	198.93	148.99
	<b>Net Block</b>	<b>2,036.64</b>	<b>2,025.16</b>
	<b>Capital work in Progress</b>	<b>1,715.07</b>	460.49
	<b>Total</b>	<b>3,751.71</b>	<b>2,485.65</b>
<b>B</b>	<b>Investments</b>	<b>2.14</b>	<b>5.14</b>
<b>C</b>	<b>Current Assets, Loans and Advances</b>		
	Inventories	2,810.42	2,165.41
	Sundry Debtors	4,871.68	2,754.44
	Cash and Bank Balances	1,462.67	416.08
	Deposits, Loans and Advances	690.86	564.39
	<b>Total</b>	<b>9,835.64</b>	<b>5,900.32</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>		
	Secured Loans	4,732.75	4,109.83
	Unsecured Loans	196.75	199.29
	Current Liabilities and Provisions	2,748.57	1,464.24
	Deferred Tax Liability	166.79	150.94
	<b>Total</b>	<b>7,844.86</b>	<b>5,924.30</b>
<b>E</b>	<b>Net worth (A+B+C-D)</b>	<b>5,744.63</b>	<b>2,466.81</b>
<b>F</b>	<b>Represented by</b>		
	Equity Share Capital	1,944.89	751.00
	Share Premium	1932.33	-
	Capital reserve on Acquisition of shares of flex art foil private limited	731.63	731.63
	Reserves (Net of Revaluation Reserves)	1189.77	947.12
	Effect of Amalgamation of Atlanta Vinyl Private Limited	40.22	40.22
	Miscellaneous Expenditures (To the extent not written off)	(94.21)	(3.17)
	<b>Net worth</b>	<b>5,744.63</b>	<b>2,466.81</b>



**STATEMENT OF PROFIT & LOSS (AS RESTATED)**

Sr. No.	Particulars	2006-07
	<b>Period (In months)</b>	<b>1.04.06 to 30.09.06</b>
<b>A</b>	<b>INCOME:</b>	
	<b>Gross Sales</b>	
	of products manufactured by the company	8,343.40
	of products traded by the company	
	Less: Sales to subsidiary	1,855.69
	<b>Total</b>	<b>6,487.71</b>
	Less: Excise Duty	604.72
	<b>Net Sales</b>	<b>5,882.98</b>
	Other Income	40.47
	<b>Total Income</b>	<b>5,923.45</b>
<b>B</b>	<b>EXPENDITURE</b>	
	Cost of Goods Sold	3,305.41
	Staff Cost	315.83
	Other Manufacturing Expenses	282.81
	Administrative Selling and Other Expenses	314.16
	<b>Total</b>	<b>4,218.21</b>
<b>C</b>	Net Profit before Interest, Depreciation, Tax and Extraordinary items	1,705.24
	Depreciation	49.94
	Interest	271.27
<b>D</b>	<b>Profit before tax and extraordinary items</b>	<b>1,384.02</b>
	Provision for Taxation:	
	Current Tax	150.85
	Deferred Tax	15.84
	Fringe Benefit Tax	17.97
	Wealth Tax	0.89
<b>E</b>	<b>Profit after Tax but before Extra-ordinary Items</b>	<b>1,198.46</b>
	Extraordinary items (Net of tax)	
	Tax adjustment for earlier years	
	Net Adjustment on account of changes in Accounting Policies	
<b>F</b>	<b>Net Profit after extraordinary items</b>	<b>1,198.46</b>
	Brought forward loss/profit	947.12
<b>G</b>	<b>Profit Available for Appropriation</b>	<b>2,145.59</b>

**SIGNIFICANT ACCOUNTING POLICIES****1. System of Accounting:**

Significant Accounting policies and Notes to these Consolidated Financial statements are intended to serve as a means of informative disclosure and guide for better understanding of the consolidated position of the companies. Recognising this purpose, the company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosure. Lack of homogeneity and other similar considerations made it desirable to exclude some of them which in the opinion of the management could be better viewed when referred from the individual financial statements.

The Group follows mercantile system of accounting and recognizes income and expenditure on an accrual basis. Financial Statements are prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles in India (GAAP) and comply in all material aspects, with mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are set out below. Management has made certain estimates and assumptions in conformity with the GAAP in the preparation of these financial statements, which are reflected in the preparation of these financial statements.

The financial statements of the parent company and its subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets and liabilities after eliminating intra group transactions.

**2. Revenue Recognition:**

- a. Sale of goods is recognized on shipment or dispatch to customer.
- b. Export incentives / interest income and income on investments are accounted on accrual basis.

**3. Fixed Assets, Capital Work-in-Progress and Depreciation:****a. Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less depreciation. Cost comprises the purchase price and other attributable costs, including interest and finance costs incurred till the asset is commissioned.

**b. Capital Work-in-Progress:**

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use, and, the cost of assets not put to use before the balance sheet date.

**c. Depreciation:**

Depreciation is provided on the straight line method at the rates and in manner laid down in Schedule XIV to the Companies Act, 1956. Leasehold Lands are amortized over the period of lease.

**4. Inventories:**

- a. Stocks of raw materials, components, stores and spare parts are stated at cost and are valued on first in first out basis.
- b. Goods in bonded warehouse are valued at cost.
- c. Finished goods are stated at cost or net realizable basis whichever is lower.

**5. Sundry Debtors and Advances:**

Specific debts and advances in respect of which certain amounts are identified as irrecoverable are written off if any.

**6. Taxation**

Income tax comprises current tax and deferred tax charge or release. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

**7. Foreign Exchange Transactions:**

Transactions in foreign currency are recorded at exchange rates prevailing on the dates of respective transactions. The

difference in translation and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

**8. Retirement Benefits:**

- a. Provident Fund benefit to employees is provided for on accrual basis and charged to Profit and Loss Account of the year.
- b. Gratuity is considered accrued and accounted for on basis of actuarial valuation.

**9. Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of cost of such assets till such time as the assets is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred.

**Annexure – 4**

**NOTES ON ACCOUNTS**

The Consolidated Financial statement presents the consolidated account of Ess Dee Aluminium Private Limited with its following subsidiary

Name of the Subsidiary	Proportion of ownership	As at 30 <sup>th</sup> Sept. 2006	Audited By
Flex Art Foil Private Limited	100%	31.03.2006	M/s M.P.Chitale & Co.

Additional Statutory information disclosed in separate financial statements of the parent and its subsidiary having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements, in view of the general clarification issued by the Institute of Chartered Accountants of India.

1. These interim financial statements have been prepared and adopted by the Board of Directors for the specific purpose of compiling the information required to be inserted in the offer document of the proposed initial public offering of the Holding Company, Ess Dee Aluminium Ltd. Accordingly, information that is not required for this purpose but otherwise would have been part of the complete set of financial statements has not been compiled in these interim financial statements.
2. **Contingent Liabilities**
  - a) Guarantees: - The Company has given guarantee to the electricity supply undertakings aggregating to Rs 18.53 Lacs ( 31<sup>st</sup> March 2006, Rs. 30.43 Lacs)
  - b) The Company is under obligation under the EPCG scheme to export Aluminum Foil / Rigid PVC film. The contingent liability under the guarantee amounted to Rs 3322.83 Lacs, (March 2006, Rs. 312.15 Lacs)

### 3 Segment Reporting (Accounting Standard – AS 17)

During the half year ended September, 30, 2006.

Information about Primary Business Segments

Rs in Lacs

	ALUMINIUM FOIL	PVC RIGID FILM	FOIL/POLY PRINTING	TOTAL
<b>REVENUE</b>				
External Net of Excise duty	3448.50	1317.58	2719.25	7485.33
<b>Less</b> Inter Segment	2324.93	Nil	34.28	2359.21
Other Income	30.38	4.00	6.09	40.47
<b>TOTAL REVENUE</b>	<b>1153.95</b>	<b>1321.58</b>	<b>2691.06</b>	<b>5166.59</b>
<b>SEGMENT RESULT</b>				
Profit Before Tax and Interest	969.63	219.41	466.26	1655.30
<b>Less</b>				
i) Interest Expenses	119.19	48.06	104.03	271.28
ii) Unallocated Corporate Expenses	Nil	Nil	Nil	Nil
<b>Add</b>				
i) Unallocated Income	Nil	Nil	Nil	Nil
<b>TOTAL PROFIT BEFORE TAX</b>	<b>850.44</b>	<b>171.35</b>	<b>362.23</b>	<b>1384.02</b>
<b>CAPITAL EMPLOYED</b>				
Segment Assets	7797.81	2237.45	4983.75	15019.01
<b>Add</b> Unallocated Assets	Nil	Nil	Nil	Nil
<b>TOTAL ASSETS</b>	<b>7797.81</b>	<b>2237.45</b>	<b>4983.75</b>	<b>15019.01</b>
Segment Liabilities	4363.63	1158.12	3552.63	9074.38
<b>Add</b> Unallocated Liabilities	Nil	Nil	Nil	Nil
<b>TOTAL LIABILITIES</b>	<b>4363.63</b>	<b>1158.12</b>	<b>3552.63</b>	<b>9074.38</b>
<b>CAPITAL EMPLOYED</b>	<b>3434.18</b>	<b>1079.33</b>	<b>1431.12</b>	<b>5944.63</b>

### 4. Related Party Disclosures (Accounting Standard AS 18)

#### 4.1 List of Related Parties and Relationship

<b>A. Key Management Personnel</b>	- Mr. Sudip Dutta	Director
	- Mrs. Aarti Dutta	Director
	- Mr. Prasenjit Datta	Director
<b>B. Relatives of Key Management Personnel</b>	- Mr. Abhishek Deshmukh	

4.2 The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction	Key Management Personnel Rs.	Relative of Management Personnel Rs.	Related Enterprises
Rent Paid	21,71,640	Nil	Nil
Salary	1,23,82,620	90,654	Nil
Credit Balances as on 30.09.2006	2,26,86,682	Nil	

5 **Earning per Share (Accounting Standard – AS 20)**

Basic and diluted earning per share (EPS) computed in accordance with the accounting standards (AS-20)

Particulars	As at 30 <sup>th</sup> Sept 2006	2005-06
Basic		
Profit After Tax (Rs. in Lacs)	1198.48	978.40
Weighted Average No. of Shares	17957198	30,60,685
<b>Basic EPS</b>	6.67	30.27

6 **Deferred Tax Assets and Liabilities (Accounting Standard – AS 22)**

Deferred Tax Liability / (Asset) at the year end comprise timing difference on account of :

	As At 30/09/2006 Rs. in Lacs	As at 31/03/2006 Rs. in Lacs
Depreciation	43.36	456.26
Expenditure / Provisions allowable	Nil	7.84

The Company claims exemption under section 80IB of the Income Tax Act, 1961 (IT Act) for a period of 5 years commencing from the year ended March 31, 2003 for its unit at Daman and from the year March 31, 2002 and is currently liable to pay tax under section 115JB of the IT Act. The Company has, in accordance with the Accounting Standards 22 – Accounting for Income, issued by the ICAI, recognized a deferred tax liability of Rs. 15,84,373 in respect of timing differences arising on account of depreciation of fixed assets reversing after the expiry of the tax holiday period.

7 **Details of Movements in Provisions in Accordance with Accounting Standard 29**

During half year ended September 30, 2006

Particulars	Opening as on 01.04.2006 (Rs.)	Provision / Additions made during the year (Rs.)	Provisions Reversed/ Adjusted	Closing as on 30.09.2006 (Rs.)
Taxation	1,22,16,374	1,63,14,969	Nil	2,85,31,343
Other Provisions	7,84,000	19,25,116	Nil	27,09,116

Out flow in respect of above provisions, both timing and certainty would depend on developments / outcome of these events.

8. This is the first instance when the Company has prepared interim financial statements. In accordance with the transitional provisions specified in the Accounting Standard 25, Interim Financial Reporting (AS 25) the Company is not required to give the comparative figures for the profit and loss account and related notes and the cash flow statement for the half year ended September 2006. As required by AS 25 the comparative figures for all balance sheet items and related notes are those of the last audited financial statements viz. as at March 31, 2006. Previous year's figures have been regrouped / reclassified wherever necessary.

