



# DRAFT RED HERRING PROSPECTUS

Dated: September 29, 2011

Please read Section 60B of the Companies Act, 1956

(The Draft Red Herring Prospectus will be updated upon filing with the RoC)

100% Book Building Issue

## AMBUJA INTERMEDIATES LIMITED

Registered Office: A/901, Nar Narayan Complex, Near Navrangpura Bus Stop, Off C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat, India;

Tel: +91-79-2642 7576/7666; Fax: +91-79-2642 6694; Website: www.ambujaindia.com;

Company Secretary and Compliance Officer: Ms. Samita K. Arora Email: ipo@ambujaindia.com;

Our Company was incorporated in the name of 'Ambuja Intermediate Products Private Limited' as a private limited company under the Companies Act, 1956 vide a Certificate of Incorporation dated August 10, 1988 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli (RoC). Consequent upon becoming a deemed public limited company, the name of our Company was changed to 'Ambuja Intermediate Products Limited' vide a fresh certificate of incorporation dated September 6, 1999. The name of our Company was changed subsequently to 'Ambuja Intermediates Limited' and received a fresh certificate of incorporation dated October 22, 1999. Further consequent upon the conversion into private limited company, the name of our Company was changed to 'Ambuja Intermediates Private Limited' vide a fresh certificate of incorporation dated June 25, 2005. Our Company was again converted into a public limited company and the name was changed to 'Ambuja Intermediates Limited' vide a fresh certificate of incorporation dated September 19, 2011 issued by RoC. Our Company's CIN is U24231GJ1988PLC011091. For change in registered office and further details, please refer to the section titled "History and Certain Corporate Matters" beginning on page 117.

**PROMOTERS:** Mr. Gambhirmal R. Shah, Mr. Lalit T. Shah, Mr. Mahendra M. Patel, Mr. Dinesh R. Shah, Mr. Naresh J. Shah, Mr. Harakhchand R. Shah, Mr. Rajesh R. Shah, Mrs. Kantaben M. Patel, Mr. Animesh K. Patel, Gambhirmal R. Shah (H.U.F), Lalit T. Shah (H.U.F), Dinesh R. Shah (H.U.F), Harakhchand R. Shah (H.U.F), Rajesh R. Shah (H.U.F), Jivraj C. Shah (H.U.F), Naresh J. Shah (H.U.F), Kantilal C. Shah (H.U.F)

**PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH OF AMBUJA INTERMEDIATES LIMITED ("COMPANY", OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ 6,500 LACS. THE ISSUE WILL CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAPPRICE IS [●] TIMES OF THE FACE VALUE. THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.**

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

The Issue is being made under Sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB portion") subject to valid bids being received at or above the Issue Price, provided that our Company may allocate up to 30% of the QIB portion to Anchor Investors, on a discretionary basis (the Anchor Investor Portion) out of which one-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds only, subject to valid Bids being received from domestic mutual funds at or above the Anchor Investor Price. Out of the portion available for allocation to the QIBs (excluding Anchor Investor Portion), 5% will be available for allocation to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All Non Retail Bidders i.e. Non Institutional Bidders and QIB Bidders can participate in this Issue only through the ASBA process. Anchor Investors are not permitted to participate in this Issue through the ASBA process. Retail Individual Bidders may also use the ASBA process for participating in this Issue. For details, please refer to the section titled "Issue Procedure" beginning on page 258 of this Draft Red Herring Prospectus

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company in the past. **The face value of the Equity Shares is ₹ 10 and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band.** The Issue Price (as determined and justified by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process as stated in chapter titled "Basis for Issue Price" beginning on page 77 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. *Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 15 of the Draft Red Herring Prospectus.*

### COMPANY'S ABSOLUTE RESPONSIBILITY

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

### IPO GRADING

The Issue has been graded by [●] and has been assigned the [●], indicating [●] through its letter dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. The rationale furnished by the grading agency, will be available for inspection and will be provided to the Designated Stock Exchange and updated at the time of filing of the Red Herring Prospectus with the RoC. For further details, please refer to the chapter titled "General Information" beginning on page 41 of this Draft Red Herring Prospectus

### LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. The in-principle approvals from BSE and NSE for listing of the Equity Shares have been received pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE	
<div><div>SAFFRON</div><div>energising ideas</div></div>		<div><div>LINK INTIME</div><div>INDIA PVT LTD</div><div>Powering India's economic momentum with</div></div>	
<p><b>SAFFRON CAPITAL ADVISORS PRIVATE LIMITED</b> A - 102, Everest Grande, Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra, India. <b>Telephone number:</b> +91-22-4082 0921/915; <b>Fax number:</b> +91-22-4082 0999 <b>Email:</b> ipo.ambuja@saffronadvisor.com; <b>Website:</b> www.saffronadvisor.com; <b>Investor grievance:</b> investorgrievance@saffronadvisor.com <b>Contact Person:</b> Mr. Harshit Vora / Mr. Arun Babu <b>SEBI Registration Number:</b> INM 000011211</p>		<p><b>LINK INTIME INDIA PRIVATE LIMITED</b> C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 <b>Tel :</b>+91-22- 2596 0320; <b>Fax :</b>+91-22- 2596 0329; <b>Toll Free:</b> 1-800-22-0320 <b>E-mail:</b> ail.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact person:</b> Mr. Sachin Achar <b>SEBI Registration Number:</b> INR000004058</p>	
BID/ISSUE PROGRAMME			
FOR ALL BIDDERS (Except for Anchor Investor)*		BID/ISSUE OPENS ON:	[●]
FOR QIBs**		BID/ISSUE CLOSES ON:	[●]
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS		BID/ISSUE CLOSES ON:	[●]

\*Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one working day prior to the Bid / Issue Opening Date

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

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

#### *Company Related Terms*

<b>Term</b>	<b>Description</b>
“Ambuja Intermediates Limited” or “Ambuja” or “Ambuja Intermediates” or “AIL” or “the Company” or “our Company” or the “Issuer” or “Issuer Company” or “we” or “us” or “our”	Unless the context otherwise requires, refers to Ambuja Intermediates Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at A/901, Nar Narayan Complex, Near Navrangpura Bus Stop, Off C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat, India.
Registered Office	The Registered Office of our Company situated at A/901, Nar Narayan Complex, near Navrangpura Bus Stop, Off C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat, India.
Our Promoters	Mr. Gambhirmal R. Shah, Mr. Lalit T. Shah, Mr. Mahendra M. Patel, Mr. Dinesh R. Shah, Mr. Naresh J. Shah, Mr. Harakhchand R. Shah, Mr. Rajesh R. Shah, Mrs. Kantaben M. Patel, Mr. Animesh K. Patel, Gambhirmal R. Shah (H.U.F), Lalit T. Shah (H.U.F), Dinesh R. Shah (H.U.F), Harakhchand R. Shah (H.U.F), Rajesh R. Shah (H.U.F), Jivraj C. Shah (H.U.F), Naresh J. Shah (H.U.F), Kantilal C. Shah (H.U.F)
Our Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (1)(zb) of the SEBI ICDR Regulations and disclosed in chapter titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 140 of this Draft Red Herring Prospectus.
Our Group Companies	Companies, firms and ventures etc. promoted by our Promoter, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act or not and disclosed in chapter titled “ <i>Our Group Entities</i> ” beginning on page 152 of this Draft Red Herring Prospectus.

#### *Conventional / General Terms*

<b>Term</b>	<b>Description</b>
Articles or Articles of Association or AoA	The Articles of Association of our Company, as amended from time to time.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time in this case being CDSL and NSDL
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of Ambuja Intermediates Limited unless otherwise specified.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII / Foreign Institutional Investor	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under the applicable laws in India.
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.

<b>Term</b>	<b>Description</b>
I.T. Rules	Income Tax Rules, 1962, as amended from time to time.
Indian GAAP	Generally Accepted Accounting Principles in India.
Key Managerial Personnel / KMP	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer and other persons whom the Issuer has declared as a Key Managerial Personnel and as mentioned in the chapter titled “ <i>Our Management</i> ” beginning on page 124 of this Draft Red Herring Prospectus.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company, unless the context otherwise specifies.
Our Board / Board of Directors / Board	The Board of Directors of our Company or a committee duly constituted from time to time.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC / Registrar of Companies/ Registrar of Companies Gujarat, Dadra & Nagar Haveli/ Registrar of Companies , Ahmedabad	The Registrar of Companies (Gujarat) situated at Registrar of Companies, Ahmedabad, RoC Bhavan, Opp Rural Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013.
SCRA	Securities Contracts (Regulation) Act, 1956, read with rules and regulations thereunder and amendments thereto, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time.
SEBI ICDR Regulations / ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
Statutory Auditor	The statutory auditors of our Company, being M/s. Shah Kantilal & Co., Chartered Accountants.
VCF Regulations	SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.
VCFs / Venture Capital Fund	Venture Capital Fund(s) as defined in and registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996.

#### ***Issue Related Terms***

<b>Term</b>	<b>Description</b>
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to successful Bidders.
Allot / Allotted / Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue to successful Bidders.
Allottee(s)	A successful Bidder(s) to whom the Equity Shares are / have been Allotted.
Allotment Advice	In relation to Bidders, the note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof.
Application Supported by Blocked Amount / ASBA	Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 application Supported by Blocked Amount (whether physical or electronic) used by a

<b>Term</b>	<b>Description</b>
	Bidder to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account maintained with SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which shall be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form.
ASBA Bid cum Application Form / ASBA Form	The application form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid pursuant to the terms of this Draft Red Herring Prospectus and which contains an authorisation to block the Bid Amount in an ASBA Account. Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.
ASBA Bidding Centres	Those bidding centres located in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat where Syndicate / Sub-syndicate Members can procure ASBA Forms from investors, upload the Bid and other relevant details of such ASBA Forms in the on-line bidding platforms of the Stock Exchanges, as per SEBI Circular dated April 29, 2011 bearing reference number CIR/CFD/DIL/1/2011
ASBA Investor(s) / ASBA Bidder(s)	An investor who applies through ASBA in the Issue. Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 QIB and Non-Institutional Bidders are mandatorily required to utilise the ASBA process to participate in the Issue.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to this Issue / Escrow collection banks	The bank(s) which is / are clearing members and registered with the SEBI as bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
Bankers to our Company	Bankers to our Company, being State Bank of India
Basis of Allotment / Basis of Allocation	The basis on which the Equity Shares will be allotted / allocated to successful Bidders under the Issue and which is described under the chapter titled “Issue Procedure” beginning on page 258 of this Draft Red Herring Prospectus.
Bid / Issue Closing Date	The date after which the member(s) of the Syndicate / SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper and a regional language newspaper and in case of any revision, the extended Bid / Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bid / Issue Opening Date	The date on which the member(s) of the Syndicate/SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue. In case of ASBA Bidders the highest value of the optional Bids indicated in the ASBA Bid cum Application Form.
Bid cum Application Form / 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 Draft Red Herring Prospectus and Prospectus. Unless the context otherwise states in this Draft Red Herring Prospectus, Bid Cum Application Form includes ASBA Form.
Bid(s)	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For an ASBA Bidder(s), it means an indication to

<b>Term</b>	<b>Description</b>
	make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares, including all revisions and modifications thereto.
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid cum Application Form.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period or Bidding/ Issue Period or Issue/ Bidding Period or 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 and the ASBA Bidders can submit their Bids. Our Company may decide to close the Bidding Period for QIBs on the QIB Bid / Issue Closing Date.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Saffron Capital Advisors Private Limited.
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price / Cut-off	Any price within the Price Band finalised by us in consultation with the BRLM. A Bid submitted at the Cut-off Price by a Retail Individual Bidder (including ASBA Bidders) who has Bid for Equity Shares for an amount less than or equal to ` 2,00,000 and is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	NSDL and CDSL
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form from the ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> , or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Investors to the Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange / DSE	[ ] is the designated stock exchange for the purpose of this Issue
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated September 29, 2011 filed with SEBI and issued in accordance with the SEBI ICDR Regulations.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares issued herein.
Equity Shares	Equity shares of our Company having a face value of ` 10 each fully paid up unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidders (except ASBA bidders) will issue cheque(s) or draft(s) in respect of the Bid Amount when submitting a Bid(s).
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to the Issue, the

<b>Term</b>	<b>Description</b>
	Escrow Collection Bank(s), the Refund Bank(s) and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (except ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s) /	The banks, which are registered with SEBI as Banker(s) to the Issue with whom the Escrow Account for the Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
IPO Grading Agency / Grading Agency	[ ], the grading agency appointed by our Company for grading the Issue.
Issue / Net Issue/ Issue size	Public Issue of [ ] Equity Shares of face value of ` 10 each for cash at a price of ` [ ] per Equity Share, including a share premium of ` [ ] per Equity Share, aggregating ` 6500 Lacs. The Issue of Equity Shares will constitute [ ] % of the fully diluted post issue paid up capital our Company.
Memorandum of Understanding	The agreement dated January 10, 2011, entered into among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date.
Issue Proceeds	Proceeds from the Issue that will be available to our Company being ` 6500 Lacs
Listing Agreement	The Listing Agreement to be entered into with the Stock Exchange(s) by the Company.
Mutual Fund Portion	5% of the QIB Portion available for Allocation on a proportionate basis to Mutual Funds only.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Proceeds	Proceeds from the Issue available to our Company, after deducting the underwriting and issue management fees, selling commissions and other expenses related with the Issue.
Net QIB Portion	QIB Portion less Anchor Investor Portion
Net Worth	The aggregate of share capital, reserve and surplus, surplus/deficit in profit and loss account
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non-Institutional Bidders	All Bidders (including sub-accounts which are foreign corporates or foreign individuals) who are not Qualified Institutional Buyers or Retail Individual Bidders and whose Bid Amount exceeds ` 2,00,000.
Non-Institutional Portion/ Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue, consisting of [ ] Equity Shares, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
NR / Non-Resident	A “person resident outside India”, as defined under FEMA including eligible NRIs and FIIs.
NRI(s) / Non-Resident Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended).
OCB(s) / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through NECS, Direct Credit, RTGS or NEFT, as applicable.
Person / Persons	Any individual, sole proprietorship, unincorporated association, unincorporated

Term	Description
	organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Price Band	The Price Band of a minimum price of ` [ ] (Floor Price) and the maximum price of ` [ ] (Cap Price) and include revisions thereof. The Price Band and the minimum bid lot size for the Issue will be decided by the Company in consultation with the BRLM and shall be advertised, two Working Days prior to the Bid / Issue Opening Date, in one English national newspaper, one Hindi national newspaper and a regional language newspaper with wide circulation.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date and from the SCSBs from the ASBA Accounts on the Designated Date.
QIB Portion	The portion of the Issue being not more than 50% of the Issue, consisting of not more than [ ] Equity Shares, available for Allocation to QIBs, subject to valid Bids being received at or above the Issue Price.
QIB Bid / Issue Closing Date	One Working Day prior to the Bid/Issue Closing Date on which our Company may decide to close the bid/Issue period for QIBs in accordance with the SEBI ICDR Regulations.
Qualified Institutional Buyers / QIB(s)	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ` 2,500 Lacs, pension funds with minimum corpus of ` 2,500 Lacs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India, Insurance Funds set up and managed by the army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India
Red Herring Prospectus / RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC the copy that includes the details of the pricing, Allocation and final size of the Issue.
Refund Account(s)	No-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Bank(s) / Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the chapter titled “ <i>Issue Procedure</i> ” beginning on page 258 of this Draft Red Herring Prospectus in this case being [ ].
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, RTGS, as applicable



<b>Term</b>	<b>Description</b>
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Link Intime India Private Limited
Resident Retail Individual Bidder / Resident Retail Individual Investor	A Retail Individual Bidder who is a “person resident in India” (as defined in FEMA).
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible NRIs) who have Bid for Equity Shares of an aggregate amount of ` 2,00,000 or less.
Retail Portion	The portion of the Issue being not less than 35% of the Issue, consisting of [ ] Equity Shares, available for Allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders to modify the number of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s). Unless the context otherwise states in this Draft Red Herring Prospectus, Bid Cum Application Form includes ASBA Bid Cum Application Form.
SCSB Agreement	The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue, our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the ASBA Public Issue Account.
Self Certified Syndicate Banks / SCSBs	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in the Issue
Syndicate Member(s)/ Member(s) of Syndicate	An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activities as an underwriter.
TRS / Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to the Bidders and by SCSBs to ASBA Investors as proof of registration of the Bid.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement to be entered into among our Company and the Underwriters on or after the Pricing Date.
Working Day(s) / Business Day(s)	All days, other than a Sunday or a public holiday (except in reference to the Bid / Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business.

***Industry Related Terms / Business Related Terms***

<b>Terms</b>	<b>Full Form</b>
GDP	Gross Domestic Product
SEZ	Special Economic Zones
PCPIR	Petroleum Chemical Petrochemical Investment Regions
GLP	Good laboratory Practices
REACH	Registration, Evaluation & Authorisation of Chemicals
DGCI&S	Directorate General of Commercial Intelligence and Statistics
IT	Information Technology
IEM	Industrial Entrepreneurs Memorandum
UNIDO	United Nations Industrial Development Organisation

***Abbreviations***

<b>Abbreviation</b>	<b>Full Form</b>
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<b>Abbreviation</b>	<b>Full Form</b>
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY/A.Y.	Assessment Year
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BOD	Board of Directors
CAN	Confirmation of Allocation Note
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CST Act	Central Sales Tax Act 1956
CWIP	Capital Work in Progress
DB	Designated Branch
Dept.	Department
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
DP	Depository Participant
DRHP	Draft Red Herring Prospectus
EBITDA	Earnings before Interest, Tax, Depreciation, Amortisation and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EEFC	Exchange Earners Foreign Currency
EGM	Extra Ordinary General Meeting
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings per share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 together with rules and regulations framed thereunder, as amended
FIs	Financial Institutions
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEC	Importer Exporter Code
IP	Intellectual Property

<b>Abbreviation</b>	<b>Full Form</b>
IPO	Initial Public Offer
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time
KMP	Key Managerial Personnel
<b>Kg/Kgs.</b>	Kilogram(s)
Ltd.	Limited
MICR	Magnetic Ink Character Recognition
Mn / mn	Million / million / millions
MNC	Multi National Company
MoA	Memorandum of Association
MoU	Memorandum of Understanding
MODVAT	Modified Value Added Tax
MVAT Act	Maharashtra Value Added Tax Act, 2002
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
P/E Ratio	Price/Earnings Ratio
Pvt./(P)	Private
Qty	Quantity
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RHP	Red Herring Prospectus
RoNW	Return on Net Worth
`/`/Rupees /INR	Indian Rupees, the currency of the Republic of India
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Securities Act	The US Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
Sq. Mts.	Square Meters
Sq. Ft./sq. ft./SFT	Square Feet
STC	Service Tax Code
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number

<b>Abbreviation</b>	<b>Full Form</b>
TDS	Tax Deducted at Source
TRS	Transaction Registration Slip
UIN / Unique Identification Number	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
USA/US	United States of America
USD/U.S.\$/US Dollar	United States Dollars, currency of the United States of America.
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended

## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION**

***In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to gender also refer to the other gender.***

### ***Certain Conventions***

In this Draft Red Herring Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms all references to “Company”, “our Company”, “we”, “us” and “our”, are to Ambuja Intermediates Limited. All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

### ***Financial Data***

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company’s restated financial statements as of and for the Financial Years ended March 31, 2007, 2008, 2009 and 2010 and 2011, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI ICDR Regulations, as stated in the report of our Statutory Auditor, in the chapter titled “*Financial Information*” beginning on page 163 of this Draft Red Herring Prospectus.

Our Fiscal Year commences on April 01 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a Fiscal Year (e.g., Fiscal 2011), are to Fiscal Year ended March 31 of that particular year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with Indian GAAP.

### ***Currency and units of Presentation***

In this Draft Red Herring Prospectus, all references to ‘ / Rupees’ / ‘Rs.’ / ‘INR’ are to Indian Rupees, the official currency of the Republic of India. All references to ‘\$’ / ‘US\$’ / ‘USD’ / ‘U.S. Dollar(s)’ / ‘US Dollar(s)’ are to the United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten Lacs’ or ‘ten Lacs’, the word ‘Lacs / Lacs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion / bn. / Billion’ means ‘one hundred crores’.

Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off. Throughout this Draft Red Herring Prospectus, currency figures have been expressed in “million / Mn. / Millions” except those, which have been reproduced/ extracted from sources as specified at the respective places.

### ***Exchange Rates***

This Draft Red Herring Prospectus contains translations of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Item (VIII) (G) of Part A of Schedule VIII to the SEBI Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Unless, otherwise stated, the Company has in this Draft Red Herring Prospectus used a conversion rate as mentioned below. Such translations should not be considered as a representation that such U.S Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

The US Dollar to Indian Rupee exchange rate data:

For the previous five financial years ending on March 31, was as under:

1 USD = ` 43.59 as on March 30, 2007

1 USD = ` 39.97 as on March 31, 2008

1 USD = ` 50.95 as on March 31, 2009

1 USD = ` 45.14 as on March 31, 2010

1 USD = ` 44.65 as on March 31, 2011

And as on September 29, 2011 was 1 USD = ` 48.93

*Source: [www.rbi.org.in](http://www.rbi.org.in)*

## FORWARD LOOKING STATEMENTS

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

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

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, among others:

- Disruptions in our Company;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Significant changes in the exchange rate
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in the chemical and dye industry;
- Our ability to successfully implement our growth strategy and expansion plans through the Issue;
- Our ability to meet our capital expenditure requirements;
- Competition from existing players;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- changes in laws and regulations that apply to the clients, suppliers, and dyes , intermediates and chemicals industries;
- Potential mergers, acquisitions or restructurings;
- Our ability to attract and retain qualified personnel;
- The performance of the financial markets in India and globally;
- Market fluctuations and industry dynamics beyond our control; Occurrence of natural disasters or calamities affecting the areas in which we have operations; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer chapter titled “*Risk Factors*” beginning on page 15 of this Draft Red Herring Prospectus, and chapters titled “*Industry Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 86 and 193 respectively of this Draft Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company or the BRLM, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI

requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges.



## SECTION - II

### RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections “Our Business” beginning on page 93 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 193 as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.*

*The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business, financial condition and results of operations.*

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

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the risks involved.*

#### **Materiality**

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

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

#### **Internal Risks**

- 1. There are outstanding legal proceedings against us and our Subsidiary Company.**

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties.

There are certain proceedings pending in various courts and authorities at different levels of adjudication against us and our Subsidiaries:

#### **Litigations against our Company**

<b>Sr. No</b>	<b>Nature of Case/Claims</b>	<b>No. of Cases Outstanding</b>
1.	Civil proceedings	3
2.	Labor proceedings	5
3	Tax related matters	4

### Litigations against our Subsidiary Company

Sr. No	Nature of Case/Claims	No. of Cases Outstanding	Amount Involved ( ` in Lacs)
1.	Tax related matters	1	-

For further details on material litigations against us, see “Outstanding Litigations and Material Developments” on page 210. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts, tribunals or any other authority, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

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

Our company had negative cash flows from operating, Investing and financing activities in the past three fiscals. The details of which is summarized below:

( ` in lacs)			
Year Ended	March 31, 2011	March 31, 2010	March 31, 2009
Net Cash from Operating Activities	758.23	(252.82)	813.63
Net Cash from Investing Activities	(429.96)	(124.78)	(387.30)
Net Cash from Financing Activities	(335.52)	388.40	(422.91)

Our cash flows from operating, investing and financing activities may be negative in future. In addition, our ability to pay dividends or to generate positive cash flows from operating activities in the future will depend upon a number of factors, including our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other similar factors. For further details, please refer to the chapter titled “Financial Information” and “Management’s Discussion and analysis of Financial Condition and results of Operations” beginning on page 163 of this Draft Red herring Prospectus.

3. ***Our costs of complying or failure to comply with existing and future environmental laws could adversely affect our business and results of operations.***

Our projects are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of hazardous substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In the case of any change in environmental, or pollution regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management. We may also be required to bear additional expenditure to establish additional infrastructure, such as facilities for monitoring pollution impact and effluent discharge. Such additional costs may adversely affect our results of operations. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities, including the cancellation of environmental approvals.

4. ***Our Company manufactures several chemicals which produce hazardous wastes and hence are required to get the consent for operations, which need to be renewed continuously. Our consolidated consent is valid till 19-8-2012. These consents stipulate conditions which if not complied with may lead to closure of our operations.***

Due to the nature of the products manufactured by us, our effluent treatments facilities are continuously

monitored by the Pollution Control Board which stipulate conditions before permitting us continue with our operations. In case we are unable to comply with the conditions Pollution Control may order closure of our operations which may lead to severe impact on our income and financial conditions. Currently vide order dated Sept 6, 2011 we have been permitted to carry on the operations with 50% of the consolidated consent quantity for a period of three months.

**5. *There are Contingent liabilities that have not been provided for and if they materialize, it could adversely affect our financial condition.***

The statement of contingent liabilities not provided for as per the restated financial statements is mentioned below:

(` in Lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Excise Duty against which the Company has preferred the Appeals	0.00	0.00	5.18	5.18	5.18
Letters of Credit and Bank Guarantee issued by the Bank on behalf of the Company	268.62	538.22	141.31	325.04	250.89
Sales Tax against which the Company has preferred an Appeal	42.69	42.69	15.24	15.24	15.24
Income Tax against which the Company has preferred the Appeals	0.51	76.32	0.00	0.00	0.00
Export Obligation against Advance for Material Purchase	2.37	0.00	0.00	0.00	0.00
<b>Total Contingent Liabilities</b>	<b>314.19</b>	<b>657.23</b>	<b>161.73</b>	<b>345.46</b>	<b>271.31</b>

If any of the above liabilities materialises, our financial condition could be adversely affected.

**6. *We have issued Equity Shares during the last year at a price that may be below the Issue Price.***

We have issued Equity Shares in the last twelve months at a price that may be lower than the Issue Price the details of which is mentioned below. The list of allottees are part of Promoter and Promoter Group.

Date Allotment	Of	Number of Equity Shares	Face Value (Rs).	Issue Price (`)	Reason
March 30, 2011		30,50,000	10	10	Bonus
September 16, 2011		24,00,000	10	10	Preferential Allotment
September 19, 2011		38,25,000	10	10	Bonus

For further details, please see section titled “Capital Structure” on page 51.

**7. *Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business could have a material adverse effect on our business.***

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. Additionally, we may need to apply for more approvals in the future. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses,

registrations and permits issued to us would not be suspended or revoked in the event of noncompliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. For details, please refer to the chapter titled “Government Approvals and other approvals” on page 223 of this DRHP.

**8. *The property in Vatva, in which our company is carrying its dyestuff manufacturing operations, is under litigation and the operations may get affected if the company loses possession of the property***

The Company is in possession of Plot # 41 (Phase II) of Vatva Industrial Estate, Ahmedabad wherein we have been manufacturing dyestuffs as per the requirement of our clients. We also have fully equipped laboratory to support the testing of the finish products. In order to produce dyestuff we also have blending facility, spray drying facility and client specific packaging facility.

This land was originally taken on lease by Urmi Chemicals Private Limited (UCPL) from Gujarat Industrial Development Corporation (GIDC). For securing an amount of ` 1.95,00,000 (Rupees One crore ninety five lacs only) due to our Company by UCPL, UCPL created an equitable mortgage by deposit of title deeds with our Company in June 2003. The company took possession of the property in June 2003, and has been carrying on the manufacturing operations on this property. The property has not yet been transferred in our name due to some pending litigations and the property continues to be in the name of UCPL. In the event our Company loses the right to get the property transferred on its name or if our Company is restrained from carrying on the manufacturing operations, our Company may lose all the investments made on this premises and may have to shift the entire plant to another location which may not be easily available or may be available at high cost. These adverse situations may affect the operations and the financial condition of our Company. For further details of please refer to section ‘Outstanding Litigations and Material Developments’ beginning on page 210 of this DRHP.

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

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

**10. *Our insurance coverage may not adequately protect us against certain operating hazards and natural disasters and this may have a material adverse effect on our business. We may suffer uninsured losses or losses exceeding our insurance limits.***

We generally maintain insurance on property and equipment in amounts believed to be consistent with industry practices and our insurance policies cover physical loss or damage to our property and equipment arising from a number of specified risks including burglary, fire and other perils. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy or losses arising from events not covered by insurance policies, could materially harm our financial condition and future operating results.

We face the risk of losses in our operations arising from a variety of sources, including, among others, risks related to catastrophic events, terrorist attacks and accidents. We may suffer uninsured losses from time to time. If we suffer any losses, damages and liabilities in the course of our operations, we may not have sufficient insurance or funds to cover such losses, damages or liabilities or to replace any property that has been destroyed. In addition, any payment we make to cover any uninsured losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations. Furthermore, in the future

we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate. Moreover, any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have an adverse effect on our financial condition and results of operations. For further details regarding Insurance, please refer to the paragraph titled “Insurance” under the chapter titled ‘Our Business’ beginning on page 93 of this Draft Red Herring Prospectus.

***11. We have in the past entered into related party transactions and may continue to do so in the future. Such transactions or any future transactions with related parties may potentially involved conflict of interest and impose certain liabilities on our Company.***

We have, in the course of our business, entered into transactions with related parties that include entities forming part of our Promoter Group and Group Companies. While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For more information regarding our related party transactions, see the chapter titled “Financial Information” beginning on page 181 of this Draft Red Herring Prospectus.

***12. Our success will depend on our ability to attract and retain key personnel.***

We depend on our senior executives and other key management members to implement our business strategy. If any of these individuals resigns or discontinues his or her service and is not adequately replaced, our business operations and our ability to successfully implement our projects and business strategies could be adversely affected. We do not own any key man insurance and the loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations.

We intend to continue to develop our management and employee base in the future, but this will depend on our ability to attract and retain key personnel. Competition for management and industry experts in the industry is intense. Our future performance depends on our ability to identify, hire and retain key engineering, technical, support and other qualified personnel. Failure to attract and retain such personnel could adversely affect our business, financial condition and results of operations.

***13. Our ability to pay dividends in the future will depend upon a variety of factors such as future earnings, financial condition, cash flows, working capital requirements, and restrictive covenants in our financing arrangements.***

Our ability to pay dividends in the future will depend on our capital requirements, financing arrangements and financial condition. For further details on dividend paid by us, please refer to section “Dividend Policy” on Page 162 of this DRHP.

***14. We may face a risk on account of not meeting our export obligations.***

We have obtained ‘Advance Authorisation’ license and as per the licensing requirement, we are required to export goods of a defined amount, failing which, we have to make payment to the GoI equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on the date of Draft Red herring Prospectus, our export obligation is US\$ 4,72,500 . Any failure in meeting the export obligations, can have adverse effects on the performance of our Company. For further details, please refer to the paragraph titled “Export Obligations” in the chapter titled our “Our Business” beginning on page 93 of this Draft Red Herring Prospectus.

***15. Our company has unsecured loans which are repayable on demand, which may hamper liquidity of the company if recalled.***

As on March 31, 2011, our Company has outstanding unsecured loans of ` 155.45 lacs as given below which

are repayable on demand. In the event that the lenders of such loans demand the repayment of these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all because of which we may face the liquidity crunch in the future.

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
From Shareholders, Director & Relatives	155.45	87.25	0.00	0.00	442.03
From Inter Corporate Bodies	0.00	0.00	150.00	125.00	0.00
<b>Total Amount</b>	<b>155.45</b>	<b>87.25</b>	<b>150.00</b>	<b>125.00</b>	<b>442.03</b>

*For further details on unsecured loans and the terms of such loans, please refer to the “Unsecured Loans” in the chapter titled “Financial Information” on Page 163 of this DRHP*

**16. Some of our Promoters and Group Entities operate in related areas of business.**

Some of our Promoters and Group Entities operate in related businesses and we have had, and will continue to have, business dealings with such companies. Partnership firms – Fortune Enterprise, Nenava Metal Corporation, and Nenava Steels, are having objects to carry on the business of chemicals. Fortune Enterprise is engaged in the trading of the chemicals, and our Company is also engaged in such activity. Nenava Metal Corporation is mainly engaged in trading of the ferrous and non-ferrous metals but is also engaged in the business of chemicals only to some extent. One of the object of Nenava Steels is to carry on the business of chemicals, however, it is engaged only in the business of ferrous and non-ferrous metals.. In case of any conflict, our Promoters may favor their interest or the interest of our Group Companies over us. For further information on Group Companies, see “Our Group Entities” on page 152.

**17. Few of our Group Entities have incurred losses in the Fiscal Year 2008, 2009 and/or 2010.**

Few of our Group Entities, Ambuja Metal Industries Private Limited, Electra Multimedia Private Limited, Megaa Power Projects Private Limited, and Shagun Reality have incurred losses in the Fiscal Year 2010 / 2009 / 2008. For details, see “Our Group Entities” on page 152.

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

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

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

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

We monitor our inventory levels based on our own projections of future demand. An inaccurate forecast of demand for any product can result in the unavailability / surplus of products. This unavailability of products in

high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

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

Our Company sells its products in highly competitive markets and faces competition; however it is not possible to compute the present market share of our Company since the Indian chemical industry is largely an unorganised industry and there are no reliable source / report which carries this data on market share. Further, the competition in these markets is based primarily on demand creation and as a result, to remain competitive in our markets, we must continuously strive to effectively market our products. In each of our markets, we face competition primarily from the unorganized market and MNCs. In the event of price competition from our competitors, we may be required to reduce the price of our products while maintaining quality standards and our Company may not always be able to do so. Accordingly, we cannot be certain that we will be able to compete effectively with these competitors or that we will not lose customers to these competitors. If we are not able to compete effectively, our business, results of operations and financial condition could be adversely affected.

***21. Increases in interest rates may adversely affect our results of operations.***

We currently have floating rate indebtedness and also maintain deposits of cash and cash equivalents with banks and other financial institutions and thus are exposed to market risk as a result of changes in interest rates. Moreover, the interest rates on certain of our indebtedness are subject to periodic resets. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current Fiscal Year and in future periods our borrowings may raise depending upon our growth plans. We do not currently use any derivative instruments to modify the nature of our exposure to floating rate indebtedness or our deposits so as to manage interest rate risk.

***22. We are subject to risk arising from exchange rate fluctuations.***

Since we intend to penetrate further in domestic and international market, it will increase our exposure to the risk of currency fluctuations in foreign jurisdictions. To the extent these currencies depreciate against the Indian Rupee, it would decrease our income reported in the Indian Rupee. The exchange rate between the Indian Rupee and the other foreign currencies such as the Euro and U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. While the understanding with our client provides us a natural hedge against fluctuations in the value of the Indian Rupee relative to other currencies and consequent impact on our income, cost of sales and services and operating margins, however, this may not eliminate our exposure to foreign exchange rate fluctuations and involves costs and risks of its own, such as ongoing management time and expertise, external costs to implement the strategy and potential accounting implications.

***23. Our Promoters will continue to retain majority shareholding in us after the Issue, which will allow them to exercise significant influence over us and potentially create conflicts of interest.***

After the Issue is completed, our Promoters and Group Companies will own, directly and indirectly, approximately [ ]% of our outstanding Equity Shares. Accordingly, our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoters as the Company's controlling shareholder could conflict with the Company's interests or the interests

of its other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in the Company's favour.

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

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates, current quotation from suppliers, current business plan and have not been appraised by any bank or financial institution. We may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within our control. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at our discretion. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency.

- 25. *Our management will have significant flexibility in applying the Net Proceeds.***

We intend to use the Proceeds from the Issue for the capital expenditures described in section titled "Objects of the Issue" beginning on page 70 of this DRHP. Our management may determine that it is appropriate to revise our estimated costs, fund requirements and deployment schedule owing to factors such as changes in design or configuration of the capital equipment, significant increase in raw material cost, and other external factors which may not be within the control of our management.

Further, pending utilisation of the Proceeds from the Issue and other financings, we intend to invest such Net Proceeds in interest-bearing liquid instruments including bank deposits and investments in financial products as approved by our Board of Directors. Although the utilisation of the Proceeds from the Issue and other financings will be monitored by the Board, there are no limitations on interim investments that we can make using such Net Proceeds. In addition, ₹ [●] Lacs has been allocated to general corporate purposes and will be used at the discretion of the management.

- 26. *We are yet to place orders for 100% of the plant & machinery required for the project. Any delay in placing orders, procurement of plant and machinery may delay our implementation schedule which may also lead to increase in price of these equipments, further affecting our revenue and profitability.***

We are yet to place orders for 100% of the plant & machinery cost relating to project. For details, please refer to the section 'Objects of the Issue' beginning on page 70 of Draft Red Herring Prospectus. Any delay in placing the order for procurement of the same and its delivery will inadvertently delay the completion of project and will lead to the increase in price of these equipments, which in turn will have an adverse effect on the cost of the project, revenue and profitability of our Company.

- 27. *Future sales of Equity Shares by our Promoters may adversely affect the market price of our Equity Shares.***

After the completion of the Issue, our Promoters will own, directly and indirectly, approximately majority of our outstanding Equity Shares. Sales of a large number of our Equity Shares by our Promoters could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares.

- 28. *Any future issuance of Equity Shares by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us, such as a primary offering or pursuant to a preferential allotment, may dilute your shareholding in us, adversely affect the trading price of our Equity Shares and could affect our ability to raise capital through an issuance of our securities. In addition, any perception by investors that such



issuances or sales might occur could also affect the trading price of our Equity Shares.

Additionally, the disposal of Equity Shares by any of our significant shareholders or our promoters, any future issuance of Equity Shares by us or the perception that such issuances or sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

## **External Risks**

### ***29. Certain tax laws and changes in tax laws, or their interpretation, may adversely affect our results of operations and financial condition***

Any change in tax laws, including the proposed migration from the Income Tax Act, 1961 to a direct tax code, or in the interpretation of the tax laws, may result in discontinuation or withdrawal of tax benefits or exemptions which we believe may be currently available to us, and may lead to an increase in income tax liability. Tax regulations have historically been subject to varying interpretations and applications by tax authorities, courts and tribunals. The Government of India has also recently proposed comprehensive indirect tax reforms including a shift to a unified goods and services tax system. We cannot currently ascertain the impact that such changes may have on us, and any change in tax laws or the interpretation and application of such laws could have an adverse effect on our business, financial condition and results of operations.

For details of the tax benefits available to us, see “Statement of Tax Benefits” on page 79. The Government of India may discontinue the tax benefits availed by us which may affect our business, results of operations and financial condition.