## Annexure -5

### Statement of Cash Flow from the Restated Financial Statement

(Rs. in Lacs)

	Particular	Current Year (Rupees)		Previous Year (Rupees)	
A	Cash Flow From Operating Activities				
	Profits before prior period items, Tax & after		1,384.02		1,182.87
	Extraordinary Items				
	Add:				
	Depreciation	49.94		65.41	
	Depreciation on account of acquisition			21.11	
	Interest Expenses	271.27		361.89	
	Prior Period Adjustments			0.32	
			321.22		448.73
	<b>Operating Profit before working Capital Changes</b>		<b>1,705.24</b>		<b>1,631.59</b>
	Working Capital Changes				
	(Increase)/Decrease in Inventories	(645.01)		(1,795.55)	
	(Increase)/Decrease in Debtors	(2,117.24)		(2,454.91)	
	(Increase)/Decrease in Other Current Assets	(126.47)		(524.44)	
	Increase/(Decrease) in Trade Payables	1,284.32		1,106.95	
	(Increase)/Decrease in Working Capital		(1,604.40)		(3,667.95)
					-
	<b>Cash Generated from Operating Activities</b>		<b>100.84</b>		<b>(2,036.36)</b>
	Interest Paid	(271.27)		(361.89)	
	Tax Paid	(169.71)		(104.02)	
	Deferred Tax	(15.84)		(139.76)	
			(456.83)		(605.67)
	<b>Cash Used (-)/(+) generated for operating activities (A)</b>		<b>(355.99)</b>		<b>(2,642.03)</b>
B	Cash Flow From Investing Activities				
	Purchase of Fixed Assets	(1,316.00)		(1,773.38)	

(Rs. in Lacs)

	Particular	Current Year (Rupees)		Previous Year (Rupees)	
	Extraordinary Items			(3.17)	
	Miscellaneous Assets	(91.05)			
	Purchase of Investments including investment in subsidiaries	3.00		(4.64)	
	<b>Net Cash Used in Investing Activities ( B )</b>		<b>(1,404.05)</b>		<b>(1,781.19)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>				
	Proceeds from Share Capital	2,170.40		600.00	
	Deferred Tax Liability Net	15.84		139.76	
	Deferred tax Liability Net on account of acquisition			11.18	
	Effect of Amalgamation of Atlanta Vinyl Private Limited			40.22	
	Effect of acquisition			731.63	
	Proceeds from Long Term borrowings	95.65		920.00	
	Proceeds from Short Term borrowings	524.74		2,355.56	
	<b>Net Cash Used in Financing Activities ( C )</b>		<b>2,806.64</b>		<b>4,798.36</b>
<b>D</b>	<b>Net Increase (+)/ Decrease (-) in cash and cash equivalent ( A+B+C)</b>		<b>1,046.59</b>		<b>375.14</b>
	Cash and Cash Equivalent Opening Balance		416.08		40.94
	Cash and Cash Equivalent Closing Balance		1,462.67		416.08

## Annexure – 6

### Mandatory Accounting Ratios

Particulars	30.09.2006	31.3.2006
Earning Per Share (EPS) (Rs.)	6.67	31.97
Return On Net Worth (%)	20.86	39.66
Net Asset Value Per Share (Rs.)	60.36	127.76

2.  $EPS = a/b$

Return on Net worth =  $a/c$  %

Net Asset Value per Share =  $d/b$

a. Net Profit after Tax

b. No. of Equity Shares

c. Net Worth = Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

d. Net Assets value = Fixed Assets + Capital Work in Progress + Net Current Assets / No. of Equity Shares





## Annexure – 11

### Capitalization Statement

(Rs. in Lacs)

Sr. No.	Particular	30.09.06	31.03.06
1	<b>Borrowings</b>		
	<b>Secured</b>		
	Short Term Debts	3,198.14	2,670.87
	Long Term Debts	1,534.61	1,438.96
	Unsecured Debts	196.75	199.29
	<b>Total Borrowings</b>	<b>4,929.51</b>	<b>4,309.11</b>
2	<b>Shareholder's Fund</b>		
	Equity Share Capital	1,944.89	751.00
	Reserve & Surplus	3893.95	987.35
	Less: Miscellaneous Expenditure to the extent not written off	(94.21)	-
	<b>Total Shareholder's Fund</b>	<b>5,744.63</b>	<b>1,738.35</b>
3	<b>Debt Equity Ratio</b>	<b>0.86</b>	<b>2.48</b>

## Annexure – 12

### DETAIL OF SECURED LOAN

SECURED LOANS	30 <sup>th</sup> September 2006	31 <sup>st</sup> March 2006
Term Loans from Banks	1,534.61	1,438.96
Cash Credit with Banks	3,108.63	2,576.53
Vehicle Loans	89.51	94.34
<b>TOTAL</b>	<b>4,732.75</b>	<b>4,109.83</b>

- iv. Term Loan are secured by way of first charge on pari passu basis on all immovable properties (both present and future) together with second charge on all movable assets (both present and future) of the Company. The term loans are also secured by personal guarantee of chairman & Managing director, namely Mr. Sudip Dutta
- v. The working capital loans are secured by way of hypothecation (both present and future) of stock of raw material / component, spares, stock in process, finished goods and book debts and a second charge on all immovable properties (both present and future) of the Company. The working capital loans are also secured by personal guarantee of chairman & Managing director, namely Mr. Sudip Dutta
- vi. Vehicle loans are secured by hypothecation of Vehicles purchased.

Nature of Borrowing / Debt	Date of Repayment (in relation to outstanding amounts)	Nature of Facility	Interest Rate (In relation to Outstanding amounts)	Security
Fund Based	12 months - On Demand  12 Months - On Demand  12 Months - On Demand	<b>Cash Credit</b> Daman Unit - SBI - PNB under consortium Goa Unit - SBI - SVCB under multiple banking <b>Cash Credit</b> - BOB - HDFC Bank - SVCB under consortium	11.00% 12.75%  12.75% 12.50%  10.00% 10.00% 11.00%	First Charge by way of Hypothecation of entire goods, movable and other assets, present and future, on pari pasu basis  First Charge by way of Hypothecation of entire goods, movable and other assets, present and future  First Charge by way of Hypothecation of entire goods, movable and other assets present and future and extension of charge on immovable properties at Goa, Vasai, Daman and Baddi.
Term Loan	10/11/2009  10/04/2012  25/05/2009 10/03/2011  10/11/2008  31/08/2010  July 2010 May 2011	SBI (1) Daman Unit  SBI (2) Daman Unit  PNB Daman Unit  SBI Goa Unit  SVC (1) Goa Unit  SVC (2) Goa Unit  Term Loans - BOB - SVCB	11.50%  11.50%  13.25%  12.75%  13.00%  13.00%  10.00% 11.00%	First Charge by way of Hypothecation of the entire Fixed assets goods, movable and other assets present and future  First Charge by way of Hypothecation of the Coating Line goods, movable and other assets present and future  Second Charge on all fixed Assets  First Charge on Coating Machine  - First Charge by way of Hypothecation of the all Fixed assets goods, movable and other assets present and future  Second Charge on Coating Machine  First Charge by way of equitable mortgage of immovable properties at Goa, Vasai, Daman and Baddi and hypothecation of the entire Fixed assets goods, movable and other assets present and future
Non Fund Based	Usance Max 120 Days - On Demand  Usance Max 120 Days - On Demand	Foreign Letter of Credits  Daman Unit - SBI - PNB		Hypothecation of material procured under the L/c, First Charge on all Current Assets  Hypothecation of material procured under the L/c, First Charge on all

Nature of Borrowing / Debt	Date of Repayment (in relation to outstanding amounts)	Nature of Facility	Interest Rate (In relation to Outstanding amounts)	Security
	Usance Max 90 Days - On Demand	Goa Unit - SBI		Current Assets
	Sight/ Usance upto 90 Days	Daman Unit II - ICICI Bank Inland/ Foreign Letter of Credits -BOB		Hypothecation of Capital Goods procured under the L/c, Exclusive first Charge on all Assets of unit II at Daman  Hypothecation of material procured under the L/c, First Charge on all Current Assets

### Annexure – 13

#### DETAIL OF CONTINGENT LIABILITIES

- a) Guarantees: - The Company has given guarantee to the electricity supply undertakings aggregating to Rs 18.53 Lacs (31<sup>st</sup> March 2006, Rs. 30.43 Lacs)
- b) The Company is under obligation under the EPCG scheme to export Aluminium Foil / Rigid PVC film. The contingent liability under the guarantee amounted to Rs 3,322.83 Lacs, (March 2006, Rs. 312.15 Lacs)

### Annexure – 14

#### STATEMENT OF TAX SHELTERS

	(Rs. In Lacs)
<b>Particulars</b>	<b>30.09.06</b>
Tax Rate	33.66
Net Profit before Tax & Extra Ordinary items	1384.02
Tax at Notional Rate	465.86
<b>Adjustment:</b> Deduction u/s 80 IB	1208.73
Difference between Depreciation (as per I. T. Act less Book Depreciation)	43.37
Others	Nil
Unabsorbed depreciation	Nil
<b>Total (A)</b>	<b>1252.10</b>
<b>Permanent Differences</b>	Nil
Deduction U/Sec. 10 B	Nil
<b>Total (B)</b>	Nil
<b>Net Adjustment (A+B)</b>	<b>1252.10</b>
Tax Saving thereon	421.46
Total taxation (C)	44.40
Taxation on extra ordinary items	Nil
Taxable income as per provisions of MAT	1384.02
Tax Payable as per provisions of MAT (D)	150.85
Net Tax payable as per I. T. Returns (higher of C or D above)	150.85

**Annexure - 15**

There have been no qualifications in the Audit Report for the preceding years / periods

**Annexure - 16**

**Effect of change in Accounting Policy**

During the year 2005-06, AS 22 on Accounting of Taxes on Income became applicable to the Company pursuant to which a deferred tax liability was recognised as of March 31, 2006. The Financial statements have been restated to the extent of deferred tax liability existing as on March 31, 2005 to make the statement comparable.

There has been no change in the accounting policy of the company during the preceding years / periods.

**Annexure - 17**

**Statement of Loans & Advances**

Particulars	30.09.2006	31.03.2006
<b>Unsecured Considered Good</b>		
Loans & Advances	25.83	26.83
Advance to Suppliers	361.49	333.77
VAT Receivable	72.34	36.08
Interest accrued on FD	25.97	4.20
Advance Tax	86.78	59.14
<b>Deposits</b>		
Deposit with Central Excise	0.52	1.41
Cenvat Credit	108.29	93.47
Others	9.65	9.50
<b>Total</b>	<b>690.87</b>	<b>321.9</b>

**Declaration:**

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of the Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Red Herring Prospectus.

It is confirmed that the financials of our company and the consolidated financial statements have been disclosed as per SEBI (DIP) Guidelines.

## OUR SUBSIDIARY

Flex Art Foil Private Limited (FAFPL), incorporated on 31<sup>st</sup> August 2005 with its registered office at D-3/9, Corlim Industrial Estate, Corlim, Goa, was promoted by our Promoter, Mr. Sudip Dutta. FAFPL was formed with the main objective of taking over the running business of three partnership firms viz. Flex Art Goa, Sushmit Packaging, Aditya Foils and one proprietorship concern viz. Flex Art (Vasai). The businesses of these entities have been taken over with effect from 1<sup>st</sup> April 2005. Accordingly the transactions of Flex Art Goa, Sushmit Packaging, Flex Art (Vasai) and Aditya Foils at Baddi for the period 1<sup>st</sup> April 2005 to 30<sup>th</sup> August 2005 have been recognized in the books of account of FAFPL as on the date of incorporation i.e. 31<sup>st</sup> August 2005. The net results of these transactions have been recognized as Capital Profits. The gross sales during the period 1<sup>st</sup> April 2005 till 30<sup>th</sup> August 2005 were Rs. 1,553.56 Lacs.

While taking over the running business of all the above concerns, only immovable properties of all these concerns were valued by Kishore H. Parkar Consultancy Services Private Limited, Approved Government Valuer, vide their respective valuation reports, all dated 2<sup>nd</sup> September 2005. The valuations were based upon the then existing conditions, information furnished by the owner, rates obtained from adjoining buildings and the real estate agents. The respective calculations of the said valuations of immovable properties of all the concerns are mentioned hereunder:

Name of the Concern	Calculations as per Valuation Report (Rs. in Lacs)	Calculations considered for Acquisition (Rs. in Lacs)
Flex Art Goa	29.00	20.50
Sushmit Packaging (Nani Daman)	132.50	115.00
Aditya Foils (Baddi, Himachal Pradesh)	59.43	60.00
Flex Art (Vasai)	40.00	20.00

All other assets and liabilities were taken over at book value.

The respective partners of the above partnership firms are mentioned hereunder:

Name of the Concern	Proprietor/Partners
Flex Art (Vasai)	Mr. Sudip Dutta
Sushmit Packaging (Nani Daman)	Mr. Sudip Dutta Mrs. Aarti Dutta
Flex Art Goa (Corlim, Goa)	Mr. Sudip Dutta Mrs. Aarti Dutta Mr. Pranay R.
Aditya Foils (Baddi, Himachal Pradesh)	Mr. Sudip Dutta Mrs. Aarti Dutta Mr. Pranay R.

All these entities were engaged in the business of printing aluminium foils based packaging products. Our Promoter, Mr. Sudip Dutta was the managing partner of all three-partnership firms and was the proprietor of Flex Art (Vasai).

FAFPL has been made wholly owned subsidiary of our Company w.e.f. 31<sup>st</sup> March 2006 and accordingly entire equity share capital is held by our Company.

The Board of Directors of Flex Art Foil Private Limited is as under:

Sr. No.	Name	Designation
1	Mr. Sudip Dutta	Non Executive Chairman
2	Mrs. Aarti Dutta	Whole Time Director
3	Mr. Ajoy Malhotra	Non Executive Director
4	Mrs. Vinaya Desai	Non Executive Director
5	Mr. Gautam Mukherjee	Independent Director

As on 31<sup>st</sup> October 2006, Flex Art Foil Private Limited has about 179 employees. The detailed break-up of employees of Flex Art Foil Private Limited is mentioned hereunder:

Description	Total
Management Cadre	11
Officers	15
Clerks/Supervisors	22
Workers	131
<b>Total</b>	<b>179</b>

#### Financial Performance (Audited):

(Rs. in Lacs)

Particulars	31.08.05 to 31.03.06
Gross Sales	3,889.17
Total Income	3,562.33
Profit After Tax	570.40
Share Capital	400.00
Reserves (excluding Revaluation Reserves)	731.63*
Net Worth	1,128.46
Earnings Per Share	13.28
Net Asset Value	71.80

\*Includes pre-incorporation profit of Rs. 161.23 Lacs for the period 1<sup>st</sup> April 2005 to 30<sup>th</sup> August 2005, which is treated as capital reserve.

We here by confirm that our Company, our wholly owned subsidiary, our Promoter or our directors are not in any manner associated with Flex Industries Limited.

FAFPL has not made any public issue of its shares.

FAFPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

FAFPL has been incorporated on 31<sup>st</sup> August 2005 and has not made any loss in the year 2005-06.

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There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the FAFPL.

The aluminium foil based packaging products manufactured by our Company are used as raw material by FAFPL. Accordingly, our substantial output is sold to FAFPL, which prints on the aluminium foil based packaging products as per the customer specification. For further details about these transactions, please refer to the section titled "Related Party Disclosures" starting on page 125 of this Red Herring Prospectus.

#### **CHANGES IN ACCOUNTING POLICIES DURING RECEDING THREE YEARS**

There has been no change in the accounting policy of our Company during the preceding years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE RESTATED FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page 10 of this Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and, unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI guidelines. Our Fiscal ends on March 31 of each year.

### OVERVIEW

Our Company was incorporated as a Private Limited Company in the name of Ess Dee Aluminium Private Limited on 10<sup>th</sup> February 2004 under the Companies Act, 1956 in the Union Territory of Daman & Diu. The promoter of our Company is Mr. Sudip Dutta. Subsequently, our Company was converted into a Public Limited Company on 14<sup>th</sup> June 2006 and the name was changed to Ess Dee Aluminium Limited.

We are in the business of cold rolling of aluminium "foil stock" to aluminium foil, which is further converted into "printers stock" through the process of lamination for strip pack or coating for blister pack. We also manufacture thermoforming poly vinyl chloride films (Rigid PVC films) as well as PVdC coated PVC barrier thermoforming films for blister packaging. Our wholly owned subsidiary, Flex Art Foil Private Limited, is engaged in subsequent conversion of "printers stock" to customized size and printing to proprietary designs. Our objective is to provide packaging solutions to pharmaceutical end users.

We provide end-to-end packaging solutions to the pharmaceutical sector and continuously strive to cater to the ever-growing needs of this sector, worldwide.

Currently, we are operating from the two units one at Daman and another one at Goa. We also have a wholly owned subsidiary, namely Flex Art Foil Private Limited (FAFPL), which is in the business of printing aluminium foil based packaging products. FAFPL has four units across the country located in proximity to the pharmaceutical manufacturing hubs, which helps us in satisfying location specific customer requirements.

Further, we propose to set up a new unit (Unit III) at Daman for the manufacture of aluminium foil based packaging products to enhance our product portfolio and industry reach (Pharmaceutical extending into food and FMCG packaging products).

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Except as stated about DMF Registration with US FDA for Type III Pharma Packaging on page 58 of this Red Herring Prospectus, availment of new Advance/ EPCG Licences as mentioned under section titled "Export Possibilities and Export Obligations" on page 90 of this Red Herring Prospectus, after the date of last balance sheet i.e. 31<sup>st</sup> March 2006, our Company has made a Bonus issue of 95,58,182 Equity Shares in the ratio of 14:11. Our Company has also issued 23,80,705 Equity Shares at premium aggregating Rs. 2,170.40 Lacs. Further State Bank of India has sanctioned a term loan of Rs. 500 Lacs vide their letter dated 22<sup>nd</sup> September 2006 and ICICI Bank has sanctioned a term loan of Rs. 1,800 Lacs vide their letter dated 4<sup>th</sup> September 2006. 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 44 of this Red Herring Prospectus

### FACTORS AFFECTING OUR OPERATING RESULTS

Our financial condition and results of operations are affected by numerous factors including the following:

**General economic and business conditions:** The demand for our products is dependent on general economic conditions in the country. Our manufacturing operations would be affected by any adverse change in the Government Policies, Rules & Regulations.

**Demand:** The demand for our products is predominantly from pharmaceutical companies. We have expanded our customer base in national market. The prospects and earnings growth of the customers and industries will have an impact on our ability to generate sales.



**Competition:** Selling prices of our products may be affected if competition intensifies. Further, as a result of increased capacity of production, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

**Capacity:** We are currently expanding our capacity for production. Our ability to fulfil larger orders will depend upon our ability to complete our expansion plans as scheduled. We believe that the scale of our production, and lower per unit operating costs due to economies of scale, will give us an edge over our competitors.

**Raw Materials Prices:** Raw materials constitute a major portion of our total expenses. Our key raw material for aluminium foil is aluminium foil stock, which is imported from Bahrain. Changes in Aluminium Metal price at LME have effect on our pricing with our Customers.

**Interest Rate Risk:**

Increase in operations would require additional working capital. A close monitoring of receivables and timely and orderly liquidation of inventory helps in reducing the working capital requirements. If we are required to finance our operations by raising working capital borrowings, at fixed /floating rates of interest our cost of servicing such debt will increase, thereby adversely impacting our results of operations, planned capital expenditures and cash flows. Our profits will also be impacted by interest rate variation.

**Level of Inventories:**

In any Fiscal, if the Inventory exceeds 37 days of raw-material consumption, our results of operation are likely to be affected. The inventory levels depend upon orders in hand, anticipated order, expected price of raw-material etc. Any delay in liquidation of inventories, will directly affect our liquidity position. We may then have to resort to increased borrowings for our working capital requirements, which may exert further pressure on outgo towards interest thereby reducing our profits.

**Sundry Debtors /Recovery of receivables:**

Our sales are either secured by letter of credit or we extend credit lines that range from 90 days to 120 days to our customers. Any delay in the recovery of such outstanding receivables, may affect our results of operation, as we may then have to resort to increased borrowings for our working capital requirements, which may further exert pressure on outgo towards interest thereby reducing our profits.

## CRITICAL ACCOUNTING POLICIES

Accounting policies are particularly important because of their significance to the financial statements. Our significant policies are more fully described under notes to the audited restated financial statements under section titled "Financial Statements" on page 113 of the Red Herring Prospectus. Critical accounting policies are those that are important to both the portrayal of the financial condition and the results of operations and which also require management's judgement. In order to provide an understanding about how management forms its judgement about the most appropriate accounting policy to be followed for complex transactions and future events, we have identified the following critical accounting policies.

Our Accounts are prepared under historical cost convention, on accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act.

**Fixed Assets:** Fixed assets are recorded at cost of acquisition inclusive of freight, duty and taxes and incidental expenses related to acquisition.

**Depreciation:** Depreciation is being charged on fixed assets on the written down value method in accordance with the provisions of schedule XIV of the companies Act 1956.

### Inventories

- i) Stores and spares are valued at cost on a first in first out basis.
- ii) Raw materials are valued at cost on a specific identification basis.
- iii) Work-in-Progress is valued at cost, which includes cost of conversion and other costs incurred in bringing it to its present location and condition.

## **Borrowing Cost**

Borrowing cost directly attributable to the acquisition of or construction of fixed assets is capitalized as part of the cost of the asset upto the date the asset is put to use. Other borrowing costs are charged to the profit & loss account in the year in which they are incurred.

## **SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE:**

### **INCOME**

100% of our income as referred to in this section is from sale of aluminium foils and PVC, based packaging products which consists of the following:

- (i) Export Sales: this constitutes income from export sales of aluminium foils and PVC based packaging products (FOB value).
- (ii) Exchange difference: this includes exchange rate difference on export and import at the time of settlement of each transaction.
- (iii) Other income: this includes, interest on margin money, discount received. Etc

### **EXPENDITURE**

Our expenditure consists of the following:

#### **Raw Material**

Consumption of aluminium foilstock is the single largest cost component besides purchase of ancillary products.

#### **Staff Cost**

Comprises of employee costs (salary, wages and bonus, contribution to provident fund, other funds, and staff welfare) and managerial remuneration.

#### **Other Manufacturing Expenses**

Comprises of cost of tools, stores and spares consumed, power, fuel and water charges, repairs and maintenance.

#### **Administrative Expenses**

These consist of repairs and maintenance [machinery, building and others], rent, rates and taxes, legal and professional charges, printing and stationery, membership and subscription, insurance, travelling and conveyance, communication expenses, auditors remuneration [audit fees, tax audit fees, taxation & other matters], software expenses written off, loss on sale of assets, donation and miscellaneous expenses.

#### **Selling and Distribution Expenses**

Selling and distribution expenses consist of brokerage and commission, clearing and transportation charges, expenditure relating to advertisement and business promotion activity as well as freight commission to forwarding agent and commission for procuring orders.

#### **Interest and Financial Charges**

Interest includes of interest on short-term loan taken towards our working capital facility that consist of primarily cash credit. Bank charges include bank commission on export and import, courier and postage charges, telex and swift charges, LC charges and bank guarantee charges.

#### **Provision for Taxation:**

Our provision for taxation comprises of current tax, deferred tax, wealth tax and fringe benefit tax

**Current Tax:** Tax benefits are available to both the units located at Daman and Goa. Current tax is computed on the profits earned by the units. Corporate tax is generally payable by Indian companies to Government of India under the Income Tax Act

at the prescribed rates for the respective Fiscal. Currently, the net corporate tax is 33.66%, which includes a surcharge, and education cess.

**Wealth Tax:** Wealth tax is on account of vehicles purchased by our Company for official use of the executives.

**Deferred Tax:** Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

**Fringe Benefit Tax (FBT):** FBT is applicable on perquisites and or privileges given to the employees.

### **Performance for the half year ended 30<sup>th</sup> September 2006**

#### **Results of Operation as a % of Income**

	(Rs. in Lacs)	
Period (in months)	6 Months	% of Income
<b>Income</b>	<b>4,800.46</b>	<b>100.00%</b>
Expenditure excl. Depreciation and Interest	3,573.93	74.45%
Depreciation	37.49	0.78%
Interest	167.25	3.48%
<b>Profit before tax and extraordinary items</b>	<b>1,021.79</b>	<b>21.29%</b>
Taxes	125.59	2.62%
<b>Profit after Tax but before Extra-ordinary Items</b>	<b>896.20</b>	<b>18.67%</b>

#### **Expenditure**

(Rs. in Lacs)

Particulars	Amount	% of Income
Cost of Goods Sold	2,942.72	61.30%
Other Manufacturing Expenses	244.86	5.10%
Staff Cost	201.51	4.20%
Administrative, Selling & Other Expenses	184.84	3.85%
Depreciation	37.49	0.78%
Interest	167.25	3.48%
<b>Total</b>	<b>3,778.67</b>	<b>78.71%</b>

We recorded total expenditure Rs. 3,778.67 Lacs for the six period ended March 31st 2006. Cost of goods sold constituted 61.30% of the Income. The staff cost, manufacturing, administrative, selling & other expenses constituted 4.20%, 5.10%, 3.85% respectively of the Income for the period ended September 30<sup>th</sup> 2006.

#### **Sales**

The Gross Sales for the period ended 30<sup>th</sup> September 2006 was Rs. 5,337.64 and Net Sales were 4,766.08. The contribution of aluminium foil based packaging products to the above sales figure is Rs. 3,448.50 Lacs and PVC based packaging products business is Rs. 1,317.58 Lacs.

**Interest and Financial charges:** We incurred interest of Rs.167.25 Lacs for the period ended September 30<sup>th</sup> 2006. For the corresponding period ending 31<sup>st</sup> March 2006 interest were Rs361.89 Lacs

**Depreciation:** We incurred depreciation cost of Rs. 37.49 Lacs.

**Taxes:** Provision for tax includes current tax and deferred tax liabilities. For the period ended September 30<sup>th</sup> 2006 the current tax liability is Rs.104.44lacs, Fringe Benefit Tax Rs. 10.72lacs, wealth tax - Rs.0.55 lac and deferred tax - Rs.9.88 Lacs.