### ***30. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors’ assessment of our financial condition and results of operations. Our failure to successfully convert to IND AS within the prescribed time framework could have an adverse effect on our stock price.***

Our financial statements, including the audited financial statements and “Selected Financial Information” included in this Draft Red Herring Prospectus are prepared in accordance with Indian GAAP. We have not attempted to explain in a quantitative manner the impact of the International Financial Reporting Standards, or IFRS, on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS. IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of us, the terms of this Issue and the financial information contained in this Draft Red Herring Prospectus.

In addition, in our transition to IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be adversely affected by increasing competition and increased costs for the relatively small number of IND AS-experienced accounting personnel available as more Indian companies begin to prepare IND AS financial statements.

### ***31. The continuation or recurrence of systemic events such as the recent global economic meltdown, instability of economic policies and the political situation in India or globally may adversely affect our performance.***

Conditions outside India, such as continued slowdowns in the economic growth of other countries may adversely impact the growth of the Indian economy, and Government policy may change in response to such conditions. The consequent slowdown in the Indian economy may adversely affect our business, including our ability to implement our business strategy and increase our participation in the chemical industry.

The current economic policies of the Government may change further to respond to the recent global economic

meltdown or a recurrence thereof. Particularly, there may be changes to specific laws and policies affecting the industry and other policies affecting foreign investment in our business. Any significant shift or change in India's economic policies and regulations may disrupt economic conditions in India and this may in turn affect our business, financial condition and results of operations.

Unstable internal and international political environment may impact the economic performance of the chemical industry, including our Company, in the short and long term. Our business, and the market price and liquidity of our Equity Shares, may be affected by reactionary changes in interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India on account of any changes in the global economic changes.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Financial turmoil in Asia, the United States, Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. The recent global economic downturn had a severe impact on the Indian equity markets. The Indian stock exchanges experienced significant volatility, with the BSE index declining by almost 50.0% over the second half of 2008 and early part of 2009. A loss in investor confidence in the financial systems of other markets may increase volatility in Indian financial markets and, indirectly, in the Indian economy in general, thereby adversely affecting our business, financial condition and results of operations.

***32. The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.***

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, on our results of operations and financial position is highly speculative, and would depend on numerous factors. Although the long term effect of such diseases cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we have projects would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

***33. Political instability or changes in the Government may delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which may impact our business, financial condition and results of operations.***

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms. The current Government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalisation policies that have been pursued by previous governments, the rate of economic liberalisation may change, and specific laws and policies affecting infrastructure, power generation, foreign investment and other matters affecting investment in our securities may change as well. However, we cannot assure you that such policies will be continued. A change in the Government in future may result in a significant change in the Government's policies that may adversely affect business and economic conditions in India and may also adversely affect our business, financial condition and results of operations.

***34. Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and***

***other countries may adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

India has also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

***35. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This may have an adverse effect on our capital expenditure plans, business and financial performance.

***36. The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.***

India's physical infrastructure is less developed than that of many developed countries. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

***37. Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

***38. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

***39. We cannot assure you that the Equity Shares will be listed on the BSE and the NSE, which may restrict your ability to dispose of the Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares offered in this Issue have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

The Indian securities markets are smaller than the securities markets in more developed economies. Indian stock exchanges have experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares may be adversely affected.

There has been no public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

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

Subsequent to listing, our Company may be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based on certain factors such as the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker, if imposed, would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

**Prominent Notes:**

1. Investors may contact any of the BRLM for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Bidder, number of Equity Shares for which the Bidder applied, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder. For contact details of the BRLM and the compliance officer, please refer to chapter titled 'General Information' beginning on page 41 of the Draft Red Herring Prospectus.
2. Public Issue of [ ] Equity Shares of face value of `10/- each for cash at a price of `[ ] per Equity Share (including share premium of `[ ] per Equity Share) aggregating to ` 6500 Lacs. The Issue will constitute [ ] % of the post Issue paid-up capital of our Company.
3. Our Net Worth as at March 31, 2011, was ` 2938.92 Lacs as per our restated audited financial statements, included in the Draft Red Herring Prospectus. The Net Asset Value per Equity Share as at March 31, 2011 was ` 48.18 as per our restated audited financial statements included in the Draft Red Herring Prospectus. For further details, please refer to chapter titled 'Financial Information' beginning on page 163 of the Draft Red Herring Prospectus.

4. Our Company was incorporated in the name of ‘Ambuja Intermediate Products Private Limited’ as a private limited company under the Companies Act, 1956 vide a Certificate of Incorporation dated August 10, 1988 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli(RoC). Consequent upon the conversion to deemed public limited company the name of our Company was changed to ‘Ambuja Intermediate Products Limited’ vide a fresh certificate of incorporation dated September 6, 1999. The name of our Company was changed to ‘Ambuja Intermediates Limited’ and received a fresh certificate of incorporation dated October 22, 1999. Again consequent upon the conversion into the private limited company, the name of our Company was changed to ‘Ambuja Intermediates Private Limited’ vide a fresh certificate of incorporation dated June 25, 2005 from RoC. Our Company was once again converted into a public limited company and the name was changed to ‘Ambuja Intermediates Limited’ vide a fresh certificate of incorporation dated September 19, 2011 issued by RoC. Our Company’s CIN is U24231GJ1988PLC011091. For further details of our Company, please refer to the chapters titled ‘General Information’ and ‘History and Certain Corporate Matters’ beginning on pages 41 and 117 respectively, of the Draft Red Herring Prospectus.
5. This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of our Company, Equity Shares will be offered to the public for subscription in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), and the SEBI ICDR Regulations. The Issue is being made under Sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (QIB portion) subject to valid bids being received at or above the Issue Price, provided that our Company may allocate up to 30% of the QIB portion to Anchor Investors, on a discretionary basis (the **Anchor Investor Portion**). One-third of the anchor investor portion shall be reserved for allocation to domestic mutual funds only, subject to valid Bids being received from domestic mutual funds at or above the Anchor Investor price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All Non Retail Bidders i.e. Non Institutional Bidders and QIB Bidders can participate in this Issue only through the ASBA process. Anchor Investors are not permitted to participate in this Issue through the ASBA process. Retail Individual Bidders may also use the ASBA process for participating in this Issue. For details, please refer to the section titled “Issue Procedure” beginning on page 258 of this Draft Red Herring Prospectus
6. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Sl. No.	Name of the Promoter	Average cost of acquisition (in `)
1.	Mr. Gambhirmal R. Shah	5.81
2.	Mr. Lalit T. Shah	4.53
3.	Mr. Mahendra M. Patel	2.45
4.	Mr. Dinesh R. Shah	6.01
5.	Mr. Naresh J. Shah	4.02
6.	Mr. Harakhchand R. Shah	4.33
7.	Mr. Rajesh R. Shah	1.88
8.	Mrs. Kantaben M. Patel	2.23
9.	Mr. Animesh K. Patel	2.97
10.	Gambhirmal R. Shah (H.U.F)	3.25
11.	Lalit T. Shah (H.U.F)	3.45
12.	Dinesh R. Shah (H.U.F)	6.70
13.	Harakhchand R. Shah (H.U.F)	2.91
14.	Rajesh R. Shah (H.U.F)	3.45
15.	Jivraj C. Shah (H.U.F)	3.45
16.	Naresh J. Shah (H.U.F)	3.45

Sl. No.	Name of the Promoter	Average cost of acquisition (in `)
17.	Kantilal C. Shah (H.U.F)	3.09

7. For details of Group Companies/Entities having business interest or other interests in our Company, please refer to the chapter titled '*Our Group Entities*' beginning on page 152 of the Draft Red Herring Prospectus.
8. Except as disclosed in Annexure – XVI under chapter titled '*Financial Information*', '*Our Promoters and Promoter Group*', '*Group Entities*' and '*Capital Structure*' on pages 163, 140 and 152 respectively, of the Draft Red Herring Prospectus, none of our Promoters, Directors, Key Managerial Personnel or Group Entities have any business or other interest, other than to the extent of Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
9. For details of transactions in the securities of our Company by our Promoter, Promoter Group, Directors of our Company and their relatives in the last 6 months, see the notes to the chapter titled "Capital Structure" on page no. 51 of this Draft Red Herring Prospectus.
10. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.
11. Our group entity – Electra Multimedia Private Limited is under the process of liquidation
12. Our Group entity – Nenava Impexx Private Limited company has made an application for striking the name off the Registrar u/s 560 of the Companies Act, 1956 and another group entity – Lonza Pharmaceuticals Private Limited is struck off from the Register and the company is dissolved.

## SECTION III – INTRODUCTION

### SUMMARY OF OUR INDUSTRY

#### Overview of the Chemical Industry in India

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

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

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

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

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

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

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

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

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

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

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

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

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



## SUMMARY OF OUR BUSINESS

Our Company was established in 1988 with an objective of setting up a Dye-Intermediates manufacturing unit. We believe that we are one of the leading intermediates and specialties manufacturing company in Gujarat. We manufacture broad and innovative range of intermediates viz. naphthalene based intermediates, benzene based intermediates, dyestuffs, organic pigments, and specialty intermediates. Our products are used in various industries such as leather, textile, paper, electronics, plastics, polymer, and printing.

We have five manufacturing units in State of Gujarat, India. We have four manufacturing units spread over about 32 acres of land, near Ahmedabad at Village Rajpur (District – Mehsana) in North Gujarat and one manufacturing unit in Vatva – GIDC, Ahmedabad. We commenced our operations in 1988 with an installed capacity of 120 MTPA for manufacturing of dye intermediates. From time to time we have been increasing our installed capacity and also diversifying into manufacture of speciality chemicals, dyestuff and organic pigments. Currently our capacity stands at 6140 MTPA of speciality chemicals, dye and dye intermediates . As on August 31, 2011 we have more than 250 employees.

We provide custom made solutions to various multinational clients on regular basis. Our Custom Synthesis and Toll Manufacturing segments are growing consistently. These segments follow strict confidential arrangements to develop the product as per the prerequisites of the client and its operations are carried out on an exclusive basis. We believe that our experience to deal with multinational client across globe provides us the competitive edge..

We believe that our competency lies in Research & Development (R & D), which results in development and optimization of various products and processes, and continue to improve quality of our product. We have adopted a systematic approach to our research and development activities that are aimed at achieving both near-term manufacturing efficiency gains and long-term competitiveness by leveraging internal resources as well as third party collaborations. We believe that R & D plays vital role in reducing overall cost of manufacturing of our products. Our R & D Team plays an integral role in developing the product right from selection of raw material to the distribution of finished product. Our R & D team has indigenously developed catalytic hydrogenation plant. We believe that it is one of the biggest catalytic hydrogenation plants in Gujarat region and the technology used for this plant is unique. The plant is environment friendly and operates on the norms established by the Gujarat Government for environment. We have reduced iron waste output to almost zero with the functioning of this plant.

We are recognised as ‘Two Star Export House’ by the Government of India. In the last 23 years we have exported our products to more than 30 countries across globe. Revenue generated from sale from exports is approximately 60% of our total revenue.

Currently we have 3 windmills generating 4MW of power. We believe that we are one of the few dye intermediate Companies running on Green Power generated from Windmills. Captive consumption of the power generated from windmills results in saving of more than 70% of the power cost which gives us competitive edge..

We believe that pollution control is an integral part of the operations. We believe that with the help of existing resources such as adequate infrastructure, ample land, water, power etc we can prevent and minimize environmental pollution. We believe that “industrialization and ecology can and should coexist”. In order to ensure environment friendly operations, we recover several by-products such as gypsum, glauber salt and Distilled Water. The distilled water so recovered is used for recycling in boiler. We have state-of-the-art Zero Effluent Discharge Pollution Treatment Plant with a capacity to handle 500 kl waste water per day. We recover several by-products, liquid and gaseous wastes in order to reduce the treatment load and cost.

### **Our Competitive Strengths**

We believe our principal competitive strengths are as follows:

#### **1. Green Technology / Environment friendly operations**

We believe that we are one of the Naphthalene based Intermediate plants running on Catalytic Hydrogenation technology. Our Research and Development team has indigenously developed this plant to curb the pollution output of iron sludge and organic waste. Catalytic Hydrogenation technology has 15 KL size reactors and working pressure of 35 bars. We identify this technology as Green Technology. This technology helped us to discard iron sludge waste of other manufacturing facility of our Company. With implementation of this technology, our overall product quality has enhanced. This technology is in line with the norms of Gujarat Government. This technology enables us to improve overall product quality and its end use performance.

## **2. Waste Management – Green Initiative**

We believe that we are one of the pioneers in developing and setting up a Zero Effluent Discharge Plant (“ZED”). Our ZED Plant recovers annually 12000 MT of sodium sulphate, 22000 MT of gypsum and 60000 KL of distilled water for recycling. Our Effluent Treatment is based on maximum recovery of by products and minimizing the volume of waste to highly concentrated organic waste. This highly concentrated organic waste having self Calorific value is finally incinerated to solid ash. Gujarat State Pollution Control Board has inspected our pollution treatment plant. We believe that this is a step towards Green Initiative which is in line with the policies of Government of Gujarat / India. With the help of this plant we are able to recycle the water to the extent of 70% of the water and reuse the same in our manufacturing process. Inorganic products generated out of this process are sold as by product. Thus it reduces the overall impact on environment. Further the Environment policy of Government of Gujarat does not allow evacuating the waste generated out of the manufacturing process. However with the help of this technology, 70% of the waste water is reused.

## **3. Efficient Cost Management with the help of Green Power**

Power is one of the significant elements of operating cost in our industry. We believe that we are one of the first Dye Intermediate Plants running on power generated by wind mills. We have set up wind mills to generate power with capacity of 4 MW on west coast of Gujarat. Power generated from Wind mill is identified as Green Power as the same is environment friendly. . Approximately 70% of our power requirement is taken care with the help of power generated from wind mills. Captive consumption of power generated from our wind mills has significantly reduced our overall operating cost and has given us a competitive edge.

## **4. Commitment of our Promoters supported by a strong management team**

Our Promoters are focused and have been instrumental in grooming our Company since inception. Under their strategy and guidance, the net sales of our Company have grown to over ` 11815.25 lacs in fiscal 2011. Our Promoters families, Shah Family and Patel Family complement each other.. The Promoters are backed by a strong team of committed, dedicated team of personnel with hands-on experience who are in charge of the routine operations.

Due to the committed efforts of our Promoters we have been consistently receiving Best Export Award for many years from Gujarat Dyestuff Manufacturers Association and CHEMEXCIL – a body set up by Government of India. Further due to the commitment from our Promoters and strong support of our management we were able to establish the “Ambuja” brand in the Chemical Industry and also be recognised as a “TWO Star Export House”.

## **5. Strong Research & Development Capabilities**

Our emphasis on Research and Development has enabled us to devise our own process technologies and expand our engineering capabilities. We have an in-house R&D team with expertise in developing various intermediates as per the specifications of clients or end user. We have the capability and track record to identify processes in producing intermediate, re-engineer the manufacturing process and implement the process on large scale to reduce the cost of manufacturing. We have always undertaken in-house research and development on process chemistry and through extensive re-engineering by setting up pilot plants.

We have developed indigenously State of the Art Zero Effluent discharge pollution treatment plant and the catalytic hydrogenation plant. With the help of our Research and Development, since 1996 we have developed several products.

With the help of our Research and Development Division we provide customized solution to the customer. Typically we enter into a Non disclosure agreement with our clients for producing the product as per their specifications. Our Research and Development department has the ability to manufacture tailor made products as per the requirements and specifications provided by end users in timely manner. With the help of our Research and Development department, we can and produce diversified product range, which gives us the competitive edge.

The composition of manufacturing process can undergo change as per the requirement of clients, their needs for utilisation of the end products etc. This also enables us to develop diversified product portfolio. Our Company is currently supplying custom synthesis and toll manufacturing products under non disclosure agreement. Our Company is also providing custom made solutions to various multinational clients on regular basis. Our experience in dealing with multinational clients across globe gives us the competitive edge.

## **6. Integrated facilities with location advantage**

Since inception we have always focused on creating integrated facilities to attain the economies of scale and to increase our market share. As a result, presently, we have integrated facilities. Most of our plants operate on a continuous process basis, giving us the competitive edge of manufacturing products at lower costs compared to some of our competitors who manufacture on batch processing basis. We already have in place the core infrastructure facility required to meet our present as well as future expansions needs. Our facility at Rajpur, Gujarat is ideally located in the heart of dyestuff / chemical industry.

## **OUR FUTURE PLANS AND STRATEGIES**

Our future plans are based on our perception of growth in the demands of our products in the domestic and international markets. The key drivers of such growth are increased domestic consumption and global outsourcing trends in the leather, textile, paper, electronics, plastics, polymer, and printing industry. In view of the above and given our competitive strengths, our business strategies emphasize on expanding into our target markets through penetrating into existing and newer markets. We intend to pursue following strategies aggressively to achieve the same:

### **Domestic Market Penetration**

Our competitive strength will increase considerably on completion of our upgradation of existing facilities. We believe that new technology will help us to develop new product and further penetrate the domestic market. Upon completion, we will be able to offer a basket of products to our customers at highly competitive prices. We already have a marketing presence in major market segments for our products sold domestically. Presently we cover the domestic market through a dedicated domestic sales team of 3 key personnel.

### **Continued Focus on R&D**

We believe that the quality of our processes is integral to our ability to manufacture quality products at competitive prices and thereby retain and attract our customers. Improvement in our quality processes enables us to benefit from increased productivity, improved quality, reduced costs, on-time delivery and greater reliability. Our emphasis on Research and Development has enabled us to devise our own process technologies and expand our engineering capabilities. With the help of Research and Development department we have developed an ability to produce tailor made products as per the requirements and specifications provided by our clients in timely manner. Our Company is currently supplying custom synthesis and toll manufacturing products under non disclosure agreement and with the help of our Research and Development team we continue to supply the products as per the requirements. We will continue to focus on Research and Development, which we believe that will help us to further penetrate into domestic and international market.

### **Leverage competitive strength to capitalize in international market**

There exists large markets in Europe, US, Japan and East Asia for the Company's products. Maintaining quality of the product and timely delivery are critical success factors for tapping these vast markets. We have been investing to

create facilities which can cater to the quality requirements of the global customers. With the range of quality products now being offered, we are confident of increasing our exports.

We are focusing on marketing of our products in the European, and East Asian markets by expanding our network of agents in such markets. We have a dedicated six-person export marketing team, which focuses solely on the international markets. We believe that with the help of our Research and Development team we can further strength our International reach.

### **Continue to focus on Green initiative**

Our strategy is to upgrade and acquire new machinery and technology for manufacturing process which is environment friendly. We propose to set up multiple effect evaporation plant for sodium sulphate recovery. Sodium Sulphate recovery plant will help us to reprocess the waste generated in the plant into byproduct. We believe that this is a step towards Green Initiative as the waste generated in the plant will be further processed into byproduct which is marketable. We intend to use part of the Proceeds of Issue towards acquisition of capital equipment and towards

### **Reduction of operating cost**

With the help of new technology and upgradation of existing facility, our dependency on labour will be reduced which will result in reduction in labour cost. We believe that semi automation will also help in reducing the overall operating cost. Further we propose to deploy ` 1522.14 lacs towards setting up of wind mills which will enable us to self reliant for power and ensure zero cost for power.

We would continue our initiatives in future to extract further efficiencies, which would make us more competitive.