**Net Profit:** For the reasons stated above, our Profit before Taxes were Rs. 1,021.79 Lacs for the period ended 31<sup>st</sup> September 2006. We recorded Net Profit of Rs.896.20 Lacs. Our net Profit Margin stood at 18.67 %.

**Gross Sales of Our Company along with Subsidiary:**

Particulars	(Rs. in Lacs)	
	Period ended 30 <sup>th</sup> September 2006	Year Ended 31 <sup>st</sup> March 2006
Ess Dee Aluminium Limited	5,337.64	7,167.02
Flex Art Foil Private Limited		
- Pre Incorporation		1,553.56
- Post Incorporation	3,005.76	3,889.16
<b>Total</b>	<b>8,343.40</b>	<b>12,609.74</b>
less: Inter Company Transactions	1,855.69	4,144.76
<b>Net of Inter Company Transactions</b>	<b>6,487.71</b>	<b>8,464.98</b>

**Comparison of F.Y. 2006 and F.Y. 2005**

**Results of Operation as a % of Income**

Particulars	(Rs. in Lacs)				
	Period (in months)	FY 2006		FY 2005	
	12	% of Income	10.02.04 to 31.03.05	% of Income	
<b>Income</b>	<b>6,353.87</b>	<b>100.00</b>	<b>819.70</b>	<b>100</b>	
Expenditure excl. Depreciation and Interest	4,743.70	74.66	746.99	91.13	
Depreciation	65.41	1.03	11.45	1.40	
Interest	361.89	5.70	52.54	6.41	
<b>Profit before tax and extraordinary items</b>	<b>1,182.87</b>	<b>18.62</b>	<b>8.72</b>	<b>1.06</b>	
Taxes	204.79	3.22	39.99	4.88	
<b>Profit after Tax but before Extra-ordinary Items</b>	<b>978.08</b>	<b>15.39</b>	<b>(31.27)</b>	<b>(3.81)</b>	
Tax adjustment for earlier years	0.32	0.01	0	0.00	
<b>Net Profit after extraordinary items</b>	<b>978.4</b>	<b>15.40</b>	<b>(31.27)</b>	<b>(3.81)</b>	

## **Financial review:**

### **Income**

(Rs. in Lacs)

Particulars	FY 2006		FY 2005	
	Amount	% of Income	Amount	% of Income
Sales				
Domestic (Net)	5,947.53	93.60	808.27	98.61
Exports	299.27	4.71	11.29	1.38
Other Income	107.06	1.68	0.13	0.02
<b>Total Income</b>	<b>6,353.86</b>	<b>100.00</b>	<b>819.69</b>	<b>100.00</b>

We recorded Income of Rs. 6,353.86 Lacs for the period ended 31<sup>st</sup> March 2006. Sales constituted 98.32% of our Income. The increase in the Income is primarily on account of increase in sales of our finished product to our clients. The other income contributed about 1.68% of our Income.

### **Expenditure**

(Rs. in Lacs)

Particulars	FY 2006		FY 2005	
	Amount	% of Income	Amount	% of Income
Cost of Goods Sold	3,703.98	58.29	480.47	58.62
Staff Cost	229.37	3.61	36.04	4.40
Other Manufacturing Expenses	586.38	9.23	213.34	26.03
Administrative, Selling & Other Expenses	223.97	3.52	17.14	2.09
Depreciation	65.41	1.03	11.45	1.40
Interest	361.89	5.70	52.54	6.41
<b>Total</b>	<b>5,171.00</b>	<b>81.38</b>	<b>810.98</b>	<b>98.94</b>

We recorded total expenditure Rs. 5,171.00 Lacs for the period ended March 31<sup>st</sup> 2006. Cost of goods sold constituted 58.29% of the Income. The staff cost, manufacturing, administrative, selling & other expenses constituted 3.61%, 9.23%, 3.52% respectively of the Income for the period ended March 31<sup>st</sup> 2006.

**Interest and Financial charges:** We incurred interest of Rs.123.95 Lacs and financial charges of Rs. 89.74 Lacs for the period ended 31<sup>st</sup> March, 2006. For the corresponding period ending 31<sup>st</sup> March 2005 interest were Rs.50.33 Lacs and financial charges of Rs.2.21 Lacs.

**Depreciation:** We incurred depreciation cost of Rs. 65.41 Lacs.

**Taxes:** Provision for tax includes current tax and deferred tax liabilities. For the period ended March 31<sup>st</sup> 2006 the current tax liability is Rs.99.61lacs, Fringe Benefit Tax -Rs. 3.41lacs, wealth tax - Rs.1.00 lac and deferred tax - Rs.100.77 Lacs.

**Net Profit** For the reasons stated above our Profit before taxes were Rs.1182.87 Lacs for the period ended March 31<sup>st</sup> 2006. We recorded net profit of Rs.978.40 Lacs. Our net Profit Margin stood at 15.66 %.

## **Review of Sales and Profit**

The net sales have increased from Rs. 819.57 Lacs in Fiscal 2004 to Rs. 6246.80 Lacs in Fiscal 2005 showing a growth of 662 %. The contribution of aluminium foil based packaging products to the above sales figure is Rs. 4359.35 Lacs and PVC based packaging products business is Rs. 1887.45 Lacs.

The Profit before tax (PBT) has increased from Rs. 8.72 Lacs in Fiscal 2004 to Rs. 1182.87 Lacs in Fiscal 2005. The contribution of aluminium foil based packaging products to the above profit figure is Rs. 919.06 Lacs and PVC business is Rs. 263.81 Lacs.

**Note:** The Aluminium foil based packaging products business pertains to the business of Ess Dee Aluminium Limited. The PVC business pertains to the business of erstwhile Atlanta Vinyl. Since Atlanta Vinyl is merged with our Company with effect from 1<sup>st</sup> April 2005, no further comparison has been done.

## **CASH FLOW**

### **OPERATING ACTIVITIES**

Net cash used in operating activities for the period ended 31<sup>st</sup> March 2006 was Rs. (604.95) Lacs, although our profit before depreciation, interest and taxation for the period was Rs.1610 Lacs. The difference is primarily on account of the increase in inventory, trade and other receivables were Rs. 431.73 Lacs and Rs.1927.16 Lacs respectively. The increase was partially offset by increase in trade payable of Rs. 1031.07 Lacs and increase in income tax paid 103.7 Lacs and increase in Interest by 361.89 Lacs.

Net cash used in operating activities for the period 10th February 2004 to 31st March 2005 was Rs. (332.87) Lacs although our Profit before depreciation interest and taxation was Rs. 8.72 Lacs. The difference is primarily on account of the increase in inventory, trade and other receivables were Rs. 369.86 Lacs and Rs.299.53 Lacs respectively. The increase was partially offset by increase in trade payable of Rs. 357.29 Lacs and increase in income tax paid 1.0 lac and increase in Interest by 52.54 Lacs.

### **INVESTING ACTIVITIES**

Our expenditure for investing activities primarily relates to the purchase of fixed assets comprising property, machines and equipments used in our manufacturing facilities, investments in subsidiary firm. Net cash used in investing activities amounted to Rs. (1549.89) Lacs for the period ended 31<sup>st</sup> March 2006 primarily on account of increase in fixed asset base at our Daman and Goa units. Our company has made investment for acquisition of the Equity Shares of Flex Art Foil Private Limited, making it a wholly owned subsidiary valued at Rs. 400 Lacs. Net cash used in investing activities for the period 10th February 2004 to 31st March 2005 and Fiscal 2005 were Rs. 810.74 Lacs and Rs. 1549.89 respectively.

### **FINANCING ACTIVITES**

Net cash provided by financing activities amounted to Rs.2320.06 Lacs for Fiscal 2005, comprising of Rs.1540.07 Lacs of borrowings, Rs.600 Lacs from issue of share capital the balance Rs.40.22 on account of amalgamation with Atlanta Vinyl Private Limited.

Net cash provided by financing activities amounted to Rs. 1184.55 Lacs for the period 10th February 2004 to 31st March 2005, comprising Rs. 1033.55 of borrowings, Rs.151.00 Lacs from issue of share capital.

### **Indebtedness**

Our working capital requirements are arranged through consortium of public sector & Scheduled banks. The lead bank assesses our working capital requirements annually. For Fiscal 2005, the consortium had sanctioned fund-based limits (primarily in the form of cash credit) of Rs. 1265 Lacs. As on 31<sup>st</sup> March 2006, the balance available for working capital loans in the form of fund based facilities of Rs.1249.89 Lacs.

### ***Planned Capital Expenditures***

Our capital expenses for the period 10th February 2004 to 31st March 2005 and 2005-6 was Rs. 810.24 Lacs and Rs. 427.61 Lacs (including CWIP of Rs 345.85 Lacs) respectively. The increase in capital expenditure was on account of our Daman unit, where capital expenses have been incurred on building, plant and machinery and furniture & fixtures. We intend to increase our

Capacity by adding additional Capacity at our Daman unit. For more information on our proposed capital expenditure, see "Objects of the Issue" beginning on page 44 of this Red Herring Prospectus.

## **Quantitative and Qualitative Disclosures about Market Risk**

### **Exchange Rate Risk**

Changes in currency exchange rates influence our results of operations. We report results in our financial statements in Indian Rupee. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

### **Interest rate risk**

Changes in interest rate risk could significantly affect our financial condition and results of operations. As of 31<sup>st</sup> March 2006, Rs. 2308.53 Lacs of our borrowing (Term loans & Cash Credit) were at float interest rate. If the interest rate for existing or future borrowings increases significantly, our cost of servicing such debt will increase. This may adversely affect our result of operations, planned capital expenditure and cash flows.

### **Inflation**

In recent years, although India has experienced significant fluctuation in inflation rates, inflation has not had any material impact on our business and results of operations. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, inflation in India was approximately 3.7%, 3.4%, and 5.4% in the Fiscal 2002, 2003 and 2004, respectively.

## **An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

### **Unusual or Infrequent Events or Transactions**

There have been no events or transactions, which may be described as "unusual" or "infrequent".

### **Significant Economic changes that materially affected or are likely to affect income from continuing operations**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

### **Known trends or uncertainties**

Except as described under heading "Factors Affecting Our Operating Results" appearing on page 150 of this Red Herring Prospectus, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

### **Future Changes**

Except as described under section titled "Risk Factors" beginning from page 10 of this Red Herring Prospectus, there are no such changes in relationship between costs and revenues, future increase in labour or material costs or prices that will cause a material change.

### **Increase in Sales**

Increase in the sales volume has been mainly due to introduction of new products, increased scale of operations and sales prices.

### **Total turnover of each major industry segment in which our Company operated**

Our Company is operating in one industry segment namely packaging industry. However, there are no published data available to our Company for total turnover of the packaging Industry.

### **Status of any publicly announced new products or business segment**

Except as stated under section titled "Objects of the Issue" and "Our Business" beginning from page 44 and 74 respectively of this Red Herring Prospectus, our Company has not announced any new product or segment.

**The extent to which business is seasonal**

The business of our Company is not seasonal in nature.

**Dependence on a single or few suppliers or customers.**

In Fiscal 2005 our top ten clients accounted for about 88% of sales. Accordingly, a larger order to our competitor, or to any of them could significantly affect our results of operations. Currently we are procuring our raw materials viz. aluminium foilstock from a single supplier, any delay in supplies may marginally affect the operations.

**Competitive conditions.**

There could be variation in our income on account of competitive conditions as described in the Red Herring Prospectus including those mentioned in "Factors Affecting Our Operating Results" on page 150 of the Red Herring Prospectus.



## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (l) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoter or companies promoted by our Promoter or our subsidiary and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter or Directors. Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company or our Promoter, Directors or companies promoted by the Promoter or our subsidiary by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s).

Outstanding litigations, defaults, etc. involving our Company, our Directors and past cases in which penalties imposed:

### **Cases filed by Our Company**

- A. **Sales Tax Cases:** Nil
- B. **Excise and Service Tax Cases:** Nil
- C. **Cases under Negotiable Instruments Act:** Nil

### **Cases against our Company**

- D. **Income Tax Cases:** Nil
- E. **Cases under Securities Laws:** Nil
- F. **Cases under the Workmen's Compensation Act, 1923:** Nil
- G. **Sales Tax Cases:** Nil
- H. **Customs Cases:** Nil
- I. **Cases under the Essential Commodities Act, 1955:** Nil
- J. **Excise and Service Tax Cases:** Nil
- K. **Civil Court Cases:**

Messer's Magoxy Flooring ("Magoxy") has filed a suit being Summary Suit No. 987 of 2006 in the High Court of Judicature at Bombay against Atlanta Vinyl Private Limited (now amalgamated with our Company with effect from 1st April 2005, in pursuance of the orders dated 31st March 2006 and 7th April 2006 of the Hon'ble High Courts at Goa and Mumbai respectively) for recovery of an amount of Rs. 3,81,843.65/- along with interest. In the matter, our Company had purchased oxycoloride flooring from M/s Magoxy for its Goa unit and in pursuance thereof, Magoxy raised invoices for a sum of Rs. 5,07,000/- and Rs. 2,90,799.65/- respectively, for supplying and installing the said flooring. Our Company had made a part payment of Rs. 4,15,956/- to Magoxy and the remaining amount is still outstanding. Accordingly, the Suit has been filed by Magoxy to recover the balance amount of Rs. 3,81,843.65/- along with interest @ 18% per annum amounting to Rs. 1,40,332.00. Our Company claims that the work executed by Magoxy had not been properly executed and accordingly further payments have not been made to Magoxy.

- L. **Criminal Cases:** Nil
- M. **Cases against the Directors:** Nil
- N. **Past cases in which penalties were imposed on Our Company and our Directors:** Nil
- O. **Outstanding litigations, defaults etc. against Promoter and Subsidiary Company:**

### Litigation relating to the Promoter

Our Promoter Mr. Sudip Dutta has filed an appeal before the Commissioner of Income Tax (Appeals) against the order passed by the Additional Commissioner of Income Tax u/s 143(3) of the Income Tax Act, 1961 for the AY 2003-2004. In the matter, the Additional Commissioner of Income Tax has considered the loan taken by Sudip Dutta, from one Mr. H. Carvalho aggregating Rs. 300,000/- as total income of Mr. Sudip Dutta u/s 68 of the Income Tax Act 1961, which has been challenged by Mr. Sudip Dutta on the ground that the said sum of Rs. 300,000/- is a genuine loan. The matter was finally heard by the Commissioner of Income-tax (Appeals) on 7th November, 2006. However, no orders have been passed by the Commissioner of Income-tax (Appeals) till date.

*As regards to our subsidiary company, there are no outstanding litigations.*

No litigations have arisen after the filing of the Draft Red Herring Prospectus with SEBI.

### AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS

The name of Small Scale Undertakings and Other Creditors to whom our Company owes a sum exceeding Rs. 1 Lacs which is outstanding more than 30 days, as on 31<sup>st</sup> March 2006 are as follows:

Sr. No.	Name of the Supplier	Amount (Rs. in Lacs)
1	Surya's Old Fort Plastics	26.37
2	Makewell Organics Private Limited	6.18
3	Kalong Packaging Private Limited	2.65
4	Samarth Plastic Industries	1.24
5	Rolex Packaging	1.11

### Material Developments since the Last Balance Sheet Date

Except as stated about availment of new Advance/ EPCG Licences under section titled "Export Possibilities and Export Obligations" on page 90 of this Red Herring Prospectus and progress in the implementation of the Project, which has been detailed under section titled "Objects of the Issue" beginning on page 44 of this Red Herring Prospectus, there has been no material developments since the last balance sheet date.

## GOVERNMENT AND OTHER APPROVALS

**Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business.**

Except for pending approvals as detailed herein, our Company can undertake all the present and proposed activities in view of the present approvals and no further approvals from any statutory body are required by our Company to undertake the present and proposed activities. We confirm that all the necessary approvals/ registrations/licences/permissions etc would be obtained.

### INVESTMENT APPROVALS

As per Notification No. FEMA/20/2000-RB of the Reserve Bank of India, dated May 3, 2000, as amended from time to time, our Company is allowed to Issue Equity Shares to NRIs / FIIs with repatriation benefits under automatic route.

### GOVERNMENT APPROVALS / LICENSES / PERMISSIONS

As certified by the Legal Advisor to the Issue, we have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies and we can undertake this Issue and our current and proposed business activities. No further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities except as mentioned herein.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

Our Company has received the following Government approvals / licenses / permissions:

Sr. No.	Nature of Registration/ License	Registration /License No.	Issuing Authority	Date
1	Certificate of Incorporation	U27203DD2004PTC003385	Registrar Of Companies, Goa Daman & Diu.	10.02.06
2	Fresh Certificate of Incorporation upon change in name	U27203DD2004PLC003385	Registrar Of Companies, Goa Daman & Diu.	14.06.06
3	Permanent Account Number (PAN)	AABCE3113G	Govt. of India, Income Tax Department	10.02.04
4	Import Export Code	0304019194	Joint Director General of Foreign Trade	15.06.04
5	Local Sales Tax Registration	Daman Unit: DA/7597	Asst. Sales Tax Officer	21.07.04
		Goa Unit: PD-2297	Asst. Sales Tax Officer	17.01.03
6	Central Sales Tax Registration	Daman Unit: DA/CST/7037	Asst Sales Tax Officer, Daman.	19.07.04
		Goa Unit: PC/CST/1922	Asst Sales Tax Officer, Goa.	17.01.03
7	Excise Registration	Daman Unit: AABCE3113GXM001	Asst. Commissioner Central Excise Division, North Daman	23.07.04
		Goa Unit: AABCE3113GXM002	Asst. Commissioner Central Excise Division, Goa.	12.04.06

Sr. No.	Nature of Registration/ License	Registration /License No.	Issuing Authority	Date
8	Tax Deduction Account (TAN) Number	Daman Unit: MUME05284G	Govt. of India, Income Tax Department	07.08.04
		Goa Unit BLRE04349C	Govt. of India, Income Tax Department	01.04.06
9	Service Tax Registration	Daman Unit: AABCE3113GST001	Commissioner of Central Excise Division, Daman	18.04.05
		Goa Unit: GOA/ST/GTA/570/06-07	Commissioner of Customs and Central Excise, Goa	21.04.05
		Corporate Office: ST/MUM/DIV IV/ ISD/67/REG2005	Superintendent of Service Tax, Div IV, Mumbai	04.02.06
10	Professional Tax Registration	Corporate Office: PT/E/1/1/33/18/2544	Profession Tax Officer, Mumbai	03.10.05
		Corporate Office: PT/R//1/1/33/14445	Profession Tax Officer, Mumbai	24.02.05
11	Employees Provident Fund Registration	Daman Unit: GJ/VAPI/46459	Regional Provident Fund Commissioner, Daman	11.02.05
		Goa Unit: GOA/PF/11458	Regional Provident Fund Commissioner, Goa	22.12.03
12	Employee State Insurance Corporation Registration	Goa Unit: 32-2576-90	Deputy Director, ESIC, Regional Office, Goa	15.01.04
13	Industrial Approval	Daman Unit: 4555/SIA/IMO/2006	Ministry of Commerce & Industry, Govt. of India	18.08.06
		Goa Unit: 5310/SIA/IMO/2006	Ministry of Commerce & Industry, Govt. of India	26.09.06
		Daman New Unit: 5639/SIA/IMO/2006	Ministry of Commerce & Industry, Govt. of India	02.11.2006
14	Factory Licence	Daman Unit: 2760	Chief Inspector of Factories, Daman	16.11.05
		Goa Unit: GOA/1131	Chief Inspector of Factories, Goa	19.10.03
15	Air Pollution	Daman Unit PCC/DDD/O-1869/WA/BP/ 94-95/389	Pollution Control Committee, Daman, Diu & Dadra And Nagar Haveli	10.07.06
		Goa Unit: Air/86/2006	State Pollution Control Board, Goa	03.04.06
16	Water Pollution	Daman Unit PCC/DDD/O-1869/WA/ BP/04-05/388	Pollution Control Committee, Daman, Diu & Dadra And Nagar Haveli	10.07.06
		Goa Unit: Water/2161/2006	State Pollution Control Board, Goa	03.04.06

Sr. No.	Nature of Registration/ License	Registration /License No.	Issuing Authority	Date
17	Shops and Establishment Registration	Corporate Office: PN-II/009712	Inspector, Bombay Shops and Establishments.	03.05.06
18	Additional Place of Business	DMN/DIC/PMT/06-07/609	District Industries Centre	14.11.06
19	Establishment of New Industrial Undertaking	DMN/DIC/LSI/06-07/610	District Industries Centre	14.11.06
20	NOC for Additional Power	DMN/DIC/NOC/06-07/608	District Industries Centre	14.11.06

Applications for the following government / statutory approvals and licenses for our proposed manufacturing unit at Daman will be made in due course:

Sr. No.	Approval/Consent	Concerned Authority	Remarks
1	Factory License	Inspector of Factories	Will be applied on or before 31 <sup>st</sup> December 2006
2	Central Excise	Central Excise Department	Will be applied on or before 31 <sup>st</sup> December 2006
3	Local Sales Tax	Sales Tax Department	Will be applied on or before 31 <sup>st</sup> December 2006
4	Central Sales Tax	Sales Tax Department	Will be applied on or before 31 <sup>st</sup> December 2006
5	Pollution Control	Pollution Control Board	Will be applied on or before 31 <sup>st</sup> December 2006
6	Contract Labour	Labour Commissioner	Will be applied on or before 31 <sup>st</sup> December 2006
7	Power	Electricity Department, Daman	Will be applied on or before 31 <sup>st</sup> December 2006
8	Service Tax	Central Excise Department	Will be applied on or before 31 <sup>st</sup> December 2006
9	Consent to install DG Set	Electricity Department, Daman	Will be applied on or before 31 <sup>st</sup> December 2006
10	Consent to install DG Set under Air (Prevention and Control of Pollution) Act, 1981	Member Secretary, Pollution Control Committee, Daman & Diu	Will be applied on or before 31 <sup>st</sup> December 2006

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have pursuant to a resolution dated 15<sup>th</sup> June 2006 authorized this Issue subject to approval by the shareholders of our Company. The shareholders of our Company have approved this Issue under section 81(1A) of the Act by a Special Resolution passed at our Extra Ordinary General Meeting held on 10<sup>th</sup> November 2006.

### Prohibition by SEBI

Our Company, our Promoter, our Directors, our subsidiary company and companies with which our directors are associated as directors or Promoter, has not been prohibited from accessing the capital market under any order or directions passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

Further, our Company, our Promoter, his relatives, our subsidiary company and our Directors have not been declared as wilful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

### Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

Clause 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of net offer to public being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The "Project" has at least 15% participation by Financial Institutions/ Scheduled commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

And

(b) (i) The minimum post-issue face value capital of our Company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"

**We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.**

**We are complying with Clause 2.2.2 (a) (i) of the SEBI (DIP) Guidelines and at least 50% of the Net Issue to Public will be allotted to QIB Bidders and in the event we fail to do so, the full subscription monies shall be refunded to the bidders.**

**We are also complying with Clause 2.2.2 (b) (i) of the SEBI (DIP) Guidelines and the minimum post-issue face value capital of our Company shall be Rs.10 Crores.**

Our Company undertakes that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

#### **DISCLAIMER CLAUSE OF SEBI**

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE 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 LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT Red Herring Prospectus, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE dated AUGUST 21, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE 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 INVESTMENT IN THE PROPOSED ISSUE.
- D. BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- E. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS."

## **Disclaimer from Our Company & the BRLMs**

Our Company, our Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.duttagroup.in](http://www.duttagroup.in), would be doing so at his or her own risk.

### **Caution**

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated 18<sup>th</sup> August 2006 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLMs and the Underwriters to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, FIIs, Venture Capital Funds and Foreign Venture Capital Investors Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. 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 since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE (the Designated Stock Exchange).

"BSE vide its letter dated 21<sup>st</sup> September 2006, has given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinised the offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of the offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any



loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

### **Disclaimer Clause of NSE**

“As required, a copy of the offer document has been submitted to the National Stock Exchange of India Limited (NSE). NSE has given vide its letter dated 6<sup>th</sup> October 2006, permission to issuer Company to use the Exchange’s name in this offer document. The Exchange has scrutinised the Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document: nor does it warrant that this issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with Corporation Finance Department of SEBI at Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai - 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC, Goa, Daman & Diu at Company Law Bhawan, EDC Complex, Plot No. 21, Patto Plaza, Panaji, Goa. A copy of the Prospectus, along with the documents required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC, Goa, Daman & Diu at Company Law Bhawan, EDC Complex, Plot No. 21, Patto Plaza, Panaji, Goa.

### **Listing**

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any stock exchange (s) in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non- Institutional portion and Retail portion.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Offer Closing Date, whichever is earlier), then our Company and every director of our Company, who is an officer in default shall, on and from the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company together with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the offer.

### **Consents**

Consents in writing of the Promoter, Directors, our Company Secretary and Compliance Officer, the Auditors, Legal Advisor, Bankers to our Company, Book Running Lead Managers, Registrar to the Issue, Bankers to the Issue and Syndicate Members to act in their respective capacities, have been obtained and would be filed along with a copy of this Red Herring Prospectus with the RoC, Goa, Daman & Diu as required under Sections 60 and 60B of the Companies Act and such consents have not been

withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC, Goa, Daman & Diu. Consents in writing of the underwriters will be obtained and filed along with the final prospectus and other relevant documents required to be filed under Section 60 of the Companies Act with RoC, Goa, Daman & Diu.