### **Our Dyestuff Division**

We have been producing dyes since 2003 as forward integrated facility for intermediates production plant. We have adequate manufacturing facility available at our Vatva Plant. We typically produce dyestuff as per the requirement of our clients. We also have fully equipped laboratory to support finish product test. In order to produce dyestuff we also have blending facility, spray drying facility and client specific packaging facility.

### **Research and Development**

Our Company carries out research & development activities at Rajpur - Gujarat. The research is carried out for improving the quality of existing products and development of new processes for the existing products.

R & D laboratories are equipped with sophisticated and technologically advanced equipment, where highly skilled team of research chemists, engineers and technicians serve diverse range of products.

R & D programs are designed to achieve four objectives:

1. Continuous improvement in quality by improving manufacturing technology and processes
2. Lowering our manufacturing costs through process improvement
3. Conduct exploratory research to develop new product lines and markets
4. Develop new products and process that are environmentally responsible.

### **Sales and Marketing**

We have a dedicated sales and marketing team, separately focused on domestic market and international markets. In India we have our own sales offices in two locations i.e. Mumbai and Ahmedabad. For the international market, we have eliminated dependence on any single geographical location, product family or customer and have a presence in the major demand markets of Europe, Japan, China, South Korea, Taiwan, Thailand, Indonesia, Pakistan, Bangladesh, Egypt, Turkey, and Latin America markets.

Our combined domestic and international sales team comprises of 7 persons, with domestic team comprising of 3 persons and international team comprising of 4 persons.

Timely delivery of our products is of utmost importance to all our customers. To take care of this requirement we have set up a separate logistics management cell within our marketing team. The primary responsibility of this is to plan and monitor complete shipment logistics to ensure “just in time” delivery to our customers.

#### **Custom Synthesis and Toll Manufacturing under CDA**

We have several custom synthesis and tolling arrangements with leading MNC's for exclusively producing several speciality intermediates, dyes and pigments under secrecy agreement. In certain cases the technology is provided by the client and we have a buy back arrangement of these products manufactured for them. For some of our clients our Company has developed certain products with the help of our own Research & development division and we manufacture these products exclusively for them. We believe that we have gained experienced in handling strictly confidential customized solutions or projects for various applications.

## SUMMARY OF OUR FINANCIAL INFORMATION

### SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

( ` In lacs )

NO.	PARTICULARS	AS AT 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>FIXED ASSETS :</b>					
	Gross Block	5426.63	5060.72	5558.97	4904.22	4450.70
	Less : Depreciation	1946.50	1604.50	1887.77	1518.28	1232.17
	Net Block	3480.13	3456.22	3671.20	3385.94	3218.53
	Add : Capital Work in Progress	78.79	13.02	6.49	281.64	8.54
	<b>Total (A)</b>	<b>3558.92</b>	<b>3469.24</b>	<b>3677.69</b>	<b>3667.58</b>	<b>3227.07</b>
<b>B</b>	<b>INVESTMENT (B)</b>	<b>7.35</b>	<b>6.98</b>	<b>9.44</b>	<b>8.69</b>	<b>6.82</b>
<b>C</b>	<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>					
	Inventories	1137.65	1181.20	864.83	1088.72	583.98
	Sundry Debtors	2790.11	2582.89	1013.24	1684.82	2036.81
	Cash & Bank Balance	85.05	92.30	81.47	78.04	92.66
	Loans & Advances	627.97	770.20	696.71	943.59	682.98
	<b>Total (C)</b>	<b>4640.78</b>	<b>4626.59</b>	<b>2656.25</b>	<b>3795.17</b>	<b>3396.43</b>
<b>D</b>	<b>LIABILITIES &amp; PROVISIONS:</b>					
	Secured Loans	3787.20	3727.89	2801.43	2764.19	2376.59
	Unsecured Loans	155.45	87.25	150.00	125.00	442.03
	Current Liabilities & Provisions	745.75	1101.84	416.72	1357.20	1094.33
	Deferred Tax Liability	579.73	592.46	559.12	618.56	591.98
	<b>Total (D)</b>	<b>5268.13</b>	<b>5509.44</b>	<b>3927.27</b>	<b>4864.95</b>	<b>4504.93</b>
<b>E</b>	<b>NET WORTH (A+B+C+D)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.11</b>	<b>2606.49</b>	<b>2125.39</b>
<b>F</b>	<b>REPRESENTED BY:</b>					
	Equity Share Capital	610.00	305.00	305.00	305.00	305.00
	Reserve & Surplus	2328.92	2288.37	2111.12	2301.50	1820.45
	<b>Total (F)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.12</b>	<b>2606.50</b>	<b>2125.45</b>
<b>G</b>	<b>MISC EXPENDITURE (to the extent not written off)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.06</b>
<b>H</b>	<b>NET WORTH (F-G)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.12</b>	<b>2606.50</b>	<b>2125.39</b>

**SUMMARY OF PROFIT & LOSS ACCOUNT AS RESTATED**

( ` In Lacs)

NO.	PARTICULARS	FOR THE YEAR ENDED 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>INCOME:</b>					
	<b>Operating Income:</b>					
	Manufacturing Sales	8459.91	7585.15	6172.47	7702.89	7610.00
	Trading Sales	3355.34	2620.65	2982.82	2870.20	2844.34
	Export Incentives	245.32	223.00	244.55	341.94	175.78
	<b>Total Operating Income</b>	<b>12060.57</b>	<b>10428.80</b>	<b>9399.84</b>	<b>10915.03</b>	<b>10630.12</b>
	Other Income	384.96	454.88	407.24	331.65	217.51
	Increase / Decrease in Inventories	(122.59)	(158.03)	68.52	137.36	(155.06)
	<b>TOTAL (A)</b>	<b>12322.94</b>	<b>10725.65</b>	<b>9875.60</b>	<b>11384.04</b>	<b>10692.57</b>
<b>B</b>	<b>EXPENDITURE:</b>					
	Raw Material Consumed	7872.54	6910.49	7164.89	7388.38	6865.83
	Manufacturing Exp.	1883.49	1871.29	1434.34	1712.40	1374.72
	Employee's Emoluments	531.72	352.51	353.93	460.88	122.47
	Administrative Expenses	134.31	93.63	99.42	137.89	110.25
	Selling & Distribution Expenses	542.65	407.74	236.91	295.27	294.18
	Misc. Expenses W/Off	0.00	0.00	0.00	0.06	0.06
	<b>TOTAL (B)</b>	<b>10964.71</b>	<b>9635.66</b>	<b>9289.49</b>	<b>9994.88</b>	<b>8767.51</b>
<b>C</b>	<b>PROFIT BEFORE INTEREST, TAX AND DEPRECIATION (A-B)</b>	<b>1358.23</b>	<b>1089.99</b>	<b>586.11</b>	<b>1389.16</b>	<b>1925.06</b>
	Depreciation	357.01	361.20	375.94	289.75	219.44
<b>D</b>	<b>PROFIT BEFORE INTEREST AND TAXATION (C-D)</b>	<b>1001.22</b>	<b>728.79</b>	<b>210.17</b>	<b>1099.41</b>	<b>1705.62</b>
	Financial Charges	409.68	378.97	395.94	314.89	274.46
<b>E</b>	<b>PROFIT BEFORE TAX (D-E)</b>	<b>591.54</b>	<b>349.83</b>	<b>(185.77)</b>	<b>784.52</b>	<b>1431.16</b>
	Provision for Taxation					
	- Current Tax	205.37	96.41	3.50	200.92	167.44
	- Deferred Tax	(12.73)	33.34	(59.44)	26.58	273.45
<b>F</b>	<b>NET PROFIT AFTER TAX (E-F)</b>	<b>398.90</b>	<b>220.07</b>	<b>(129.83)</b>	<b>557.02</b>	<b>990.27</b>
<b>G</b>	Brought Forward Profit From Previous Year	1869.32	1717.07	1900.43	1492.62	689.29
<b>H</b>	Add / (Less) Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00
<b>I</b>	<b>PROFIT AVAILABLE FOR APPROPRIATION ( F+G-H)</b>	<b>2268.22</b>	<b>1937.14</b>	<b>1770.60</b>	<b>2049.64</b>	<b>1679.56</b>
	Less: Appropriations:					
	Dividend & Tax on Dividend	53.35	42.82	53.53	89.21	86.94
	Transfer to General Reserve	45.00	25.00	0.00	60.00	100.00
	Capitalised for Bonus Issue	0.00	0.00	0.00	0.00	0.00
	<b>Balance Carried to Balance Sheet</b>	<b>2169.87</b>	<b>1869.32</b>	<b>1717.07</b>	<b>1900.43</b>	<b>1492.62</b>

**STATEMENT OF CASH FLOWS (As per AS-3 issued by ICAI)**

(` In lacs)

NO.	PARTICULARS	FOR THE YEAR ENDED ON 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>Cash flow from Operating Activities</b>					
	Net Profit / (Loss) before tax	591.54	349.82	(185.77)	784.52	1431.16
	Adjustment for:					
	Depreciation & Amortization	357.01	361.20	375.94	289.75	219.44
	Interest & Dividend Income	0.00	0.00	0.00	(0.20)	(0.18)
	Interest charged to P & L	409.68	378.97	395.94	314.89	274.46
	Miscellaneous Expenditure (Amortised)	0.00	0.00	0.00	0.06	0.06
	(Profit) / Loss on Sale of Investments	0.00	(11.02)	0.00	0.00	0.00
	(Profit) / Loss on sale of Assets	(17.10)	(14.51)	0.50	5.04	1.53
	Prior Period Adjustments	0.00	0.00	0.00	6.21	0.00
	<b>Operating profit before working capital changes ( I )</b>	<b>1341.13</b>	<b>1064.46</b>	<b>586.61</b>	<b>1400.27</b>	<b>1926.47</b>
	Changes in Inventories	43.55	(316.38)	223.89	(504.74)	225.10
	Changes in Sundry Debtors	(207.22)	(1569.65)	671.57	351.99	(834.62)
	Changes in Loans & Advances	216.50	(27.79)	188.01	(260.98)	(55.90)
	Changes in Current Liabilities & Provisions	(464.68)	669.66	(700.85)	159.58	524.70
	Changes in Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00
	<b>Total Changes in Working Capital ( II )</b>	<b>(411.85)</b>	<b>(1244.16)</b>	<b>382.62</b>	<b>(254.15)</b>	<b>(140.72)</b>
	<b>Cash Generated from Operations ( I + II )</b>	<b>929.28</b>	<b>(179.70)</b>	<b>969.23</b>	<b>1146.12</b>	<b>1785.75</b>
	Income tax (paid) / refunded	(171.05)	(73.12)	(155.60)	(179.44)	(114.65)
	<b>Net Cash from Operating Activities A</b>	<b>758.23</b>	<b>(252.82)</b>	<b>813.63</b>	<b>966.68</b>	<b>1671.10</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>					
	Purchase of Fixed Assets	(467.06)	(159.27)	(387.84)	(746.29)	(1296.63)
	Sale of Fixed Assets	37.47	21.02	1.29	10.99	1.60
	(Purchase) / Sale of Investments	(0.37)	13.47	(0.75)	(1.87)	0.95
	Profit / (Loss) on Sale of Investments	0.00	0.00	0.00	0.00	0.00
	Interest & Dividend Income	0.00	0.00	0.00	0.20	0.18
	<b>Net Cash from Investing Activities B</b>	<b>(429.96)</b>	<b>(124.78)</b>	<b>(387.30)</b>	<b>(736.97)</b>	<b>(1293.90)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>					
	Increase in Capital	0.00	0.00	0.00	0.00	0.00
	Proceeds from Long Term Borrowings	270.96	0.00	784.77	6250.00	0.00
	Proceeds from unsecured loans	68.20	0.00	25.00	0.00	0.00
	Increase in Working Capital loans	69.68	1263.77	(434.32)	(101.07)	493.32
	Repayment of Term Loans	(281.33)	(337.30)	(313.21)	(5761.33)	(280.29)



	Repayment of unsecured loans	0.00	(62.75)	0.00	(317.03)	(184.61)
	Interest Paid	(409.68)	(378.97)	(395.94)	(314.89)	(274.46)
	Payment of Dividend & Tax on Dividend	(53.35)	(96.35)	(89.21)	0.00	(86.94)
	<b>Net Cash from Financing Activities C</b>	<b>(335.52)</b>	<b>388.40</b>	<b>(422.91)</b>	<b>(244.32)</b>	<b>(332.98)</b>
	<b>Net Change in Cash (A+B+C)</b>	<b>(7.25)</b>	<b>10.80</b>	<b>3.42</b>	<b>(14.61)</b>	<b>44.22</b>
	Cash & Bank Balance at the beging of the year	92.30	81.47	78.04	92.66	48.45
	Cash & Bank Balance at the end of the year	<b>85.05</b>	<b>92.27</b>	<b>81.46</b>	<b>78.05</b>	<b>92.67</b>

## THE ISSUE

<b>Public Issue of Equity Shares</b>	[ ] Equity Shares of ` 10 each for cash at a price of ` [ ] per equity share (including a premium of ` [ ]) aggregating ` 6,500 lacs
Of which	
<b>A) Qualified Institutional Buyers' Portion*</b>	[ ] Equity Shares aggregating ` [•] lacs, constituting not more than 50% of the Issue to the Public (Allotment on a proportionate basis)
of which Available for Mutual Funds only	[ ] Equity Shares aggregating ` [ ] lacs, constituting 5% of the Net QIB Portion (Allocation on a proportionate basis).
Balance of QIB portion (available for all QIBs including Mutual Funds)	[ ] Equity Shares aggregating ` [ ] lacs (Allotment on a proportionate basis)
<b>B) Non-Institutional Portion</b>	Not less than [ ] Equity Shares aggregating ` [ ] lacs, constituting not less than 15% of the Issue to the Public (Allocation on a proportionate basis)
<b>C) Retail Portion</b>	Not less than [ ] Equity Shares aggregating ` [ ] lacs constituting not less than 35% of the Issue to the Public (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	<b>1,23,25,000 Equity Shares of ` 10 each</b>
Equity Shares outstanding after the Issue	[ ] Equity Shares of ` 10 each
Use of Proceeds	For further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page 70 of the Draft Red Herring Prospectus for information on use of Issue Proceeds.

### Notes:

1. \*Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
2. Allocation to all categories shall be made on a proportionate basis subject to valid Bids being received at or above the Issue Price.
3. Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price..
4. For details of the terms of the Issue, see Chapter titled “Terms of the Issue” on page 252 of this Draft Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was incorporated in the name of 'Ambuja Intermediate Products Private Limited' as a private limited company under the Companies Act, 1956 vide a Certificate of Incorporation dated August 10, 1988 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli (RoC). Consequent upon becoming a deemed public limited company, the name of our Company was changed to 'Ambuja Intermediate Products Limited' vide a fresh certificate of incorporation dated September 6, 1999. The name of our Company was changed subsequently to 'Ambuja Intermediates Limited' and received a fresh certificate of incorporation dated October 22, 1999. Further consequent upon the conversion into private limited company, the name of our Company was changed to 'Ambuja Intermediates Private Limited' vide a fresh certificate of incorporation dated June 25, 2005. Our Company was again converted into a public limited company and the name was changed to 'Ambuja Intermediates Limited' vide a fresh certificate of incorporation dated September 19, 2011 issued by RoC.

### *Registered Office of our Company*

#### **Ambuja Intermediates Limited**

A/901, Nar Narayan Complex,  
Near Navrangpura Bus Stop,  
Off C.G Road, Navrangpura,  
Ahmedabad – 380 009,  
Gujarat  
**Tel:** +91-79-2642 7576 / 7666;  
**Fax:** +91-79-2642 6694;  
**Email:** ipo@ambujaindia.com;  
**Website:** www.ambujaindia.com;  
**CIN:** U24231GJ1988PLC011091  
**Registration No.:** 04-11091 of 1988-89

### *Corporate Office of our Company*

133, Bhandari Street,  
Null Bazar,  
Mumbai – 400 004,  
Maharashtra;  
**Tel:** + 91-22-2382 4143 / 2385 7141  
**Fax:** + 91-22-2380 9797

### *Address of Registrar of Companies*

Our Company is registered with the Registrar of Companies, Ahmedabad, situated at the following address:

#### **Registrar of Companies, Ahmedabad**

RoC Bhavan,  
Opp Rural Park Society,  
Behind Ankur Bus Stop,  
Naranpura,  
Ahmedabad – 380 013

### *Board of Directors*

The Board of our Company comprises the following Directors:

Name of the Director	Age (in years)	Designation	DIN	Address
Mr. Gambhirmal R.	53	Chairman and	00137528	6, Jadhav Bhuvan, 32 Dr. Wilson

Name of the Director	Age (in years)	Designation	DIN	Address
Shah		Whole - Time Director		Street, V.P. Road, Mumbai - 400 004
Mr. Lalit T. Shah	38	Managing Director	00144685	14/C, 7 Khanderao Blocks, 3 <sup>rd</sup> Floor, Khotachi Wadi, V.P. Road, Mumabi – 400 004
Mr. Mahendra Patel	54	Whole – Time Director	00137602	16, Vishnuhari apartment, 18 Pushpakunj Society, Kankariya, Ahmedabad – 380 022, Gujarat
Mr. Satyanarayan Ajmera	59	Independent Director	03609798	Dr. Ajmera Clinic, Shraddha Villa, Opp Friends Society, Jawaharchowk, Sabarmati, Ahmedabad-380005, Gujarat.
Mr. Harinderpal Kochar	58	Independent Director	03609845	B/8/61, Goyal Intercity, Drive –in-road, Ahmedabad-380054.Gujarat.
Mr. Parag Makwana	63	Independent Director	00051227	A- 202, Jeevan Sahar CHS, Off Sahar airport Road, Opp Hotel Suresha, Tarunbharat, Chakala, Mumbai - 400 099.

For further details of the Directors, please refer to the section titled “Our Management” beginning on page 124.