### Expert Opinion

Except Tax Benefit Certificate obtained from M/s. M.P. Chitale & Co., Chartered Accountants, as stated on page 62 of this Red Herring Prospectus, we have not obtained any expert opinions.

### Expenses of the Issue

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

Sr. No.	Particulars	Amount (Rs. in Lacs)	% of total Issue Expenses	% of total Issue Size
1.	Fees of BRLMs (including underwriting commission and selling commission)*	[•]	[•]	[•]
2.	Fees of Syndicate Members (including underwriting commission and selling commission)*	[•]	[•]	[•]
3.	Fees of Registrar*	[•]	[•]	[•]
4.	Fees of Legal Advisor*	[•]	[•]	[•]
5.	Fees of Auditors*	[•]	[•]	[•]
6.	Advertisement and Marketing Expenses*	[•]	[•]	[•]
7.	Printing and Stationery, Distribution, Postage, etc.*	[•]	[•]	[•]
8.	Other Charges* (Includes Travelling, Local Conveyance, Telecommunication Charges, Legal Expenses, etc.)	[•]	[•]	[•]
	<b>Total</b>	[•]	[•]	[•]

\* Will be incorporated after finalisation of the issue price at the time of the Prospectus.

### Fees Payable to the BRLMs

The fees payable to the BRLMs (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLMs and the Memorandum of Understanding dated 18<sup>th</sup> August 2006 executed between our Company and BRLMs, copies of which are available for inspection at our registered office.

### Fees Payable to the Syndicate Members

The fees payable to the Syndicate Members (including underwriting commission and selling commission) will be as per the Syndicate Agreement dated [•] executed between our Company and the Syndicate Members, copies of which are available for inspection at our registered office.

### Fees Payable to Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding between Registrar to the Issue and our Company dated 18<sup>th</sup> August 2006, a copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post.

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### **Fees Payable to the Escrow Bankers**

No fees are payable to the Escrow Bankers.

### **Previous Public or Rights Issues**

Our Company has not made any public or rights issue of Equity Shares/Debentures since incorporation.

### **Issue of Shares otherwise than for Cash**

Except as stated under “Notes to Capital structure” appearing on page 36 of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash since incorporation.

### **Commission and Brokerage on Previous Equity Issues**

No sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

### **Companies under the Same Management**

There are no companies under the same management within the meaning of Section 370 (1) (B) of the Act, since repealed, other than Flex At Foil Private Limited, our wholly owned subsidiary company, details of which are provided in the sections titled “Our Subsidiary” beginning on page 147 of this Red Herring Prospectus.

The above-mentioned company is a private limited company, and has not made any public/rights issues in the last three years.

### **Promise versus Performance**

Since, our Company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

### **Listed Ventures of Promoter**

Our promoter does not have any listed ventures.

### **Outstanding Debenture or Bond Issues**

As on the date of filing of this Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

### **Outstanding Preference Shares**

Our company has not issued any preference shares till date whether redeemable or otherwise.

### **Stock Market Data for Our Equity Shares**

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar to the Issue and us provides for retention of records with the Registrar to the Issue for a period of at least one year from the date of closing of this Issue.

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

Our Company has constituted a Shareholders/ Investor Relation Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head ‘Corporate Governance’ on page 100. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

### **Disposal of Investor Grievances**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 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 appointed Mr. Darshan Majmudar, Vice President (Finance) and Company Secretary, as the Compliance Officer and he may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

**Mr. Darshan Majmudar,**  
Vice President (Finance) and Company Secretary,  
Ess Dee Aluminium Limited,  
"Vidya Sagar", 4<sup>th</sup> Floor,  
Western Express Highway,  
Malad (E), Mumbai – 400 097.  
Tel: 91-22- 66919955  
Fax: 91-22- 66940985  
E-mail: ipo@duttagroup.net

### **Change in Auditors**

M/s. Sunil Sanghavi & Co., our first Auditors were unable to continue on account of their professional commitments. Therefore, at the AGM held on 8<sup>th</sup> August 2005, M/s. M.P. Chitale & Co., Chartered Accountants were appointed as Statutory Auditors of our Company.

### **Capitalisation of Reserves or Profits**

We have issued bonus shares on 14<sup>th</sup> April 2006 in the ratio of 14:11, details of which are mentioned under "Notes to Capital structure" appearing on page 36 of this Red Herring Prospectus.

### **Revaluation of Assets**

There has not been any revaluation of Assets since incorporation.

## TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act and our Articles of Association.

### Face Value and Issue Price

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at the Price of Rs. [●] per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### Compliance with SEBI Guidelines

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

### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall inter alia have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder under the Act, terms of the listing agreements with the Stock Exchanges(s) and the Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled "Main Provisions of Articles of Association" beginning on page 199.

### Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 25 Equity Shares to the successful bidders.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale 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 Registered Office or to the registrar and transfer agents of our Company.

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

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change 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 Net Issue (including allotment of mandatory 50% of the Net Issue to the QIBs) including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, our Company and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

### **Arrangements for Disposal of Odd Lots**

Since, our Equity Shares will be traded in dematerialised form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

### **Restrictions, If Any on Transfer and Transmission of Equity Shares/ Debentures and on their Consolidation/ Splitting**

Except as mentioned under the heading "Transfer and Transmission of Shares" under section titled "Main Provisions of Articles of Association of Our Company" starting on page 199 of this Red Herring Prospectus, there are no restrictions on transfer / transmission on our Equity Shares.

### **Withdrawal of the Issue**

Our Company in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

## ISSUE PROCEDURE

### Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIBs Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 50% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Further, QIB bids can be submitted only through the BRLMs. We, in consultation with the BRLMs, reserve the right to reject any QIB Bid procured by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejections shall be made at time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Illustration of Book Building and Price Discovery Process

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.60 to Rs.72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN / Allocation Advice and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the

Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including Residing QIBs, Non Institutional Bidders or NRIs applying on a Non-Repatriation basis	White
Non-residents include NRIs, FIIs, Foreign Venture Capital Fund / Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis.	Blue
Permanent Employees of our Company	Pink

### Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI; subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue.
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs on a repatriation basis / non- repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue. FIIs, registered with SEBI on a repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
17. Any other QIBs permitted to invest in the issue under applicable law or regulation.



**As per existing regulations, Overseas Corporate Bodies cannot Bid in this Issue.**

**Note: The BRLMs and Syndicate Member(s) shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.**

### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,70,250 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

**As per the current regulations, the following restrictions are applicable for investments by mutual funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 5% of any company's paid-up capital carrying voting rights and 10% of its funds in the shares or debentures or other securities of a single company. These limits would have to be adhered to by the Mutual Funds for investment in the Equity Shares.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

### **Bids by NRIs**

Bid cum Application Forms have been made available for NRIs at the registered office of Our Company or from members of the Syndicate or the Registrars to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable at Mumbai only.

**As per the current regulations, the following restrictions are applicable for investments by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company (i.e. 10% of 2,64,08,887 Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

**As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the

holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor provided not more than 25% of the corpus of an Indian Venture Capital Fund should be invested in one Venture Capital Undertaking. However, the aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could go up to 100% of our Company's paid-up equity capital.

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

### **Maximum and Minimum Bid size**

- a) **For Employees:** The Bid must be for minimum 25 Equity Shares and in multiples of 25 Equity Shares thereafter, not exceeding the issue size.
- b) **For Retail Individual Bidders:** The Bid must be for minimum 25 Equity Shares and in multiples of 25 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/- In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1, 00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off price option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off price option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- c) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares and in multiples of 25 Equity Shares such that the Bid Amount exceeds Rs. 1, 00,000/-. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by regulatory and statutory authorities governing them. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders do not have the option of bidding at 'Cut-off price'.

### **Information for the Bidders**

1. We will file the Red Herring Prospectus with the RoC/Designated Stock Exchange at least 3 (three) days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Draft Red Herring Prospectus/ Red Herring Prospectus/Bid-cum-Application Form can obtain the same from our Registered Office or from the BRLMs or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bid.
5. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

## Method and Process of bidding

1. We, with the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi) and one regional newspaper at the place where our registered office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The bidding centres and collection centres shall be at all the places, where the recognised stock exchanges are situated.
3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
4. The Bidding Period shall be a minimum of 3 (three) days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding 10(ten) working days.
5. The individual as well as QIBs shall place their bids only through the brokers, who shall have the right to vet the bids. The applicant shall enclose the proof of DP ID and Client ID along with the application, while making the bid.
6. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” as given 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 will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page 180 of this Red Herring Prospectus.
8. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Collection Account” on page 179 of this Red Herring Prospectus.
10. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

## Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 200 to Rs. 225 per Equity Share, Rs. 200 being the floor of the Price-Band and Rs. 225 being the cap of the Price Band. The Bidders can bid at any price within the price Band, in multiples of Re. 1/-. The minimum application value shall be within the range of Rs. 5,000 to Rs. 7,000.
2. In accordance with SEBI Guidelines, our Company in consultation with the BRLMs in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLMs and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders under Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIBs or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders and Bidders under Employee Reservation Portion who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders under Employee Reservation Portion bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders under Employee Reservation Portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders and Bidders under Employee Reservation Portion, who bid at Cut off Price, shall receive the refund of the excess amounts from the Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders under Employee Reservation Portion, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000/- if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000/- the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders under Employee Reservation Portion who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size will be suitably revised such that the minimum application falls within the range of Rs. 5,000/- to Rs. 7,000/-.

### **Option to Subscribe**

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialised form only. Bidders will not have the option of getting Allotment of physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchange.

### **Escrow Mechanism**

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the respective Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account of our Company. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (i.e. Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Collection Account**

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid-cum-Application Form draw a cheque/ demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on Page No. 187 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash or stock-invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. Eligible Employees, QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 54 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable margin amount for the Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date as disclosed under "Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders" beginning on page 191 & 196 of this Red Herring Prospectus, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **Electronic Registration of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by NSE and BSE.
- (c) The aggregate demand and price for Bids registered on their electronic facility of NSE and BSE will be uploaded on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at [www.bseindia.com](http://www.bseindia.com) or on NSE's website at [www.nseindia.com](http://www.nseindia.com). The online, real-time graphical display of demand and bid prices at the bidding terminals, shall be made. The BRLMs shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.

- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
  - Investor Category – Individual, Corporate, NRI, QIBs, FII, Mutual Fund, etc.
  - Numbers of Equity Shares bid for.
  - Bid price and applicable Margin Amount.
  - Bid-cum-Application Form Number.
  - Whether payment is made upon submission of Bid-cum-Application Form.
  - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Bidders under Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, bids would not be rejected except on the technical grounds listed on Page 190 of this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our Management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

#### **Build Up of the Book and Revision of Bids.**

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on on-line basis. Data would be uploaded on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. **Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.**
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of Our Company in consultation with the BRLMs, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

### **Price Discovery and Allocation**

- a) After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with us.
- b) We, in consultation with the BRLMs shall finalize the Issue Price and the number of Equity Shares to be allotted in each investor category.
- c) The allocation in the Issue to Non-Institutional Bidders and Retail Individual Bidders of at least 15% and 35% of the Net Issue respectively, and the allocation to QIBs for at least 50% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) In case of over-subscription in all categories, at least 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available 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 QIB Bidders in proportion to their Bids. Further, at least 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.

- e) QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
- f) The BRLMs, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) Allocation to NRIs, FIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
- h) We in consultation with the BRLMs reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever.

- i) **In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.**
- j) Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
- k) The allotment details shall be put on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

- a) Our Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price.
- b) After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

### **Filing of the Prospectus with the RoC**

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC, Goa, Daman & Diu at Goa.. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC, Goa, Daman & Diu at Goa.

### **Announcement of Pre-Issue advertisement**

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national newspaper and one Hindi National newspaper and a regional language newspaper.

### **Advertisement regarding Issue Price and Prospectus**

We will issue a statutory advertisement at the time/after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

### **Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs**

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those QIB Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

### **Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders.**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by



the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to the Company, which may result in a change (including potentially a decrease) in the number of Equity Shares being finally allotted to Non Resident investors (including FII's). As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

### **Designated Date, Allotment of Equity Shares and Transfer of Funds to Public Issue Account**

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days of from the date of finalization of the basis of allotment with the Designated Stock Exchange.
- b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.
- c) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, our Company will allot the Equity Shares to the Allottees.
- d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.

### **Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees depository accounts within two working days from the date of allotment.