***Company Secretary and Compliance Officer***

**Ms. Samita K. Arora**

A/901, Nar Narayan Complex,  
Near Navrangpura Bus Stop,  
Off C.G Road, Navrangpura,  
Ahmedabad – 380 009  
Gujarat  
**Tel:** +91-79-26427576/7666  
**Fax:** +91-79-2642 6694  
**Email:** ipo@ambujaindia.com

*Investors can contact the Company Secretary and Compliance Officer, Ms. Samita K. Arora and/or the Registrar to the Issue, Link Intime India Private Limited and/or the Book Running Lead Manager, Saffron Capital Advisors Private Limited, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allocation, credit of Allotted Equity Shares in the respective beneficiary account or refund orders, etc.*

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

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, Link Intime India Private Limited with a copy to the relevant SCSBs giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch or the collection centre of the relevant SCSBs where the ASBA Form was submitted by the ASBA Bidder.**

***Book Running Lead Manager***

**Saffron Capital Advisors Private Limited**

A/102, Everest Grande,  
Mahakali Caves Road,  
Andheri (East)  
Mumbai – 400 093  
**Tel:** + 91-22-4082 0921/915  
**Fax:** + 91-22-4082 0999  
**Email:** ipo.ambuja@saffronadvisor.com  
**Investor grievance email:** investorgrievance@saffronadvisor.com  
**Web:** www.saffronadvisor.com  
**Contact Person:** Mr. Harshit Vora / Mr. Arun Babu  
**SEBI Registration Number:** INM 000011211

*Legal Counsel to the Issue*

**Dave & Girish & Co.**  
Advocates  
1st Floor, Sethna Building,  
55, M.K. Road, Marine Lines,  
Mumbai- 400 002,  
**Tel:** + 91-22-2206 2132/2192  
**Fax:** + 91-22-2208 5620  
**Email:** mona@davegirish.com  
**Website:** www.davegirish.com  
**Contact Person:** Ms. Mona Bhide

*Registrar to the Issue*

**LINK INTIME INDIA PRIVATE LIMITED**  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400 078  
**Tel :**+91-22- 2596 0320; **Fax :**+91-22- 2596 0329; **Toll Free:** 1-800-22-0320  
**E-mail:** ail.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact person:** Mr. Sachin Achar  
**SEBI Registration Number:** INR000004058

*Statutory Auditors of the Company*

**Shah Kantilal & Co.**  
Chartered Accountants  
806, Mauryansh Elanza,  
Besides Pareskh's Hospital,  
Near Shyamal Cross Road,  
132 Ring Road, Satellite,  
Ahmedabad-380 015, Gujarat  
**Tel:** +91-79-2675 3499  
**Fax:** +91-79-26751806  
**Email:** jkshahca@yahoo.com  
**Contact Person:** Mr. Jayesh Shah  
**Firm Registration No:** 112260W

*Banker to the Company*

**Bank of India**  
Ahmedabad Mid Corporate Branch  
1<sup>st</sup> Floor, bank of India Building,

Near Swastik Cross Road,  
C.G. Road, Navrangpura,  
Ahmedabad-380 009  
**Tel:** + 91-79-2646 7159  
**Fax:** + 91-79-2646 7158  
**Email:** mcb.ahmedabad@bankofindia.co.in  
**Website:** www.bankofindia.com  
**Contact Person:** J. D. Soni

#### ***Bankers to the Issue / Escrow Collection Banks***

The Bankers to the Issue / Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

#### ***Refund Banker(s)***

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

#### ***Syndicate Members***

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

#### ***Brokers to this Issue***

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

#### ***Self Certified Syndicate Banks***

The list of banks have been notified by SEBI to act as SCSBs for ASBA process, which is available on SEBI's website at <http://www.sebi.gov.in/pmd/scsb.html> and at such other websites as may be prescribed by SEBI from time to time. For details of the Designated Branches with which ASBA Bid cum Application Forms can be physically submitted, please refer to the abovementioned link.

#### ***Statement of Responsibilities of the Book Running Lead Manager***

The following table sets forth the responsibilities for various activities by Saffron Capital Advisors Private Limited as sole BRLM for the Issue:

<b>Sr. No.</b>	<b>Activity</b>
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of the Offer Document including memorandum containing salient features of the Prospectus. The BRLM 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.
3.	Drafting and approval of all statutory advertisement
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc.
5.	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency, Bankers to the Issue
6.	Preparation of Road show presentation and preparation of FAQs
7.	International Institutional Marketing strategy <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, in consultation with the Company, and</li> </ul>

Sr. No.	Activity
	<ul style="list-style-type: none"> <li>Finalising the International road show schedule and investor meeting schedules.</li> </ul>
8.	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company.</li> <li>Finalising the list and division of investors for one to one meetings, and investor meeting schedules.</li> </ul>
9.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalise Media and PR strategy;</li> <li>Finalising centres for holding conferences for press and Brokers; Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material.</li> <li>Finalise Collection Centres</li> </ul>
10.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.
11.	Finalisation of Pricing, in consultation with the Company
12.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

Even if any of these activities may be handled by other intermediaries, the BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge these responsibilities through suitable agreements with our Company.

### ***Credit rating***

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

### ***IPO Grading Agency***

[ ]

### ***IPO Grading***

This Issue has been graded by [ ] and has been assigned IPO Grade [ ] indicating '[ ]' fundamentals through its letter dated [ ]. The IPO grading is assigned on a [ ] scale from [ ] with an "IPO Grade [ ]" indicating [ ] fundamentals and an "IPO Grade [ ]" indicating [ ] fundamentals. Special attention of the investors is drawn to the disclaimer appearing under the paragraph titled 'Disclaimer clause of the IPO Grading Agency' in the chapter titled 'Other Regulatory and Statutory Disclosures' beginning on page 238 of the Draft Red Herring Prospectus.

This grading expires within [ ] from the date of the report. The rationale for the IPO Grade assigned to our Company's IPO by [ ], has been set out in its report dated [ ].

### ***Grading Rationale***

The rationale / description furnished by the IPO Grading Agency will be updated at the time of filing the Red Herring Prospectus with SEBI and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

### ***Expert Opinion***

Except for the report of [ ] in respect of the IPO Grading of this Issue furnishing the rationale for its grading which will be provided to the Designated Stock Exchange (a copy of which will be annexed to the Red Herring Prospectus as Annexure I) and the reports of the Statutory Auditors, M/s. Shah Kantilal & Co., Chartered Accountants, in respect information contained in the chapters titled “Financial Information” and “Statement of Tax Benefits” beginning on page 163 and 79 respectively, of the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

### ***Trustees***

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

### ***Monitoring Agency***

A monitoring agency is not required to be appointed in terms of sub-regulation (1) of Regulation 16 of the SEBI ICDR Regulations. The Board of Directors of our Company will monitor the use of the proceeds of this Issue.

### ***Project Appraisal***

The objects of the Issue have not been appraised by any appraising entity. The objects of this Issue and means of finance, therefore, are based on internal estimates of our Company.

## **BOOK BUILDING PROCESS**

The Book Building Process refers to the process of collection of Bids from the investors on the basis of the Red Herring Prospectus within the Price Band. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in English edition of [ ] and Hindi edition of [ ] (one in English, one in Hindi and one in the regional language newspaper) at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLM, in this case being Saffron Capital Advisors Private Limited;
- Syndicate Member(s) which are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The BRLM shall appoint the Syndicate Members.
- Registrar to this Issue;
- Escrow Collection Bank(s); and
- Self Certified Syndicate Banks.

The Issue is being made under Sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (“**QIB portion**”) subject to valid bids being received at or above the Issue Price, provided that our Company may allocate up to 30% of the QIB portion to Anchor Investors, on a discretionary basis (the **Anchor Investor Portion**) out of which one-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds only, subject to valid Bids being received from domestic mutual funds at or above the Anchor Investor Price. Out of the portion available for allocation to the QIBs (excluding Anchor Investor Portion), 5% will be available for allocation to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All Non Retail Bidders i.e. Non Institutional Bidders and QIB Bidders can participate in this Issue only through the ASBA process. Anchor Investors are not permitted to participate in this Issue through the ASBA process. Retail Individual Bidders may also use the ASBA process for participating in this Issue. For details, please refer to the section titled “*Issue Procedure*” beginning on page 258 of this Draft Red Herring Prospectus.



**Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non Institutional Investors are mandatorily required to utilise the ASBA facility to submit their Bids and participate in this Issue. For further details please refer to the chapter titled ‘Issue Procedure’ beginning on page 258 of the Draft Red Herring Prospectus.**

**In accordance with the SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bids after the QIB Bid/Issue Closing Date.** However, Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please refer to chapter titled ‘Issue Structure’ beginning on page 250 of the Draft Red Herring Prospectus.

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

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

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

1. Check eligibility for making a Bid. For further details, please see the chapter titled ‘Issue Procedure’ beginning on page 258 of the Draft Red Herring Prospectus;
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
3. Ensure that the Bid cum Application Form or the ASBA Form is duly completed as per the instructions given in the Draft Red Herring Prospectus and in the respective forms;
4. Ensure that you have mentioned your PAN in the Bid cum Application Form or the ASBA Form. For further details, please see the chapter titled ‘Issue Procedure’ beginning on page 258 of the Draft Red Herring Prospectus, prior to making a Bid;
5. Except for bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act, in the Bid cum Application Form or the ASBA Form. For further details, please see the chapter titled ‘Issue Procedure’ beginning on page 258 of the Draft Red Herring Prospectus. However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants’ verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address;
6. Ensure the correctness of your Demographic Details (as defined in the paragraph titled ‘Bidder’s Depository Account and Bank Account Details’ under the chapter titled ‘Issue Procedure’ beginning on page 258 of the Draft Red Herring Prospectus) given in the Bid cum Application Form or the ASBA Form, with the details recorded with your Depository Participant;
7. ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to (a) the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form; or (b) to the members of the Syndicate who shall further submit such ASBA Bid cum Application Form to the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission of the ASBA Bid cum Application Form to the SCSB to ensure that their ASBA Bid cum Application Form is not rejected; and
8. Bids by QIBs (including Anchor Investors, but excluding ASBA Bidders) must be submitted to the BRLM and/or its affiliates.

***Illustration of book building and price discovery process***

Bidders (excluding the Retail ASBA Bidders who can only bid at Cut-off price) can bid at any price within the Price Band. For instance, assume a price band of ‘20 to 24’ per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Amount (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., '22' in the above example. The Issuer, in consultation with the BRLM will finalise the issue price at or below such cut-off price, i.e., at or below '22'. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

### ***Withdrawal of this Issue***

In accordance to SEBI ICDR Regulations, our Company in consultation with the BRLM, reserve the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date but before allotment, without assigning reasons thereof. In the event of withdrawal of this Issue after the Bid/Issue Closing Date, the reasons therefore shall be disclosed in a public notice which shall be published within two Working Days of the Bid/Issue Closing Date in English and Hindi daily national newspapers and one regional daily newspaper, each with wide circulation. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall be informed promptly. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

Further, in the event our Company in consultation with the BRLM withdraws the Issue after the Bid/Issue Closing Date and subsequently we decided to proceed with an initial public offering of Equity Shares, a fresh draft red herring prospectus will be filed with SEBI.

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

### **Bid/Issue Program**

<b>BID/ISSUE OPENS ON</b>	<b>FOR ALL BIDDERS</b>	[ ]
<b>BID/ISSUE CLOSING ON</b>	<b>FOR QIBs*</b>	[ ]
	<b>FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)</b>	[ ]

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

**Bids and any revision in Bids shall be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, by the member of the syndicate or the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date:**

### **For QIB Bidders**

- Bids shall be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time) and uploaded until 5.00 pm (Indian Standard Time). QIB Bid / Issue Closing Date for the QIB Bidders will be a day prior to the Bid / Issue Closing Date.

### **For Non-Institutional Bidders**

- Bids shall be accepted only between 10.00 a.m. to 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 pm (Indian Standard Time).

### **For Retail Individual Investors**

- Bids shall be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time) and uploaded until 5.00 pm (Indian Standard Time) which may be extended upto such time subject to permission from BSE and NSE.

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

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

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

Investors shall please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the respective exchanges.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the revised cap of the Price Band should not be more than 20% of the revised floor of the Price Band i.e. revised cap of the Price Band shall be less than or equal to 120% of the revised floor of the Price Band. The Floor Price can be revised up or down to a maximum of 20% of the original Floor Price and shall be advertised at least one Working Day before the Bid /Issue Opening Date. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [ ] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ` 5,000 to ` 7,000.

In case of revision of the Price Band, the Issue Period will be extended for three additional Working Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE and the SCSBs, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate.

### **UNDERWRITING AGREEMENT**

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfil their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its

syndicates/sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [ ] and has been approved by the Board of Directors.

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

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

(Amount in ` Lacs)

Details the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

*The above table has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.*

In the opinion of our Board of Directors (based on a certificate dated [ ] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [ ] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Member(s) of Syndicate 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 Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount, as specified in the underwriting agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

## CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth:

( ` In Lacs)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	2,00,00,000 Equity Shares of ` 10 each	2000.00	-
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	1,23,25,000 Equity Shares of ` 10 each	1232.50	
<b>E</b>	<b>PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	[ ] Equity Shares of ` 10 each fully paid up	[ ]	[ ]
	<i>of which</i>		
	QIB Portion of not more than [ ] Equity Shares <sup>(1)</sup>		
	Non – Institutional Portion of not less than [ ] Equity Shares		
	Retail Portion of not less than [ ] Equity Shares		
<b>F</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
	[ ] Equity Shares of ` 10 each fully paid up	[ ]	[ ]
<b>G</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue	NIL	NIL
	After the Issue		[ ]

<sup>(1)</sup> Allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (QIB portion) subject to valid bids being received at or above the Issue Price, provided that our Company may allocate up to 30% of the QIB portion to Anchor Investors, on a discretionary basis (the Anchor Investor Portion) out of which one-third of the anchor investor portion shall be reserved for allocation to domestic mutual funds only, subject to valid Bids being received from domestic mutual funds at or above the Anchor Investor price. Out of the portion available for allocation to the QIBs (excluding Anchor Investor Portion), 5% will be available for allocation to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price

The Issue has been authorized by our Board and the Shareholders of our Company pursuant to their resolutions dated September 17, 2011 and September 19, 2011, respectively.

### CHANGES IN THE AUTHORISED CAPITAL

Year	Particulars
1988	Company was incorporated as on 10th August, 1988 with an Authorised share capital of ` 10,00,000
1993	Authorised share capital of ` 10,00,000 divided into 1,00,000 Equity Shares of ` 10 each was increased to Rs 20,00,000 divided into 2,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders dated May 16, 1993
1994	Authorised share capital of ` 20,00,000 divided into 2,00,000 Equity shares of ` 10 each was increased to ` 50,00,000 divided into 5,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders as on October 17, 1994

1996	Authorised share capital of ` 50,00,000 divided into 5,00,000 Equity shares of ` 10 each was increased to ` 1,00,00,000 divided into 10,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders as on June 28, 1996
1999	Authorised share capital of ` 1,00,00,000 divided into 10,00,000 Equity shares of ` 10 each was increased to ` 2,50,00,000 divided into 25,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders as on February 8, 1999
2003	Authorised share capital of ` 2,50,00,000 divided into 25,00,000 Equity shares of ` 10 each was increased to ` 3,50,00,000 divided into 35,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders as on May 8, 2003
2011	The Authorised share capital of ` 3,50,00,000 divided into 35,00,000 Equity Shares of ` 10 each was increased to Rs 11,00,00,000 divided into 1,10,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders dated March 25, 2011
2011	The Authorised share capital of ` 11,00,00,000 divided into 1,10,00,000 Equity Shares of ` 10 each was increased to Rs 20,00,00,000 divided into 2,00,00,000 Equity Shares of ` 10 each, pursuant to a resolution of our shareholders dated September 19, 2011

#### **NOTES TO THE CAPITAL STRUCTURE**

*a) The following is the history of the Equity Share capital and securities premium account of our Company*

<b>Date of allotment of Equity Shares</b>	<b>No. of Equity Shares</b>	<b>Face Value ( ` )</b>	<b>Issue Price ( ` )</b>	<b>Consideration (cash, other than cash etc)</b>	<b>Reasons for allotment</b>	<b>Cumulative No. of Equity Shares</b>	<b>Cumulative paid-up Equity Capital ( ` )</b>	<b>Cumulative securities Premium ( ` )</b>
August 10, 1988	200	10	10	Cash	Subscription to the Memorandum of Association	200	2,000	NIL
March 27, 1989	25,800	10	10	Cash	Allotment	26,000	2,60,000	NIL
September 13, 1989	19,000	10	10	Cash	Allotment	45,000	4,50,000	NIL
January 12, 1990	17,000	10	10	Cash	Allotment	62,000	6,20,000	NIL
January 23, 1990	200	10	10	Cash	Allotment	62200	6,22,000	NIL
April 29, 1991	37,800	10	10	Cash	Allotment	1,00,000	10,00,000	NIL
July 24, 1992	24,250	10	10	Cash	Allotment	1,24,250	12,42,500	NIL
July 27, 1992	13,400	10	10	Cash	Allotment	1,37,650	13,76,500	NIL
June 16, 1993	62,350	10	10	Cash	Allotment	2,00,000	20,00,000	NIL
October 21, 1994	1,45,000	10	10	Cash	Allotment	3,45,000	34,50,000	NIL
December 01, 1994	1,15,000	10	10	Cash	Allotment	4,60,000	46,00,000	NIL

August 01, 1996	4,40,000	10	10	Cash	Allotment	9,00,000	90,00,000	NIL
March 31, 1999	8,17,200	10	10	Cash	Allotment	17,17,200	1,71,72,000	NIL
June 30, 1999	2,83,500	10	10	Amalgamation of erstwhile AOPL with AIPL <sup>#</sup>	Amalgamation of erstwhile Ambuja Organic Pvt. Ltd with erstwhile AIPL <sup>#</sup>	20,00,700	2,00,07,000	NIL
October 01, 2003	9,99,300	10	10	Cash	Preferential Allotment	30,00,000	3,00,00,000	NIL
March 01, 2005	50,000	10	100	Cash	Preferential Allotment	30,50,000	3,05,00,000	45,00,000
March 30, 2011	30,50,000	10	Nil	Bonus Issue	Bonus Issue <sup>@1</sup>	61,00,000	6,10,00,000	45,00,000
September 16, 2011	24,00,000	10	10	Cash	Preferential Allotment	85,00,000	8,50,00,000	45,00,000
September 19, 2011	38,25,000	10	Nil	Bonus	Bonus Issue <sup>@2</sup>	12,32,5000	12,32,50,000	45,00,000
<b>TOTAL</b>	<b>1,23,25,000</b>							

<sup>#</sup> Allotted under the Scheme of Amalgamation of erstwhile Ambuja Organic Private Limited with our Company approved on April 28, 1999 by Honorable High Court under Section 394 of the Companies Act, for further details please refer to details of 'Equity Shares issued for consideration other than Cash' in this section and also section titled 'History and Certain Corporate Matters' beginning on Page no. 117.

<sup>@1</sup> Bonus Allotment on March 30, 2011 was made in the ratio of 1:1 that is one fully paid paid-up equity share of ` 10 (Rupees Ten) each for every one fully paid-up equity share of ` 10 (Rupees Ten) held.

<sup>@2</sup> Bonus Allotment on September 19, 2011 was made in the ratio of 9:20 that is nine fully paid paid-up equity shares of ` 10 (Rupees Ten) each for every twenty fully paid-up equity shares of ` 10 (Rupees Ten) held.

**b) Equity Shares issued for consideration other than Cash**

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

Date Allotment	Of	Number of Equity Shares	Face Value (Rs).	Reason	Benefits accrued to the issuer	List of Allottees
June 30, 1999		2,83,500	10	Amalgamation of erstwhile Ambuja Organic Private Limited (AOPL) with Amubuja Intermediates Private Limited	The entire undertakings of AOPL got transferred to our Company	List of Allottees*
March 30, 2011		30,50,000	10	Bonus		List of Allottees <sup>#</sup>
September 19,		38,25,000	10	Bonus		List of

2011					Allottees <sup>@</sup>
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\* Allotted to Dinesh R. Shah, Animesh K. Patel, Ambuja Metal Industries Pvt. Ltd, Jivraj C. Shah, Bhargav K. Patel, Chetnaben K. Patel, Shobhanaben K. Patel, Kantaben M. Patel, Rekhaben A. Patel, Kirit. M. Patel, Harshad M. Patel, Varshaben H. Patel, Arvind M. Patel, Mahendra M. Patel, Punamben A. Patel, Gambhirmal R. Shah, Harakchand R. Shah, Rajesh R. Shah, Tilokchand C. Shah, Lalit T. Shah, Naresh J. Shah, Kantilal C. Shah (H.U.F), Ramanlal A. Shah, Harakchand R. Shah (H.U.F), Meenaben H. Shah, Jayantiben N. Shah, Sangeeta R. Shah, Dinesh R. Shah (H.U.F), Gambhirmal R. Shah (H.U.F), Ramanlal A. Shah (H.U.F) Badamiben G. Shah, Kamalaben D. Shah.

<sup>#</sup> Pursuant to the board meeting held on March 30, 2011, 30,50,000 fully paid-up Equity Shares of ` 10 (Rupees Ten) each were allotted as bonus shares to the existing Equity Shareholders as on March 30, 2011 in the Ratio of one fully paid-up Equity Share for each fully paid-up Equity Share held by them, by utilizing ` 3,05,00,000 out of the General Reserves of our Company

<sup>@</sup> Pursuant to extra – ordinary general meeting dated September 19, 2011, and the board meeting held on September 17, 2011, 38,25,000 fully paid-up Equity Shares of ` 10 (Rupees Ten) each were allotted as bonus shares to the existing Equity Shareholders as on September 19, 2011 in the Ratio of nine fully paid-up Equity Share for every twenty fully paid-up Equity Share held by them, by utilizing ` 3,82,50,000 out of the General Reserves of our Company

c) **Except for the 2,83,500 equity shares issued pursuant to the Amalgamation of erstwhile Ambuja Organic Private Limited with Amubuja Intermediates Private Limited on June 30, 1999, no other equity shares have been issued under any scheme sanctioned by the High Court under section 391-394 of the Companies Act, 1956.**

d) **Equity Shares issued during the Preceding one year**

Except as stated herein below, our Company has not issued any equity shares in the preceeding one year. The equity shares mentioned below may have been issued at a price lower than the Issue Price.

Date Allotment	Of	Number of Equity Shares	Face Value (Rs).	Issue Price ( ` )	Reason	List of Allottees
March 30, 2011		30,50,000	10	Nil	Bonus	List of Allottees <sup>#1</sup>
September 16, 2011		24,00,000	10	10	Preferential Allotment	List of Allottees <sup>@</sup>
September 19, 2011		38,25,000	10	Nil	Bonus	List of Allottees <sup>#2</sup>

<sup>#1</sup> Bonus Allotment on March 30, 2011 was made to the following shareholders as on March 30, 2011: Animesh K. Patel, Gambhirmal R. Shah, Dinesh R. Shah, Vimlaben T. Shah, Keshiben K. Shah, Mungiben J. Shah, Naresh J. Shah, Jivraj C. Shah, Harakchand R. Shah, Ramanlal A. Shah, Badami G. Shah, Ambuja Metal Industries Pvt. Ltd, Mahendra M. Patel, Kirit M. Patel, Arvind M. Patel, Harshad M. Patel, Shobhanaben K. Patel, Varshaben H. Patel, Rekhaben A. Patel, Kantaben M. Patel, Tilokchand C. Shah (H.U.F), Kantilal C. Shah (H.U.F), Jivraj C. Shah (H.U.F), Bhargav K. Patel, Chetnaben K. Patel, Pravin J. Shah, Lalit T. Shah, Urmila M. Shah, Ramanlal A. Shah (H.U.F.), Jayantiben N. Shah, Meenaben H. Shah, Kamalaben D. Shah, Rajesh R. Shah, Punamben A. Patel, Dinesh R. Shah (H.U.F.), Gambhirmal R. Shah (H.U.F), Harakchand R. Shah (H.U.F), Naresh J. Shah (H.U.F), Rajesh R. Shah (H.U.F), Sangeeta R. Shah, Jitendra K. Shah, Premila L. Shah, Lalit T. Shah (H.U.F), Geeta P. Shah, Rupa J. Shah, Pravin J. Shah (H.U.F), Kapil H. Patel, Vipul T. Shah, Bhavin D. Shah, Ambuja Solvex Private Limited, Pinky G. Shah, Anirudh A. Patel, Falguni B. Patel, Hiral M. Patel, Hiren M. Patel, Nayan H. Patel, Vaibhavi K. Patel, Meena V. Shah, Mamta B. Shah.

<sup>@</sup> Preferential Allotment of 24,00,000 was done to the following shareholders: Gambhirmal R. Shah, Dinesh R. Shah, Naresh J. Shah, Harakchand R. Shah, Badami G. Shah, Arvind M. Patel, Rekhaben Arvind Patel, Pravin J.



Shah, Lalit T. Shah, Meenaben H. Shah, Kamalaben D. Shah, Rajesh R. Shah, Punamben A. Patel, Sangeeta R. Shah, Jitendra K. Shah, Kapil H. Patel, Vipul T. Shah, Anirudh A. Patel, Hiren M. Patel, Nayan H. Patel, Meena V. Shah, Jay A. Patel.

<sup>#2</sup> Bonus Allotment on September 19, 2011 was made to all the above members except Ramanlal A. Shah, Pinky G. Shah, Mamta B. Shah, Chetna K. Patel and Hiral M. Patel as they were not the shareholders as on the date of allotment of bonus shares.

**All the above mentioned Shareholders form a part of Our Promoter and Promoter Group**

**e) History of the Equity Share Capital held by the Promoters**

Details of the built-up of our Promoters' shareholding in Our Company

Date of Allotment/ Transfer	No. of Equity Shares allotted/ transferred	Face Value (₹)	Issue/ Acquisition Price (₹)	Nature of consideration (Cash, gift, etc.)	Nature of transaction	Percentage of pre- Issue Capital (As on the date of the Draft Red Herring Prospectus )	% of post- Issue Capital
<b>Mr. Gambhirmal R. Shah</b>							
March 27, 1989	5,250	10	10	Cash	Allotment	0.04%	
October 21, 1994	10,000	10	10	Cash	Allotment	0.08%	
June 30, 1997	11,250	10	10	Cash	Transfer	0.09%	
June 30, 1997	4,000	10	10	Cash	Transfer	0.03%	
	1,000	10	10	Cash	Transfer	0.01%	
	1,000	10	10	Cash	Transfer	0.01%	
July 08, 1998	3,750	10	10	Cash	Transfer	0.03%	
	(4,000)	10	10	Cash	Transfer	(0.03%)	
	(1,000)	10	10	Cash	Transfer	(0.01%)	
January 16, 2006	(100)	10	10	Cash	Transfer	0.00%	
March 31, 1999	17,500	10	10	Cash	Allotment	0.14%	
June 30, 1999	18,200	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.15%	
October 01, 2003	33,050	10	10	Cash	Preferential Allotment	0.27%	
March 30, 2011	99,900	10	10	NIL	Bonus Issue	0.81%	
March 31, 2011	30,000	10	10	Cash	Transfer	0.24%	
September 16, 2011	75,000	10	10	Cash	Preferential Allotment	0.61%	
September 19, 2011	1,37,160	10	10	NIL	Bonus Issue	1.11%	

<b>Total (A)</b>	<b>4,41,960</b>					<b>3.59%</b>	
<b>Mr. Lalit T. Shah</b>							
April 26, 1993	1,000	10	10	Cash	Transfer	0.01%	
October 21, 1994	5,000	10	10	Cash	Allotment	0.04%	
August 01, 1996	5,000	10	10	Cash	Allotment	0.04%	
July 08, 1998	1,100	10	10	Cash	Transfer	0.01%	
March 31, 1999	10,000	10	10	Cash	Allotment	0.08%	
June 30, 1999	1,750	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.01%	
October 01, 2003	26,150	10	10	Cash	Preferential Allotment	0.21%	
February 09, 2007	5,000	10	10	Cash	Transfer	0.04%	
March 30, 2011	55,000	10	10	NIL	Bonus Issue	0.45%	
September 16, 2011	55,500	10	10	Cash	Preferential Allotment	0.45%	
September 19, 2011	74,475	10	10	Nil	Bonus Issue	0.60%	
<b>Total (B)</b>	<b>2,39,975</b>					<b>1.95%</b>	
<b>Mr. Mahendra M. Patel</b>							
April 29, 1991	2,000	10	10	Cash	Allotment	0.02%	
July 24, 1992	4,300	10	10	Cash	Allotment	0.03%	
October 21, 1994	7,500	10	10	Cash	Allotment	0.06%	
December 01, 1994	5,000	10	10	Cash	Allotment	0.04%	
August 01, 1996	14,000	10	10	Cash	Allotment	0.11%	
March 31, 1999	51,600	10	10	Cash	Allotment	0.42%	
June 30, 1999	34,300	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.28%	
January 16, 2006	(100)	10	10	Cash	Transfer	0.00%	
	(100)	10	10	Cash	Transfer	0.00%	
	(100)	10	10	Cash	Transfer	0.00%	
	(100)	10	10	Cash	Transfer	0.00%	
	(100)	10	10	Cash	Transfer	0.00%	
	(100)	10	10	Cash	Transfer	0.00%	
March 30, 2011	1,18,100	10	10	NIL	Bonus Issue	0.96%	

September 19, 2011	1,06,290	10	10	Nil	Bonus Issue	0.86%	
<b>Total (C)</b>	<b>3,42,490</b>					<b>2.78%</b>	
<b>Mr. Dinesh R. Shah</b>							
March 27, 1989	5,250	10	10	Cash	Allotment	0.04%	
January 23, 1990	200	10	10	Cash	Allotment	0.00%	
October 21, 1994	5,000	10	10	Cash	Allotment	0.04%	
August 01, 1996	5,000	10	10	Cash	Allotment	0.04%	
June 30, 1997	3,000	10	10	Cash	Transfer	0.02%	
July 08, 1998	(5,000)	10	10	Cash	Transfer	(0.04%)	
June 30, 1999	2,800	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.02%	
October 01, 2003	33,750	10	10	Cash	Preferential Allotment	0.27%	
March 30, 2011	50,000	10	10	Nil	Bonus Issue	0.41%	
March 31, 2011	30,000	10	10	Cash	Transfer	0.24%	
September 16, 2011	1,26,000	10	10	Cash	Preferential Allotment	1.02%	
September 19, 2011	1,15,200	10	10	Nil	Bonus Issue	0.93%	
<b>Total (D)</b>	<b>3,71,200</b>					<b>3.01%</b>	
<b>Mr. Naresh J. Shah</b>							
September 13, 1989	1,500	10	10	Cash	Allotment	0.01%	
October 21, 1994	10,000	10	10	Cash	Allotment	0.08%	
June 30, 1997	17,500	10	10	Cash	Transfer	0.14%	
July 08, 1998	2,500	10	10	Cash	Transfer	0.02%	
March 31, 1999	10,000	10	10	Cash	Allotment	0.08%	
June 30, 1999	8,750	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.07%	
October 01, 2003	29,750	10	10	Cash	Preferential Allotment	0.24%	
March 30, 2011	80,000	10	10	Nil	Bonus Issue	0.65%	
September 16, 2011	53,000	10	10	Cash	Preferential Allotment	0.43%	

September 19, 2011	95,850	10	10	Nil	Bonus Issue	0.78%	
<b>Total (E)</b>	<b>3,08,850</b>					<b>2.51%</b>	
<b>Mr. Harakhchand R. Shah</b>							
September 13, 1989	2,000	10	10	Cash	Allotment	0.02%	
June 30, 1999	12,600	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.10%	
October 01, 2003	35,400	10	10	Cash	Preferential Allotment	0.29%	
March 30, 2011	50,000	10	10	Nil	Bonus Issue	0.41%	
March 31, 2011	30,000	10	10	Cash	Transfer	0.24%	
September 16, 2011	57,000	10	10	Cash	Preferential Allotment	0.46%	
September 19, 2011	84,150	10	10	Nil	Bonus Issue	0.68%	
<b>Total (F)</b>	<b>2,71,150</b>					<b>2.20%</b>	
<b>Mr. Rajesh R. Shah</b>							
October 21, 1994	5,000	10	10	Cash	Allotment	0.04%	
June 30, 1997	10,000	10	10	Cash	Transfer	0.08%	
	5,000	10	10	Cash	Transfer	0.04%	
	2,500	10	10	Cash	Transfer	0.02%	
March 31, 1999	20,000	10	10	Cash	Allotment	0.16%	
June 30, 1999	6,825	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.06%	
October 01, 2003	40,675	10	10	Cash	Preferential Allotment	0.33%	
March 30, 2011	90,000	10	10	Nil	Bonus Issue	0.73%	
March 31, 2011	30,000	10	10	Cash	Transfer	0.24%	
September 16, 2011	95,000	10	10	Cash	Preferential Allotment	0.77%	
September 19, 2011	1,37,250	10	10	Nil	Bonus Issue	1.11%	
<b>Total (G)</b>	<b>4,42,250</b>					<b>3.59%</b>	
<b>Mrs. Kantaben M. Patel</b>							
July 24, 1992	4,300	10	10	Cash	Allotment	0.03%	
August 01, 1996	22,000	10	10	Cash	Allotment	0.18%	

March 31, 1999	63,000	10	10	Cash	Allotment	0.51%	
June 30, 1999	49,000	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.40%	
March 30, 2011	1,38,300	10	10	NIL	Bonus Issue	1.12%	
September 19, 2011	1,24,470	10	10	NIL	Bonus Issue	1.01%	
<b>Total (H)</b>	<b>4,01,070</b>					<b>3.25%</b>	
<b>Mr. Animesh K. Patel</b>							
August 10, 1988	100	10	10	Cash	Subscription to MOA	0.00%	
March 27, 1989	10,150	10	10	Cash	Allotment	0.08%	
January 12, 1990	2,000	10	10	Cash	Allotment	0.02%	
April 29, 1991	5,000	10	10	Cash	Allotment	0.04%	
July 24, 1992	2,750	10	10	Cash	Allotment	0.02%	
October 21, 1994	7,500	10	10	Cash	Allotment	0.06%	
December 01, 1994	4,000	10	10	Cash	Allotment	0.03%	
August 01, 1996	19,000	10	10	Cash	Allotment	0.15%	
March 31, 1999	27,000	10	10	Cash	Allotment	0.22%	
June 30, 1999	14,175	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.12%	
October 01, 2003	9,525	10	10	Cash	Preferential Allotment	0.08%	
March 30, 2011	1,01,200	10	10	NIL	Bonus Issue	0.82%	
September 19, 2011	91,080	10	10	NIL	Bonus Issue	0.74%	
<b>Total (I)</b>	<b>2,93,480</b>					<b>2.38%</b>	
<b>Gambhirmal R. Shah (H.U.F.)</b>							
August 01, 1996	18,000	10	10	Cash	Allotment	0.15%	
July 08, 1998	4,000	10	10	Cash	Transfer	0.03%	
	1,000	10	10	Cash	Transfer	0.01%	
March 31, 1999	20,000	10	10	Cash	Allotment	0.16%	
June 30, 1999	4,550	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.04%	
October 01, 2003	32,450	10	10	Cash	Preferential	0.26%	

					1 Allotment		
March 30, 2011	80,000	10	10	NIL	Bonus Issue	0.65%	
September 19, 2011	72,000	10	10	NIL	Bonus Issue	0.58%	
<b>Total (J)</b>	<b>232,000</b>					<b>1.88%</b>	
<b>Lalit T. Shah (H.U.F.)</b>							
October 1, 2003	20,000	10	10	Cash	Allotment	0.16%	
July 10, 1999	20,000	10	10	Cash	Transfer	0.16%	
March 30, 2011	40,000	10	10	NIL	Bonus Issue	0.32%	
September 19, 2011	36,000	10	10	NIL	Bonus Issue	0.29%	
<b>Total (K)</b>	<b>1,16,000</b>					<b>0.94%</b>	
<b>Dinesh R. Shah (H.U.F.)</b>							
August 01, 1996	17,000	10	10	Cash	Allotment	0.14%	
July 08, 1998	5,000	10	10	Cash	Transfer	0.04%	
June 30, 1999	4,550	10	Nil	Amalgama tion of erstwhile AOPL with AIPL	Amalgama tion of erstwhile AOPL with AIPL	0.04%	
July 10, 1999	20,000	10	10	Cash	Transfer	0.16%	
October 01, 2003	33,450	10	10	Cash	Preferentia l Allotment	0.27%	
March 30, 2011	80,000	10	10	NIL	Bonus Issue	0.65%	
September 19, 2011	72,000	10	10	NIL	Bonus Issue	0.58%	
<b>Total (L)</b>	<b>2,32,000</b>					<b>1.88%</b>	
<b>Harakchand R Shah (H. U. F.)</b>							
August 01, 1996	20,000	10	10	Cash	Allotment	0.16%	
March 31, 1999	20,000	10	10	Cash	Allotment	0.16%	
June 30, 1999	14,000	10	Nil	Amalgama tion of erstwhile AOPL with AIPL	Amalgama tion of erstwhile AOPL with AIPL	0.11%	
October 01, 2003	36,000	10	10	Cash	Preferentia l Allotment	0.29%	
March 30, 2011	90,000	10	10	NIL	Bonus Issue	0.73%	
September 19, 2011	81,000	10	10	NIL	Bonus Issue	0.66%	
<b>Total (M)</b>	<b>2,61,000</b>					<b>2.12%</b>	
<b>Rajesh R. Shah (H. U. F.)</b>							

August 01, 1996	20,000	10	10	Cash	Allotment	0.16%	
March 31, 1999	20,000	10	10	Cash	Allotment	0.16%	
October 01, 2003	30,000	10	10	Cash	Preferential Allotment	0.24%	
March 30, 2011	70,000	10	10	NIL	Bonus Issue	0.57%	
September 19, 2011	63,000	10	10	NIL	Bonus Issue	0.51%	
<b>Total (N)</b>	<b>2,03,000</b>					<b>1.65%</b>	
<b>Jivraj C. Shah (H.U.F.)</b>							
June 16, 1993	5,000	10	10	Cash	Allotment	0.04%	
October 21, 1994	10,000	10	10	Cash	Allotment	0.08%	
March 31, 1999	10,000	10	10	Cash	Allotment	0.08%	
October 01, 2003	30,000	10	10	Cash	Preferential Allotment	0.24%	
March 30, 2011	55,000	10	10	NIL	Bonus Issue	0.45%	
September 19, 2011	49,500	10	10	NIL	Bonus Issue	0.40%	
<b>TOTAL (O)</b>	<b>1,59,500</b>					<b>1.29%</b>	
<b>Naresh J. Shah (H. U. F.)</b>							
August 01, 1996	20,000	10	10	Cash	Allotment	0.16%	
March 31, 1999	13,000	10	10	Cash	Allotment	0.11%	
July 10, 1999	10,000	10	10	Transfer	Transfer	0.08%	
October 01, 2003	27,000	10	10	Cash	Preferential Allotment	0.22%	
March 30, 2011	70,000	10	10	NIL	Bonus Issue	0.57%	
September 19, 2011	63,000	10	10	NIL	Bonus Issue	0.51%	
<b>Total (P)</b>	<b>2,03,000</b>					<b>1.65%</b>	
<b>Kantilal C Shah (H. U. F.)</b>							
June 16, 1993	5,000	10	10	Cash	Allotment	0.04%	
March 31, 1999	5,000	10	10	Cash	Allotment	0.04%	
June 30, 1999	5,250	10	Nil	Amalgamation of erstwhile AOPL with AIPL	Amalgamation of erstwhile AOPL with AIPL	0.04%	
July 10, 1999	5,000	10	10	Transfer	Transfer	0.04%	
October 01, 2003	29,750	10	10	Cash	Preferential Allotment	0.24%	
March 30, 2011	50,000	10	10	NIL	Bonus Issue	0.41%	

September 19, 2011	45,000	10	10	NIL	Bonus Issue	0.37%	
<b>Total (Q)</b>	<b>1,45,000</b>					<b>1.18%</b>	
<b>Total Promoter's shareholding</b> <b>(A+B+C+D+E+F +G+H+I+J+K+L +M+N+O+P+Q)</b>							
	<b>46,63,925</b>					<b>37.84</b>	

None of the Equity Shares held by our Promoters have been pledged and were fully paid-up at the time of allotment of the Equity Shares.