### **General Instructions**

#### **Do's:**

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus.
- b) Read all the instructions carefully and complete the Bid-cum-Application Form [ (White), (Blue) or (Pink) in colour] as the case may be;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on Bid cum Application forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within the price band;
- h) Investors must ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the Beneficiary Account is held with the Depository Participant. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the beneficiary account is held in the same joint names and in the same sequence as they appear in the Bid-cum- Application Form;

- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card or PAN allotment letter with the Bid-cum-Application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place. (See section titled "Issue Procedure – PAN" on page 189 of this Red Herring Prospectus.

**Don'ts:**

- a) Do not Bid if you are prohibited from doing so under the any law;
- b) Do not Bid for lower than minimum Bid size;
- c) **Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;**
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay Bid amount in cash, through Stock Invest, by money order or postal order;
- f) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- g) Do not fill up the Bid cum Application Form such that the Equity shares bid for exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
- h) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- i) Do not provide your GIR number instead of PAN number;
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

**Bids by Eligible Employees**

For the purpose of the Employee Reservation Portion, Eligible Employee means Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Flex Art Foil Private Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form. However, our Promoter Mr. Sudip Dutta who is also our Chairman and Managing Director is not eligible to bid through the Employee Reservation Portion.

**Bids under Employee Reservation Portion by Eligible Employees shall be.**

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink in colour).
- **Eligible Employees, as defined above, should mention the "Employee Number" at the relevant place in the Bid-cum-Application Form, in addition to other details contained therein.**
- The sole/ first bidder should be Eligible Employees as defined above.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Only those Bids by Eligible Employees, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to Eligible Employees whose minimum Bid amount exceeds Rs. 100,000.
- The maximum bid in this category by any Eligible Employee cannot exceed the issue size.
- Bid/ Application by Eligible Employees can also be made in the "Net Issue to Public" Portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 1,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- The unsubscribed portion, in this category may be added to the other reserved category. Under-subscription in this category after such inter se adjustment would be added back to the Net Issue to the Public. In case of under-subscription in the Net Issue to Public Portion, except for the QIB portion spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

- If the aggregate demand in this category is greater than 1,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para “Basis of Allotment or Allocation” on page 193 of this Red Herring Prospectus.

### **Instructions for Completing the Bid-Cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our Registered Office or from the BRLMs or from a member of the Syndicate.

### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and Pink colour marked “Employees” for Employees of our Company).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) **The Bids from the Retail Individual Bidders must be for a minimum of 25 Equity Shares and in multiples of 25 thereafter subject to a maximum of Rs. 1,00,000/-.**
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. 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 applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### **Bidder’s Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder’s bank account details. **These bank account details would be printed on the Refund order/ Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder’s sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

### **Bidder’s Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT’S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT

(hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / for credit of Refunds through ECS or Direct Credit or RTGS or NEFT for refunds/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

**Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.**

Bids and Revision to Bids must be made:

- 1) On the prescribed Bid-cum-Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- 2) In a single name or joint names (not more than three)
- 3) NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Individual Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 25 thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page 176 of this Red Herring Prospectus.
- 4) In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- 5) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.**

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

## **Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Issuer reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the Certificate of Registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lacs and pension fund with the minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLMs may deem fit.

## **Payment Instructions**

We along with BRLMs and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

### **Payment into Escrow Account**

1. The applicable Margin Amount for Non Institutional Bidders, Retail Individual Bidders and Bidders under Employee Reservation Portion is equal to 100% whereas for QIBs, it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note / CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
  - (i) In case of Resident Bidders: **"Escrow Account - EDAL - IPO - R"**
  - (ii) In case of Non Resident Bidders (on repatriable basis): **"Escrow Account - EDAL - IPO - NR"**
  - (iii) In case of Eligible Employees: **"Escrow Account - EDAL - IPO - Employee"**
  - (iv) In case of resident QIB bidders: **"Escrow Account - EDAL - IPO - QIB- R"**
  - (v) In case of non - resident QIB bidders: **"Escrow Account - EDAL - IPO - QIB - NR"**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out

of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

5. In case of Bids by Eligible 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.
6. In case of Bids by FIs, FVCI registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

**Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted. Investors in the QIB category may also make payments by RTGS.**

### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest will not be accepted.

### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the member of the syndicate at the time of submitting the Bid-cum-Application Form.

**No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.**

### **OTHER INSTRUCTIONS**

#### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

## Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids in single or joint names will be deemed to be multiple bids if the sole and/ or first bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

**Bids by Eligible Employees can also be made in the Net Issue to Public category and such Bids will not be considered to be multiple bids.**

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

## Permanent Account Number (PAN)

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has/have mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B) or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

## Unique Identification Number (UIN)

With effect from 01<sup>st</sup> July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005.

However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

## Our Right to Reject Bids

In case of QIB Bidders, Our Company in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft or ECS or Direct Credit and will be sent to the Bidder's address at the Bidder's risk.

## Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
5. PAN Number not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN and proof of PAN is not attached to the Bid-cum-Application form;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional Bidders and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 25;
11. Category not ticked;
12. Multiple bids as defined in this Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member(s);
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the relevant regulations;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act.
23. Bids by NRIs not disclosing their residential status.

## Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated 3<sup>rd</sup> October 2006 among NSDL, our Company and Registrar to the issue; and
2. An Agreement dated 27<sup>th</sup> October 2006 among CDSL, our Company and Registrar to the issue.



**All bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:**

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed, are connected to NSDL and CDSL.
8. The trading of our Equity Shares would only be in dematerialised form for all investors in the demat segment of BSE and NSE.
9. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
10. Investors are advised to instruct their DP to accept the Equity Shares that may be allocated to them, pursuant 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 number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

**Pre-Issue and Post Issue Related Problems:**

We have appointed Mr. Darshan Majmudar, Vice President (Finance) and Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems, at the following address:

**Mr. Darshan Majmudar,**  
Vice President (Finance) and Company Secretary,  
Ess Dee Aluminium Limited,  
"Vidyasagar", 4<sup>th</sup> Floor,  
Western Express Highway,  
Malad (E), Mumbai – 400 097.  
Tel: +91-22- 66919955  
Fax: +91-22- 66940985  
E-mail: ipo@dutttagroup.net

**Disposal of Applications and Application Money**

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges, where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

**The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.**

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, Our Company further undertakes that allotment/ transfer of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/ Offer Closing Date.

We will provide adequate funds required for dispatch of refund orders, Direct Credit, ECS, RTGS or allotment advice to the Registrar to the Issue.

**Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.**

**No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member(s) 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.**

### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**"Any person who:**

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

### **Interest on Refund of excess Bid Amount**

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

### **Basis of Allotment or Allocation**

#### **1. For Retail Individual Bidders**

- 1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- 2. The Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 23,83,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
  4. If the aggregate demand in this category is greater than 23,83,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.
- 2. For Non Institutional Bidders**
1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
  2. The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
  3. If the aggregate demand in this category is less than or equal to 10,21,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
  4. In case the aggregate demand in this category is greater than 10,21,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.
- 3. For QIB Bidders**
1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
  2. The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
  3. Allotment shall be undertaken in the following manner:
    - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
      - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
      - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
      - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
    - (b) In the second instance allocation to all QIBs shall be determined as follows:
      - (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
      - (ii) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
      - (iii) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.
  4. The aggregate allocation to QIB Bidders shall be at least 34,05,000 Equity Shares.
  5. In case the aggregate demand in this category is greater than 34,05,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.
- 4. For Eligible Employees**
1. Only Eligible Employees may apply under the Employee Reservation Portion.
  2. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.

3. If the aggregate demand in this category is less than or equal to 1,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
4. If the aggregate demand in this category is greater than 1,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 25 Equity Share. For the method of proportionate basis of allocation, refer below.
5. Only Eligible Employees during the period commencing from the date of filing the Red Herring Prospectus with RoC and ending with the Bid/Issue Closing Date are eligible to apply.

**Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs.**

**The BRLMs, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.**

### **Procedure and Time Schedule for Allotment and Issue of Certificates**

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period commenced on 4th December 2006, and expires on 8th December 2006. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchange. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies and SEBI. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchange, the Equity Shares will be listed and trading will commence.

### **Method of Proportionate Basis of Allotment**

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Red Herring Prospectus under “Issue Structure”.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of shares applied for) multiplied by the inverse of the over-subscription ratio. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- 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 portion multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate allotment is less than 25 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 25 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.

- e) If the proportionate allotment to a Bidder works out to a number that is more than 25 but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or more. If that decimal is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

## **LETTERS OF ALLOTMENT OR REFUND ORDERS**

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date / Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 working days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Interest in case of delay in Despatch of Allotment Letters/Refund Orders or delay in Refund Instructions:**

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

## **Despatch of Refund Orders**

Please refer to the heading 'Disposal of application and application money on page 191 of this Red Herring Prospectus.

## **UNDERTAKING BY OUR COMPANY**

We undertake as follows:

- a) that the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- b) that all steps shall be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;
- c) that the funds required for dispatch of refund orders or allotment advice to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, 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.
- e) that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time.
- f) that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

## **UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors certifies that:

- a) All monies received out of the Issue of shares shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- b) Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.
- c) Details of all monies utilized out of the Issue referred above under the sub item (a) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- d) Details of all unutilized monies out of the Issue of shares, if any, referred above under the sub item (a) shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- e) The utilization of monies received under reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
- f) Details of all unutilized monies out of reservations shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs, 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 subscribed to the Equity Shares of our

Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLMs, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

### **Investment by NRIs / FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation. As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company (i.e., 10% of 2,64,08,887 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 total issued capital of our Company in case such sub account is a foreign corporate or an individual.

**The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs are not liable to inform the investors of 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 the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**



## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Subject as hereinafter otherwise provided, the regulations contained in Table 'A' in the Schedule I of the Companies Act, 1956 shall apply to this Company except so far as they have been impliedly or expressly modified by what is contained in the Articles hereinafter mentioned or by the said act:

The Authorized capital of our Company is Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 Equity Shares of Rs. 10/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are detailed below:

### CAPITAL

Article 4 provides that

The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Sections 81 and 97 of the Act.

The company may issue equity shares with differential rights as to voting dividend or otherwise in accordance with Section 86 of the Act.

Article 5 provides that

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 instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 6 provides that

Subject to the provisions of these Articles, the Company shall have the power to issue Preference Share carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of the Act, exercise such power in such manner as may be provided in these Articles.

Article 7 provides that

Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made there under, the Company may issue Sweat Equity if such issue is authorised by a Special Resolution passed by the Company in the General Meeting. The company may also issue shares to employees including its Directors under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution in the General Meeting subject to the provisions of the Act and the Rules and applicable guidelines made there under, by whatever name called.

Article 8 provides that

- (a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.
- (b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buyback such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

Article 9 provides that

The Company may from time to time by Special Resolution reduce its share capital in the manner authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

Article 32 provides that

Pursuant to Section 77A and Section 77B of the Act, the Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.

Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buyback such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

### **FURTHER ISSUE OF SHARES**

Article 10 provides that

Where at the time after the expiry of two years from the formation of the Company or at any time after expiry of one year from the allotment of the 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 the further shares either out of the un-issued capital or out of the increased share capital then:

- i Such new shares, whether equity or preference, 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 paid-up capital on those shares at that date;
- ii The aforesaid offer shall be made by notice specifying the number of shares offered and limiting a time not being less than thirty (30) days from the date of offer within which the offer if not accepted will be deemed to have been declined;
- iii The aforesaid offer shall be deemed to include a right exercised by the persons concerned to renounce the shares offered to him or any of them in favour of any other person, and the notice referred to in clause (ii) shall contain a statement of this right; PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- iv After the expiry of the time specified in the notice aforesaid, or earlier notification from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose them of in such manner as it thinks most beneficial to the Company.

Article 11 provides that

Notwithstanding anything contained in Article 10 hereof, the further shares aforesaid may be offered to any persons (whether or not such persons be members of the Company) in any manner whatsoever.

- a) If a special resolution to that effect is passed by the Company in general meeting, or
- b) Where no special resolution is passed, if the vote cast (whether on show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting including the casting vote, if any, of the Chairman) by the members who being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is the most beneficial to the Company.

Article 12 provides that

Nothing in sub-clause (iii) of Article 10 hereof shall be deemed:

- a) To extend the time within which the offer should be accepted; or

- b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation as first made has declined to take shares comprised in the renunciation.

Nothing in this Article or Articles 10 and 11 shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to debentures issued or loans raised by the Company:

- a) To convert such debentures or loans into shares in the Company, or  
b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and that such term

- a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by the Central Government in this behalf; and  
b) in the case of debentures or loans other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the Special Resolution passed by the Company in General Meeting before the issue of debentures or the raising of the loans.

Article 13 provides that

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (l) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## **VOTINGS RIGHTS OF THE MEMBERS**

Article 123 provides that

A member paying the whole or a part of the amount remaining unpaid on any share held by him, although no part of that amount has been called upon, 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.