*f) Details of Promoters' contribution and Lock-in*

Pursuant to Regulation 36 (a) the minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations. The Promoters' contribution constituting not less than 20% post-Issue paid-up Equity Share capital shall be locked-in for a period of three years from the date of Allotment of Equity Shares in the Issue.

Our Company has obtained specific written consent from our Promoters for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, our Promoters have given an undertaking to the effect that they shall not sell/transfer/dispose off in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of filing the Draft Red Herring Prospectus till the date of commencement of lock-in in accordance with the SEBI Regulations.

Date of Allotment/ Transfer	No. of Equity Shares allotted/ transferred	Face Value (`)	Issue/ Acquisiti on Price (`)	Nature of consideration (Cash, gift, etc.)	Nature of transact ion	% pre- Issue Capital (As on the date of the Draft Red Herring Prospectus)	% of post- Issue Capital
<b>Mr. Gambhirmal R. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (A)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mr. Lalit T. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (B)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mr. Mahendra M. Patel</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (C)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Dinesh R. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (D)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mr. Naresh J. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (E)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mr. Harakhchand R. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (F)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]



<b>Mr. Rajesh R. Shah</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (G)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mrs. Kantaben M. Patel</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (H)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Mr. Animesh K. Patel</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (I)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Gambhirmal R. Shah (H.U.F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (J)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Lalit T. Shah (H.U.F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (K)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Dinesh R. Shah (H.U.F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (L)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Harakhchand R Shah (H. U. F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (M)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Rajesh R. Shah (H. U. F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (N)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Jivraj C. Shah (H.U.F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>TOTAL (O)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Naresh J. Shah (H. U. F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (P)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Kantilal C Shah (H. U. F.)</b>							
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total (Q)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Total Promoter's shareholding (A+B+C+D+E+F+G+H+I+J+K+L+M+N+O+P+Q)</b>	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, the Company confirms that the Equity Shares being locked-in does not consist of:

- Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

- Equity Shares acquired by the Promoter during the one year preceding the date of the Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- Equity Shares issued to the Promoter upon conversion of a partnership firm;
- Equity Shares held by Promoter pledged with any creditor; and
- Any private placement made by solicitation of subscription from unrelated persons, either directly or indirectly, through any intermediary.

In terms of Regulation 39 of SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in, in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in, in terms of clause (b) of Regulation 36, and the pledge of equity shares is one of the terms of sanction of the loan.

In terms of Regulation 40 of SEBI (ICDR) Regulations, Equity Shares held by the Promoter and locked-in as per Regulation 36, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of the SEBI (ICDR) Regulations and in compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997, Equity Shares held by persons other than the Promoters which are locked-in as per Regulation 37 of SEBI (ICDR) Regulations, may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred subject to continuation of the lock-in in the hands of the transferees for the remaining period and provided further that such transferee shall not be eligible to transfer the said Equity Shares till the lock in period stipulated has expired.

***g) 1 Year lock-in***

In terms of Regulation 36 of the SEBI (ICDR) Regulations, in addition to the lock-in of 20 % of the post issue capital of promoters for three years, as specified above, the balance pre-issue Equity Share capital of our Company will be locked in for a period of one year from the date Allotment in the Issue.

The securities, which are subject to lock-in, shall carry the inscription “non-transferable” along with the specified duration and in respect of demat shares, the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed prior to the listing of the securities.

***h) Shareholding Pattern of our Company***

The table below presents the shareholding pattern of Equity Shares as per Clause 35 of the Listing Agreement as on the date of this Draft Red Herring Prospectus

Category Code	Category of Shareholder	Number of Shareholders	Total number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a %
(A)	Shareholding of Promoter and Promoter Group							

<b>(A)(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	55	12325000	0	100	100	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0
	<b>Sub Total(A)(1)</b>	<b>55</b>	<b>12325000</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>(A) (2)</b>	<b>Foreign</b>							
A	Individuals (Non-Residents Individuals/Foreign Individuals)	0	0	0	0	0	0	0
B	Bodies Corporate	0	0	0	0	0	0	0
C	Institutions	0	0	0	0	0	0	0
D	Any Others(Specify)	0	0	0	0	0	0	0
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>55</b>	<b>12325000</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>(B)(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions / Banks	0	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(B) (2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	0	0	0	0	0	0	0
(b)	Individuals	0	0	0	0	0	0	0
I	i. Individual shareholders holding nominal share capital up to Rs 1 Lacs	0	0	0	0	0	0	0

II	ii. Individual shareholders holding nominal share capital in excess of ` 1 Lacs.	0	0	0	0	0	0	0
(c)	Any Other (specify)	0	0	0	0	0	0	0
(c-i)	Foreign Nationals	0	0	0	0	0	0	0
(c-ii)	Trust	0	0	0	0	0	0	0
	<b>Sub-Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL (A)+(B)</b>	<b>55</b>	<b>12325000</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>55</b>	<b>12325000</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>

- i) Except as stated below, none of our Promoters, Promoter Group, our Directors and their immediate relatives have purchased or sold any Equity Shares during a period of **six months** prior to the date on which this Draft Red Herring Prospectus is filed with SEBI

Sr. No.	Name of the Director/ Promoter/ Promoter Group	Date of the Transaction	No. of Equity Shares	Transaction price ( ` )	Nature of Transaction
1	Gambhirmal R. Shah	March 31, 2011	30,000	10	Transfer
2	Dinesh R. Shah	March 31, 2011	30,000	10	Transfer
3	Harakhchand R. Shah	March 31, 2011	30,000	10	Transfer
4	Rajesh R. Shah	March 31, 2011	30,000	10	Transfer
5	Badami G. Shah	August 8, 2011	200	10	Transfer
6	Pinky G. Shah	August 8, 2011	(200)	10	Transfer
7	Bhavin D. Shah	August 8, 2011	200	10	Transfer
8	Mamta B. Shah	August 8, 2011	(200)	10	Transfer
9	Jayanti N. Shah	August 8, 2011	(1,20,000)	10	Transfer
10	Pravin J. Shah	August 8, 2011	1,20,000	10	Transfer
11	Chetna K. Patel	August 8, 2011	(17,100)	10	Transfer
12	Bhargav K. Patel	August 8, 2011	17,100	10	Transfer
13	Hiral M. Patel	August 8, 2011	(200)	10	Transfer
14	Hiren M. Patel	August 8, 2011	200	10	Transfer

- j) There have been no financial arrangements whereby the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months preceding the date of filing this Draft Red Herring Prospectus.

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

**k) As of the date of this Draft Red Herring Prospectus**

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1	Rajesh R. Shah	4,42,250	3.59%
2	Gambhirmal R. Shah	4,41,960	3.59%
3	Meena H. Shah	4,39,350	3.56%
4	Vipul T. Shah	4,21,225	3.42%
5	Kantaben M. Patel	4,01,070	3.25%
6	Dinesh R. Shah	3,71,200	3.01%
7	Pravin J. Shah	3,66,850	2.98%
8	Kamla D. Shah	3,53,800	2.87%
9	Mahendra M. Patel	3,42,490	2.78%
10	Varsha H. Patel	3,34,370	2.71%

**l) As of 10 days prior to the date of the Draft Red Herring Prospectus**

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1	Rajesh R. Shah	4,42,250	3.59%
2	Gambhirmal R. Shah	4,41,960	3.59%
3	Meena H. Shah	4,39,350	3.56%
4	Vipul T. Shah	4,21,225	3.42%
5	Kantaben M. Patel	4,01,070	3.25%
6	Dinesh R. Shah	3,71,200	3.01%
7	Pravin J. Shah	3,66,850	2.98%
8	Kamla Dinesh Shah	3,53,800	2.87%
9	Mahendra M. Patel	3,42,490	2.78%
10	Varsha Harshad Patel	3,34,370	2.71%

**m) As of two years prior to the date of the Draft Red Herring Prospectus**

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1	Kantaben Mahendra Patel	1,38,300	1.12%
2	Mahendra M. Patel	1,18,100	0.96%
3	Varsha Harshad Patel	1,15,300	0.94%
4	Premila Lalit Shah	1,10,000	0.89%
5	Meena Harakhchand Shah	1,02,500	0.83%
6	Animesh Kirit Patel	1,01,200	0.82%
7	Gambhirmal R. Shah	99,900	0.81%

8	H. R. Shah (H. U. F.)	90,000	0.73%
9	Rajesh R. Shah	90,000	0.73%
10	Jayanti Naresh Shah	90,000	0.73%

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

As on the date of filing the DRHP, our Company has not issued any equity shares under any Employee Stock Option Scheme.

Our BRLM and their associates does not hold any Equity Shares of our Company as on the date of the DRHP.

We have currently not raised any bridge loans against the Proceeds of the Issue. However, depending on business requirements, we might consider raising bridge financing facilities, prior to the filing of the Red Herring Prospectus.

Our promoters and the members of promoter group will not participate in this Issue.

Except as stated in chapter titled “Our Management” beginning on page 124 of this DRHP, none of our Directors or Key Management Personnel holds any Equity Shares in our Company. For the shareholding of the Promoter Group in our Company, please refer to “Notes to the Capital Structure – Shareholding Pattern of our Company” above.

No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

The Issue is being made under Sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (“**QIB portion**”) subject to valid bids being received at or above the Issue Price, provided that our Company may allocate up to 30% of the QIB portion to Anchor Investors, on a discretionary basis (the **Anchor Investor Portion**) out of which one-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds only, subject to valid Bids being received from domestic mutual funds at or above the Anchor Investor Price. Out of the portion available for allocation to the QIBs (excluding Anchor Investor Portion), 5% will be available for allocation to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All Non Retail Bidders i.e. Non Institutional Bidders and QIB Bidders can participate in this Issue only through the ASBA process. Anchor Investors are not permitted to participate in this Issue through the ASBA process. Retail Individual Bidders may also use the ASBA process for participating in this Issue. For details, please refer to the section titled “*Issue Procedure*” beginning on page 258 of this Draft Red Herring Prospectus

An oversubscription to the extent of 10% of the Net Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. In the event that the aggregate demand in the Net QIB Portion and/or Non-Institutional Portion and/or Retail Portion has not been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange; and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.

There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Issue.

There will be no further issue of Equity Shares, 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 Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.

Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities, qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Our Company has 55 members as of the date of this Draft Red Herring Prospectus.

Our Company has not issued any Equity Shares out of revaluation reserves.

All Equity Shares will be fully paid-up at the time of Allotment.

## OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue, after deducting Issue Expenses ('Net Proceeds') to meet the following objects:

1. Capital Expenditure towards our existing unit at Rajpur, Mehsana for upgradation of machineries and existing facilities and towards setting up Sodium Sulphate recovery plant.
2. Setting up two (2) windmills of 1.25 MW each at Jamnagar District of Gujarat
3. Long term working capital requirements
4. Part repayment of existing Term Loans
5. General Corporate Purposes

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

The main object clause of the 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.

The details of the use of Proceeds of the Issue are summarized in the table below:

### Use of Proceeds of the Issue

(In ` Lacs)

Sl. No.	Expenditure Items	Total estimated cost	Amount deployed as on August 31, 2011*	Balance to be deployed as on August 31, 2011	Amount to be financed from Proceeds of the Issue	Estimated Proceeds of the Issue utilization for Fiscal 2013
1.	Capital Expenditure towards our existing unit at Rajpur, Mehsana for upgradation of machineries and existing facilities and towards setting up Sodium Sulphate Recovery plant.	1168.93	Nil	1168.93	1168.93	1168.93
2.	Setting up two (2) windmills of 1.25 MW each at Jamnagar District of Gujarat	1522.14	Nil	1522.14	1522.14	1522.14
3.	Long term working capital requirements	1800.00	Nil	1800.00	1800.00	1800.00
4.	Part repayment of existing Term Loans	800.00	Nil	800.00	800.00	800.00
5.	General Corporate Purposes	[ ]**	Nil	[ ]**	[ ]**	[ ]**
6.	Public Issue Expenses	[ ]**	Nil	[ ]**	[ ]**	[ ]**
	<b>Total</b>	[ ]	Nil	[ ]	[ ]	[ ]

\* As per the certificate of Shah Kantilal & Co. (Statutory Auditor of our Company) dated September 28, 2011.

\*\* To be finalised upon determination of Issue Price.

### Means of Finance

We intend to finance the fund requirement for Objects of the Issue in the following manner:

Manner of Funding	` Lacs
Proceeds of the Issue	6500.00



Internal Accruals	[ ]
<b>Total</b>	[ ]*

\* To be finalised upon determination of Issue Price

We intend to utilize the Proceeds of the Issue for financing the growth of our business. The funding of these projects is proposed to be made completely from the Proceeds of the Issue and Internal Accruals. Hence the requirement of Regulation 4(2)(g) of SEBI ICDR Regulations in respect of firm arrangements is not applicable.

Our fund requirements and deployment of the Proceeds of the Issue is based on internal management estimates and our Company's current business operations. The fund requirement has not been appraised by any bank or financial institution. The costs are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy. In case of a shortfall in the Proceeds of the Issue, our management may explore a range of options including seeking debt from existing and/or future lenders.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

We operate in competitive and dynamic market conditions and may have to revise our estimates from time to time on account of market conditions including any industry consolidation initiatives, such as potential acquisition opportunities etc. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of our Company.

Our Company may incur expenditure towards the Objects, which, pending receipt of the Proceeds of the Issue, would be financed by way of its internal accruals or from financing facilities availed from the banks. Such expenditure, if incurred, would be recouped from the Proceeds of the Issue.

#### **Details of the activities to be financed from Proceeds of the Issue**

##### **1. Capital Expenditure towards our existing unit at Rajpur, Mehsana for upgradation of machineries and existing facilities and towards setting up Sodium Sulphate Recovery plant.**

Our Company intends to utilize a part of the Proceeds of Issue for capital expenditure for upgrading the existing unit at Rajpur, Mehsana by acquiring new machinery and technology for manufacturing process which is environment friendly. With the help of such upgradation of existing facility, our dependency on labour will be reduced which will result in reduction in labour cost. We believe that semi automation will also help in reducing overall operating cost. We also propose to set up multiple effect evaporation plant for sodium sulphate recovery. Sodium Sulphate recovery plant will help us to reprocess the waste generated in the plant into byproduct. This is a step towards Green Initiative as the waste generated in the plant will be further processed into byproduct which is marketable.

The details of the plant and machinery required for upgradation of our existing unit at Rajpur, Mehsana is mentioned in the table below:

Sl. No.	Particulars of Machinery	Qty.	Rate ( ` in Lacs)	Total Cost ( ` in Lacs)	Name of the Supplier	Quotation Date	No. of machines for which order placed	Amount of order placed ( ` in Lacs)
1.	Automatic Membrane Filter Press - 1200 X 1200 MM size X 50 chambers	4	43.37	173.49	Nirmal Poly Plast Industries	August 10, 2011	--	--
2.	Agitated Nutsche Filter Dryer	3	25.60	76.80	Ultra Drytech	July 29,	--	--

	(3000 Ltr. Capacity)				Engineering Ltd.	2011		
3.	10KL SS316 Jaketed Reactor	2	28.95	57.90	Akas Process Machinery Pvt.ltd.	August 23, 2011	--	--
4.	5KL SS316 Jaketed Reactor	2	17.66	35.32	Akas Process Machinery Pvt.ltd.	August 23, 2011	--	--
5.	5KL SS316 Distillation Unit	2	24.90	49.80	Akas Process Machinery Pvt.ltd.	August 23, 2011	--	--
6.	Tray Dryer Size 192 Tray of PP	2	7.53	15.06	Akas Process Machinery Pvt.ltd.	August 23, 2011	--	--
7.	5000 Ltrs. MSGS Reactor CE	2	12.53	25.06	Glascoat Equipments Ltd.	August 22, 2011	--	--
8.	100000 Ltrs. MSGS Reactor CE	2	21.41	42.82	Glascoat Equipments Ltd.	August 22, 2011	--	--
9.	<u>Plant for Sodium Sulphate Recovery</u> <ul style="list-style-type: none"> <li>• Continuous Crystallizer for Glauner's Salt Recovery</li> <li>• Triple Effect Forward Feed forced Circulation Evaporator</li> <li>• Triple Effect Backward Feed Forced Circulation Evaporator</li> </ul>	1	637.02	637.02	Chem Procees Systems Pvt. Ltd.	August 26, 2011	--	--
10.	Contingencies (5%)			55.66				
	<b>Total</b>			<b>1168.93</b>				

### Schedule of Implementation

Sr. No.	Particulars	Estimated Month of Commencement	Estimated Month of Completion
1.	Procurement of plant and machineries and its installation	July 2012	February 2013
2.	Setting up Sodium Sulphate Recovery plant	July 2012	February 2013
3.	Trial Run	February 2013	February 2013
4.	Commencement of Production	March 2013	

### 2. Setting up two (2) windmills of 1.25 MW each at Jamnagar District of Gujarat

Our Company intends to set up two windmills of 1.25 MW each at Varvala site, Jamnagar District, Gujarat for generation of the wind power. Based on the available wind data of the site and the power curve of the Wind Turbine Generator (WTG) which is proposed to be installed, the estimated generation for the project shall be approx. 21.0 Lac units (kwh) per annum measured at WTG Controller at 100% grid availability. Our Company intends to utilize the power generated from windmills for captive consumption and may enter into the Power Purchase Agreement with the government authority for selling the power generated. The break up of the cost involved for setting up one windmill is mentioned hereunder:

( ` In lacs)		
Sl. No.	Particulars	Price per 1.25 MW WTG
1.	Land Charges	10.00
2.	WTG – Plant & Machinery	525.77
3.	Development Charges (Civil, Electrical, Erection, Testing and Commissioning Charges)	115.86

4.	Power Evacuation Charges	37.50
5.	Government / Statutory charges	0.88
	<b>Total</b>	<b>690.00</b>

*Above details are based on the quotation dated August 24, 2011, received from Suzlon Energy Limited.*

**Based on above details, the cost of setting up of two (2) windmills of 1.25 MW each shall be as under:**

Particulars	Qty.	Price per Windmill	Total Amount ( ` In lacs)
1.25 MW Windmill	2	690.00	1380.00
Taxes and other charges			142.14
<b>Total</b>			<b>1522.14</b>

### **Schedule of Implementation**

Sr. No.	Particulars	Estimated Month of Commencement	Estimated Month of Completion
1.	Installation of Windmill	July 2012	December 2012
2.	Commencement of generation of wind power	January 2013	

None of the machinery described above, is used/ second hand in nature, and we do not propose to purchase any used/ second hand machinery. The prices for the equipments proposed to be purchased as set out above are as per the quotations received from the respective suppliers. We will obtain fresh quotations at the time of actual placement of the order for the respective equipment. The actual cost would thus depend on the prices finally settled with the suppliers and to that extent may vary from the above estimates. Further, our capital expenditure plans are subject to a number of variables, including possible cost overruns, construction delays or defects and changes in the management's views of the desirability of current plans, among others.

Our Promoters, Directors, Group Companies and members of our Promoter Group do not have any interest in the proposed acquisition of the equipments and machineries or in the entity from whom we have obtained quotations for the same.