Article 124 provides that

No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Article 125 provides that

Subject to the provisions of Articles 120 and 121 every member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid up equity share capital of the Company. Provided however, if any Preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Article 126 provides that

A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his Committee or other legal guardian and any such Committee or Guardian may on a poll vote by proxy.

Article 127 provides that

If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting; provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these articles be deemed joint holders thereof.

Article 128 provides that

- (1) A body corporate (whether a company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures), authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body to act as its representative at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate, which he represents as that body, could exercise if it were an individual member, creditor or holder of debentures of the Company.
- (2) Where the President of India or the Governor of a State is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the Company.

Article 129 provides that

Any person entitled under the Transmission Clause to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least forty eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 130 provides that

Subject to the provisions of these Articles vote may be given either personally or by proxy.

Article 131 provides that

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes or cast in the same way all the votes he uses.

Article 132 provides that

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meetings. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

Article 133 provides that

An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

Article 134 provides that

No Member present only by proxy shall be entitled to vote on a show of hands.

Article 135 provides that

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notary certified copy of that power of attorney or authority, shall be deposited at the office forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Article 136 provides that

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing, or, if the appointer is a body corporate be under its Seal or be signed by an officer or attorney duly authorised by it.

Article 137 provides that

Every member entitled to vote at a meeting of the Company according to the provisions of these Article on any resolution to be moved there at shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect proxies lodge at any time during the business hours of the Company provided not less than three days notice in writing of the intention so to inspect is given to the Company.

Article 138 provides that

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney or authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

Article 139 provides that

No objection shall be made to the qualification of any voter or to the validity of a vote except at the meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting.

Article 140 provides that

The Chairman of any meeting shall be the sole judge of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Article 141 provides that

If any such instrument of appointment be confined to the object appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company; it embracing other objects copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

## **CALLS FOR UNPAID SHARES**

Article 36 provides that

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 the Board (and not by a Circular Resolution) make such call or calls as it thinks fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of 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 the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.

Article 37 provides that

Fourteen days' notice at least 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.

Article 38 provides that

A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

Article 39 provides that

No call shall be made payable within two months after the last preceding call was Payable.

Article 40 provides that

The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members, who on account of residence at a distance or other cause, in opinion of Board of Directors are 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.

Article 41 provides that

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or instalment 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 instalment accordingly.

Article 42 provides that

If the sum payable in respect of any call or instalment be 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 calls shall have been made or the instalment shall be due, shall pay interest on the same at such rate not exceeding twenty two per cent per annum as directors shall fix from the day appointed for the payment thereof to the time of actual payment, but the directors may waive payment of such interest wholly or in part.

Article 43 provides that

On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys 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 and entered on the Register of Members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of such money is sought to be recovered and 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 such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book; and that 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 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.

Article 44 provides that

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 share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Article 45 provides that

The Board may, if it thinks fit and subject to the provisions of Section 92 of the Act, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The rate of interest on such amount shall not exceed twelve per cent p.a. (12%), without sanction of the members of the company at the General Meeting. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.

- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
- (c) The provision of these Articles shall apply mutatis mutandis apply to calls on the debenture of the Company.

### **MODIFICATION OF CLASS RIGHTS**

Article 14 provides that

- (a) at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting
- (b) The rights conferred upon the holders of the Shares (including Preference Share if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

Article 15 provides that

Subject to the provisions of these Articles and of the Act, the shares, (including any shares forming part of the increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them, to such persons in such proportion and on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting, they shall have full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of sections 78 and 79 of the Act) at a premium or at par or a discount and such option being exercisable at such times and for such consideration as the Directors think fit (who 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 be so allotted may be issued as fully paid up shares and if issued, shall be deemed to be fully paid-up shares) Provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

Article 16 provides that

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 12 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any persons (whether members or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as power to give meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either

(subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such 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.

Article 17 provides that

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished

Article 18 provides that

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

Article 19 provides that

Subject to the provisions of the Act and these Articles, the Directors may issue and allot the shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

Article 20 provides that

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

Article 21 provides that

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Article 22 provides that

Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

## **DIVIDEND WARRANTS**

Article 205 provides that

- (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.



Article 206 provides that

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Article 207 provides that

- (1) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.
- (2) The depreciation shall be provided either —
  - (a) to the extent specified in Section 350 of the Act; or
  - (b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or
  - (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
  - (d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company; Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.
- (3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the 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.
- (4) Nothing in this Article shall be deemed to affect in any manner the operation-of Section 208 of the Act.
- (5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Article 208 provides that

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.

Article 209 provides that

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.

Article 210 provides that

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.

Article 211 provides that

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Article 212 provides that

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 71 has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

Article 213 provides that

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Article 214 provides that

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Article 215 provides that

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Article 216 provides that

The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

Article 217 provides that

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Article 218 provides that

- (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of the declaration of the dividend unless –
- (a) where the dividend could not be paid by reason of the operation of any law;
  - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
  - (c) where there is a dispute regarding the right to receive the dividend;
  - (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
  - (e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

(2) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend.

Article 219 provides that

Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days of the date of declaration to any shareholder entitled to the payment of the dividend, the company shall, within 7 days of the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Ess Dee Aluminium Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the 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 established under Section 205C of the Act.'

A claim to any money so transferred to the Fund may be preferred to the Central Government by the shareholder to whom such money is due.

No unclaimed dividend or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

Article 220 provides that

No unpaid dividend shall bear interest as against the Company.

Article 221 provides that

Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

## **LIEN ON SHARES**

Article 46 provides that

The Company shall have a first and paramount lien upon all shares other than fully paid-up shares (which shall be free from lien), registered in the name of any Members either alone or jointly with any other person, and upon the proceeds of sale thereof, for all debts, liabilities, engagements and obligations whether solely or jointly with any other person, called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article shall 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 transfer of shares/ debentures shall operate as a waiver of the company's lien if any, on such shares or debentures and such lien shall extend to all dividends from time to time declared in respect of such shares. But the Board may at any time declare any share to be exempt, wholly or partially, from the provisions of this Article.

Article 47 provides that

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same. Provided that no sale shall be made:-

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereon on behalf of and in the name of such members.

Article 48 provides that

- (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof;
- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer; and
- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Article 49 provides that

- (1) The net proceeds of any such sale shall be received by the Company and applied in or towards such part of the amount in respect of which the lien exists as is presently payable; and
- (2) The residue, if any, 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 share before the sale).

### **FORFEITURE OF SHARES**

Article 50 provides that

If any member fails to pay any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, 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.

Article 51 provides that

For the purposes of the provisions of these presents 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.

Article 52 provides that

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate 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 the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Article 53 provides that

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time there after before payment of all calls or installments interest 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 money; payable in respect of the forfeited shares and not actually paid before the forfeiture.

Article 54 provides that

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 any 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.

Article 55 provides that

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.

Article 56 provides that

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the

forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding twelve per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such monies or any part thereof, if it thinks fit, but shall not be under any obligation so to do.

Article 57 provides that

The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Article 58 provides that

The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Article 59 provides that

- (1) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (2) 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 of;
- (3) The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the shares;
- (4) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest 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, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment;
- (5) 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 affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

Article 60 provides that

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 the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Article 61 provides that

Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the Certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the persons entitled thereto.

Article 62 provides that

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or for any member desirous of surrendering on such terms as they think fit.

## **TRANSFER AND TRANSMISSION OF SHARES**

Article 63 provides that

The Company shall keep a book, to be called the Register of Transfers, and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Article 64 provides that

The instrument of transfer of any share shall be in the prescribed form as per and in accordance with the requirements of, Section 108 of the Act.

Article 65 provides that

- (1) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee;
- (2) 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;
- (3) For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is despatched by pre-paid 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.

Article 66 provides that

Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and 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.

Article 67 provides that

A transfer of a 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.

Article 68 provides that

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 situate, to close the Transfer Books, the Register of Members or Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty-five days in each year as it may seem expedient to the Board.

Article 69 provides that

- (a) Subject to the provisions of Section 111A of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the shares of the Company shall be freely transferable and the Directors may only if there be sufficient cause, decline to register or acknowledge any transfer of shares
- (b) No share shall in any circumstances be transferred to any insolvent or person of unsound mind.
- (c) No partly paid share shall be transferred to a minor
- (d) 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 a lien on shares.

Article 70 provides that

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to 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 jointly with any other person.

Article 71 provides that

The executors or administrators of a deceased member or the holder of a succession certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the names of such member and the Company shall not be bound

to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, 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 under Article 70 the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

Article 33 provides that

Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures or securities in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures or other securities of the Company but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures 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.

Article 34 provides that

The Company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.

Article 143 provides that

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act the number of Director (excluding Government Directors, Debenture Directors, Special Directors and Nominee Director/s if any) shall not be less than 3 and not more than 12.

Article 150 provides that

The Directors shall also have power at any time and from time to time to appoint any other qualified person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting but shall be eligible for re-election at such meeting.

Article 222 provides that

- (1) The Company in General Meeting by an ordinary resolution may, upon the recommendation of the Board, resolve:
  - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards (i) paying up any amounts for the time being unpaid on any shares held by such members respectively; (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up as bonus shares or otherwise, to and amongst such members in the proportions aforesaid; or (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (3) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts, not being contracts entered in the ordinary course of business carried on by our Company, which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus delivered to Registrar of Companies, Goa, Daman & Diu for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office situated at Plot No. 124-133, Panchal Udyog Nagar, Bhimpore, Daman – 396 210.India between 10.00 a.m. to 4.00 p.m. on any working day, excluding Saturday and Sunday, from the date of this Red Herring Prospectus until the Issue Closing Date.

### **MATERIAL CONTRACTS**

1. Memorandum of Understanding dated 18<sup>th</sup> August 2006 among the Company, UTI Securities Limited and Enam Financial Consultants Private Limited.
2. Memorandum of Understanding dated 18<sup>th</sup> August 2006 between the Company and Bigshare Services Private Limited.
3. Letter dated 9<sup>th</sup> Mach 2006 appointing M/s. Kanga & Co., Advocates, Solicitors & Notary, as Legal Advisor to the Issue.
4. Tripartite Agreement dated 3<sup>rd</sup> October 2006 among our Company, NSDL and Bigshare Services Private Limited.
5. Tripartite Agreement dated 27<sup>th</sup> October 2006 among our Company, CDSL and Bigshare Services Private Limited.
6. Copy of the resolution dated 19<sup>th</sup> June 2006 re-appointing Mr. Sudip Dutta as the Managing Director.

### **DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Association of our Company.
2. Certificate of incorporation dated 10<sup>th</sup> February 2004 bearing Registration Number U27203DD2004PTC003385 issued by the Registrar of Companies, Goa, Daman & Diu, issued to Ess Dee Aluminium Private Limited. Fresh Certificate of Incorporation dated 14<sup>th</sup> June 2006 bearing Registration Number U27203DD2004PLC003385 issued by the Registrar of Companies, Goa, Daman & Diu, consequent upon change of name to Ess Dee Aluminium Limited.
3. Resolution passed under section 81(1A) of the Act, at the Extra Ordinary General Meeting of our Company held on 10<sup>th</sup> November 2006.
4. Resolution passed by the Board of Directors at their meeting held on 15<sup>th</sup> June 2006 for the proposed issue.
5. Consent from the Promoter, Directors, Compliance Officer, Auditor, Book Running Lead Managers, Syndicate Members, Registrar to the Issue, Bankers to our Company, Bankers to the Issue, Refund Bankers, Monitoring Agency and Legal Advisor to act in their respective capacities.
6. Certificate dated 15<sup>th</sup> June 2006 from M/s. M.P. Chitale & Co., Chartered Accountants and Statutory Auditors of our Company detailing the Tax Benefits.
7. Auditors' Report dated 26<sup>th</sup> October 2006 for the half year ended 30<sup>th</sup> September 2006 included in the Red Herring Prospectus and copy of the Balance Sheet as at 31<sup>st</sup> March 2006.
8. Copy of the Auditors Certificate dated 26<sup>th</sup> October 2006 regarding the sources and deployment of funds as on 20<sup>th</sup> October 2006.
9. Copy of Listing Applications made to BSE dated 21<sup>st</sup> August 2006 and NSE dated 21<sup>st</sup> August 2006.
10. Copy of in-principle approvals from BSE dated 21<sup>st</sup> September 2006 and NSE dated 6<sup>th</sup> October 2006.
11. SEBI's Observation Letter dated 14<sup>th</sup> November 2006.



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## DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY

Sudip Dutta  
Chairman and Managing Director

Prasenjit Datta  
Director

Shankar S. Kamble  
Director

Gautam Mukherjee  
Director

Dilip Phatarphekar  
Director

Ramdas L. Baxi  
Director

Darshan Majmudar  
Vice President (Finance) & Company Secretary

Place: Mumbai

Date: 23<sup>rd</sup> November 2006