### **3. Long term working capital requirements**

Presently our company is availing the working capital facilities for the existing operations from the 'Bank of India' as stated in the chapter titled "Financial information" beginning on page no. 163 of this Draft Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirement. However, the Company will utilize a part of the Issue proceeds to meet part of the long term working capital requirement which has been estimated as under:

#### ***Basis of estimation of working capital requirement***

The details of our working capital requirements and funding of the same as at March 31, 2010 and March 31, 2011 are as set out in the table below:

<i>(In ` Lacs)</i>		
Sr. No.	Particulars	As at March 31, 2011 Audited
<b>I.</b>	<b><i>Current Assets</i></b>	
1.	Inventories	
(a).	<i>Raw material</i>	842.19
(b).	<i>Work-in-progress</i>	173.47
(c).	<i>Finished Goods</i>	121.99
2.	Sundry debtors (due within six months)	2790.11

3.	Cash and bank balances (net of overdraft against deposit)	85.05
4.	Loans and advances	627.97
	<b>Total current assets (A)</b>	<b>4640.78</b>
<b>II.</b>	<b>Current Liabilities</b>	
1.	Creditors	367.59
2.	Other current liabilities	378.16
	<b>Total current liabilities (B)</b>	<b>745.75</b>
<b>III.</b>	<b>Total working capital requirements (A - B)</b>	<b>3895.03</b>
<b>IV.</b>	<b>Funding pattern</b>	
1.	Working capital funding from banks	2625.71
2.	Internal accruals	1269.32

The details of our expected working capital requirements as at at March 31, 2012 and March, 2013 is as set out in the table below:

(In ` Lacs)			
Sr. No.	Particulars	As at March 31, 2012	As at March 31, 2013
<b>I.</b>	<b>Current assets</b>		
1.	Inventories		
(a).	Raw material	971.37	1177.03
(b).	Work-in-progress	205.49	248.21
(c).	Finished Goods	207.77	251.94
2.	Sundry debtors	2819.38	3402.71
3.	Cash and bank balances	125.92	162.02
4.	Loans and advances	231.34	277.80
5.	<b>Total current assets (A)</b>	<b>4561.26</b>	<b>5519.71</b>
<b>II.</b>	<b>Current liabilities</b>		
1.	Creditors	1075.47	1304.43
2.	Other current liabilities	-	-
	<b>Total current liabilities (B)</b>	<b>1075.47</b>	<b>1304.43</b>
<b>III.</b>	<b>Projected total working capital requirements (A - B)</b>	<b>3485.79</b>	<b>4215.28</b>
<b>IV.</b>	<b>Proposed funding pattern</b>		
1.	Working capital funding from banks	2900.00	1800.00
2.	Internal accruals	585.79	615.28
3.	Proceeds from the Issue	-	1800.00
	<b>Total</b>	<b>3485.79</b>	<b>4215.28</b>

#### Assumptions for working capital requirements

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2012	As at March 31, 2013
		<b>Audited</b>	<b>Estimated</b>	<b>Estimated</b>
1.	Inventories			
(a).	Raw material			
	Imported	1.04 Months	1.00 Months	1.00 Months
	Indigenous	1.31 Months	1.25 Months	1.25 Months
	Packing Materials	-	1.50 Months	1.50 Months
(b).	Work-in-progress	6 Days	6 Days	6 Days
(c).	Finished Goods	0.14 Months	0.20 Months	0.20 Months
2.	Sundry debtors (below six months)			
(a)	Indigenous	1.23 Months	1.25 Months	1.25 Months
(b)	Export receivable	4.51 Months	3.50 Months	3.50 Months
3.	Current liabilities			

(a).	<i>Creditors</i>	0.79 Months	1.50 Months	1.50 Months
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#### 4. Part repayment of term loans availed by our Company

Our Company has availed terms loans aggregating ` 1310.00 Lacs from Bank of India. Of these ` 1082.62 Lacs is outstanding as on August 31, 2011. In order to reduce the interest burden, our Company intends to utilize ` 800.00 Lacs from the Proceeds of the Issue for the part repayment of the loan. Brief details of the term loan are as under:

(In ` Lacs)

Sr. No.	Name of the Lender	Facility documentation details	Interest Rate	Repayment Schedule*	Amount Outstanding (as on August 31, 2011)**	Amount to be financed from Net Proceeds of the Issue
1.	Bank of India ("Bank")	Term Loan: ` 365 Lacs	4.5% over Base Rate	23 quarterly installments of ` 26 Lacs and 24 <sup>th</sup> quarterly installment of ` 27 Lacs	` 286.42 Lacs	` 260 Lacs
2.	Bank of India ("Bank")	Term Loan: ` 585 Lacs	4.5% over Base Rate	23 quarterly installments of ` 33.25 Lacs and 24 <sup>th</sup> quarterly installment of ` 35.25 Lacs	` 485.52 Lacs	` 350 Lacs
3.	Bank of India ("Bank")	Term Loan: ` 360 Lacs	4.5% over Base Rate	24 quarterly installments of ` 15 Lacs commencing from December 2011	` 310.68 Lacs	` 190 Lacs

\* No prepayment penalty is mentioned in the loan agreement

\*\* As per certificate from Shah Kantilal & Co. (Statutory Auditors of our Company) dated September 28, 2011

The statutory auditors of our Company - 'Shah Kantilal & Co.' have further certified vide their certificate dated September 28, 2011, that the proceeds of the above Term Loan has been utilized for the purposes for which the loans were sanctioned.

#### 5. General Corporate Purposes

Our Company intends to deploy ` [ ] towards general corporate purposes, including but not restricted to, additional margin money towards bank guarantees, project cost overruns (if any), strategic initiatives, entering into strategic alliances, partnerships, joint ventures etc. and meeting exigencies and contingencies for the project, which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors.

Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Issue Proceeds. Our management, in accordance with the policies of our Board, will have the flexibility in utilizing the proceeds earmarked for general corporate purposes.

#### 6. Public Issue Expenses

The expenses for this Issue include Issue management fees, IPO grading expenses, Registrar's fee, selling commissions, underwriting commission, printing and distribution expenses, fee payable to other intermediaries, statutory advertisement expenses and listing fees payable to the Stock Exchanges, amongst others. The estimated Issue expenses are as under:

<b>Activity</b>	<b>Amount* (` lacs)</b>	<b>% of Issue Size*</b>	<b>% of Issue expenses*</b>
Lead management, Syndicate fees, underwriting and selling commission	[ ]	[ ]	[ ]
Advertisement and marketing expenses	[ ]	[ ]	[ ]
Printing and stationery (including expenses on transportation of the material)	[ ]	[ ]	[ ]
Others (Filing Fees with SEBI, BSE and NSE, Registrar's fees, legal fees, IPO Grading, listing fees, travelling and other miscellaneous expenses etc.)	[ ]	[ ]	[ ]
<b>Total</b>	[ ]	[ ]	[ ]

*\* To be completed upon determination of Issue Price*

### **Bridge Loan**

Our Company has not entered into any bridge loan facility till now. However our Company may avail bridge loan facility and if so availed the same will be repaid from the Issue Proceeds.

### **Interim Use of Funds**

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Issue Proceeds received by us. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft.

### **Monitoring of Issue proceeds**

Our Audit Committee will also monitor the utilization of the Issue Proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal Year 2013 and Fiscal Year 2014.

Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by the Statutory Auditors. Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of Issue Proceeds from the Objects stated in the Draft Red Herring Prospectus. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Issue Proceeds. We will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet till such time the Issue Proceeds have been utilized, clearly specifying the purpose for which such proceeds have been utilized. In respect of any Issue Proceeds remaining unutilized details of investments, if any, of such unutilized amount will be disclosed in the balance sheet.

No part of the Issue Proceeds of this issue will be paid as consideration to our Promoters, directors, key managerial employees or group concerns/companies promoted by our Promoters.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is ₹ 10 and the Issue Price is [ ] times the face value of the Equity Shares at the lower end of the price band and [ ] times the face value at the higher end of the price band.

**Investors should read the following summary with the Risk factors included in page no 15 and the details about our Company and its financial statements included in this Draft Red Herring Prospectus.**

### QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, please refer to the section titled “Our Business” on page 93 of this Draft Red Herring Prospectus.

### QUANTITATIVE FACTORS

Information presented in this section is derived from our Company’s restated financial statements. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### *Basic & Diluted Earning Per Share (EPS)*

Year ended	EPS (₹)	Weight
March 31, 2009	(4.26)	1
March 31, 2010	7.22	2
March 31, 2011	13.08	3
Weighted Average	8.24	

*Note:*

$$\text{Earnings per share (₹)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted Average no. of equity shares outstanding during the year}}$$

#### *Price Earning (P/E) ratio in relation to Issue Price of ₹ [ ] per share of ₹ 10 each*

Sl. No.	Particulars
1.	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2011 at the Floor Price [ ]
2.	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2011 at the Cap Price [ ]
3.	P/E ratio on the weighted average Basic/Diluted EPS at the Floor Price [ ]
4.	P/E ratio on the weighted average Basic/Diluted EPS at the Cap Price [ ]

#### *Industry P/E*

Particulars	Name of Company	P/E
i) Highest	Bodal Chemicals Limited	10
ii) Lowest	Kiri Industries Limited	8.03
iii) Average		8.78*

*\*Average of P/E ratio of the industry peers presented in ‘Comparison of Accounting Ratios’ in this section*

#### *Return on Net Worth (RONW %)*

Year ended	RONW (%)	Weight
March 31, 2009	(5.37)	1

Year ended	RONW (%)	Weight
March 31, 2010	8.49	2
March 31, 2011	13.57	3
<b>Weighted Average</b>	<b>8.72</b>	

$$\text{Return on Net Worth (\%)} = \frac{\text{Net profit after tax, as restated}}{\text{Net Worth (excluding revaluation reserve) as at the end of the year}} \times 100$$

**Minimum Return on Net Worth after Issue to maintain Pre- Issue EPS for FY 2010-11:**

**Based on Basic & Diluted EPS**

At the Floor Price - [ ] and [ ] based on Restated financial statements.

At the Cap Price - [ ] and [ ] based on Restated financial statements.

**Net Asset Value per Equity Share**

Particulars	(`)
NAV as on March 31, 2011	48.18
NAV after the Issue*	[ ]
Issue Price*	[ ]

\* Will be determined on conclusion of the Book Building Process and determination of Issue Price.

**Comparison of Accounting Ratios**

The comparable ratios of the industry peers which are to some extent similar in business are as given below:

Sl. No.	Name of the Company	Standalone / Consolidated	Face Value (`)	EPS <sup>#</sup> (`)	P/E <sup>\$</sup>	RONW (%) <sup>#</sup>	Book Value per share (`) <sup>#</sup>	Sales (` Lacs.) <sup>#</sup>
1.	Ambuja Intermediates Limited	Standalone*	10	13.08	[ ]	13.57	48.18	12060.57
2.	Kiri Industries Limited	Standalone	10	19.86	8.03	29.23	59.81	56572.12
3.	Bodal Chemicals Limited	Standalone	2	1.68	10	25.72	6.83	55824.62
4.	Omkar Speciality Chemicals Limited	Standalone	10	7.95	8.32	11.04	4.7	10676.00

\* Based on restated financial statements of our Company for year ended March 31, 2011

<sup>#</sup> Source: Annual Report for the year ended March 31, 2011.

<sup>\$</sup> Source: Computed based on the market price on BSE as on August 30, 2011 and EPS for the year ended March 31, 2011 as reported in the Annual Report

<sup>@</sup> To be finalized upon determination of Issue Price

**The Face value of the Share is ` 10 per Equity Share and the Issue Price is [ ] time of the face value.**

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The BRLM believe that the Issue Price of ` [ ] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of our Company including accounting ratios, as set out in chapter titled “Financial Information” on page no. 163 of this Draft Red Herring Prospectus to have a more informed view of the investment.



## STATEMENT OF TAX BENEFITS

**The Board of Directors,  
Ambuja Intermediates Limited  
901-A, Narnarayan Complex,  
Nr. Navrangpur Bus Stand,  
C.G. Road, Ahmedabad - 380009**

Dear Sirs,

### **Sub: Statement of Possible Tax Benefits**

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

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

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

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

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

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

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

**For SHAH KANTILAL & CO.  
FRN: 112260W  
Chartered Accountants**

Sd/-

**KANTILAL M. SHAH  
Partner  
Membership No: 007924  
Date: September 28, 2011**

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

### **A. SPECIAL TAX BENEFITS TO THE COMPANY**

**NIL**

### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY:**

**NIL**

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

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

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

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

6. **Deduction under Section 32:** As per provisions of Section 32(1)(ia) of the Act, the company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after 31<sup>st</sup> March, 2005 during the 1<sup>st</sup> year, subject to fulfillment of conditions prescribed therein.
7. Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 5 years immediately succeeding the year in which the MAT credit initially arose.

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

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

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

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

#### **BENEFITS AVAILABLE TO MUTUAL FUNDS**

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

#### **BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')**

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

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

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

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

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

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

1. Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

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

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

5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
  - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;
  - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

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

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
  - i. Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
  - ii. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The

amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

- iii. Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.
  - iv. In accordance with the provisions of Section 115H of the Act, a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
9. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
  10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

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

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

#### **Notes:**

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity Shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### Overview of the Chemical Industry in India

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

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

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

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

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

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

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

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

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

The Dyestuff sector is one of the important segments of the chemical industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, paper, plastics, printing inks and foodstuffs. The



textile industry accounts for largest consumption of dyestuffs at nearly 70 percent. From being importers and distributors in the 1950s, it has now emerged as a very strong industry and a major foreign exchange earner.

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

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

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

The chemical industry is an important constituent of the Indian economy with an estimated turnover at around US\$ 35 billion, constituting 1.5% of the global chemical industry estimated at US\$ 2400 billion. The total investment in the sector is nearly US\$ 60 billion and the employment is about one million. It accounts for 13%–14% of total exports and 8%–9% of total imports of the country. Gujarat dominates with 51% of the total share of major chemicals produced in the country. Various sub-sectors such as chloralkali, inorganic chemicals, organic chemicals, dyestuffs and dye intermediates, and agrochemicals grew at varying rates during the Tenth Five Year Plan, with inorganic chemicals recording the highest CAGR at 10% and agro-chemicals the lowest CAGR at 0.7%. The chemicals industry as a whole grew at an average of 4.7% during the Tenth Five Year Plan. The industry expectation is that the sector may grow in the range of 5%–8% during the Eleventh Plan.

Production of Chemicals								(Thousand Tonnes)
Category	Installed Capacity (as on March 2007)	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	CAGR
Alkali	7072	4342	4792	5070	5272	5475	5269	3.9
Inorganic chemicals	748	374	404	441	508	544	602	10
Dyestuffs and dye intermediates	52	24.8	26.2	25.9	28.5	29.5	32.5	5.6
Agro chemicals	145	81.8	69.56	85.12	93.97	82.24	84.7	0.7
Organic chemicals	1889	1166	1353	1473	1506	1545	1545	5.8
Total chemicals	9908	5990	6645	7096	7408	7676	7534	4.7

Source: Department of Chemicals and Petrochemicals.

Foreign Trade in Chemicals								
(in Rs Crore)								
Year	Inorganic Chemicals		Organic Chemicals		Pesticides		Dye and Dyestuff	
	Export	Import	Export	Import	Export	Import	Export	Import
2001-02	1259	5730	7624	8795	1356	362	2436	1138
2002-03	1946	5579	10190	10695	1487	287	2943	1344
2003-04	1949	5916	12975	14363	1746	501	3112	1617
2004-05	2872	8130	16269	18785	2096	712	3111	1878
2005-06	3431	10446	21504	22775	2791	754	3750	2245
2005-06 (April-December)	2638	8531	19080	20451	2001	656	3366	2072

Source: Department of Chemicals and Petrochemicals.

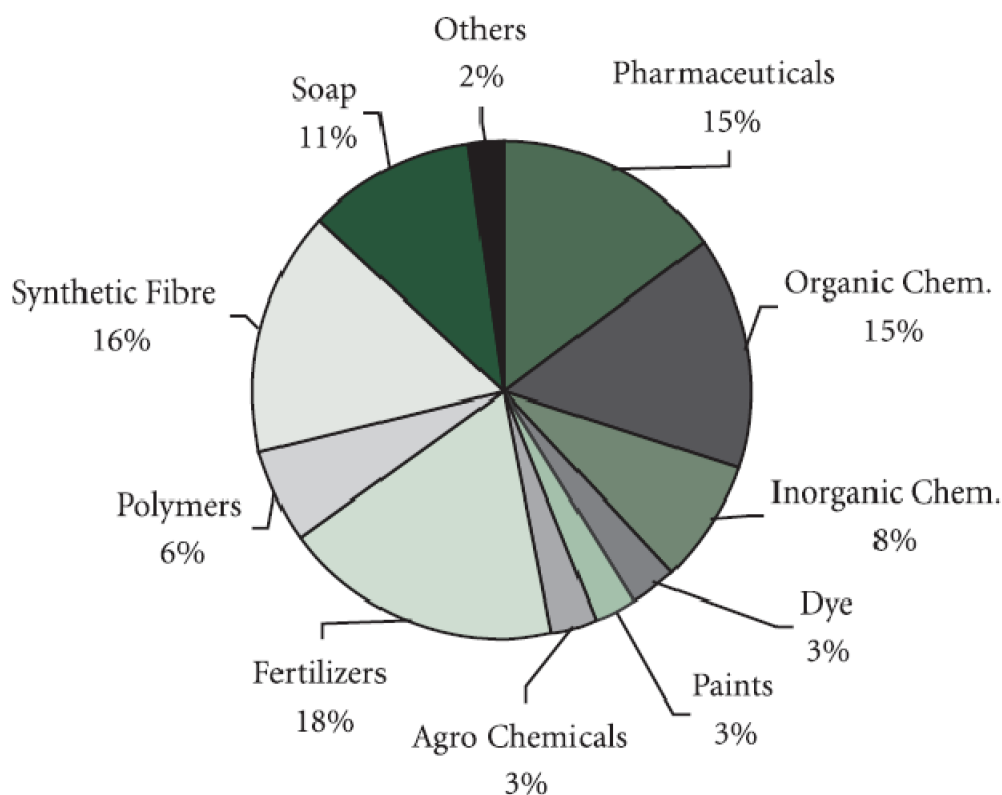
(Source: 11<sup>th</sup> Five year Planning Commission Report - 2007-2012)

Increased competition resulting from globalization is driving the chemical industry towards consolidation, cost reduction, location of manufacturing bases close to raw materials, cheaper energy sources, lower tax regimes, increased use of information technology (IT), and intensification of R&D activities. At the same time the industry is

responding to the increased environment consciousness worldwide. Consolidation has become imperative as the industry seeks economies of scale in manufacturing, logistics, and R&D. Cost reduction is being aggressively attempted through improved operating norms and financial restructuring. Enhanced worldwide concern for the protection of the environment has been forcing the industry to modernize and innovate.

Over the last decade, the Indian chemical industry has evolved from being a basic chemical producer to becoming an innovative industry. With increasing investments in R&D, the industry is registering significant growth in the knowledge sector comprising specialty chemicals, fine chemicals, and pharmaceuticals.

Broadly, the share of basic, knowledge, and specialty chemicals is 57%, 18%, and 25%, respectively. Share of different segments of Chemical Industry in India is as follows;



*Source:* Report of the Task Force on Chemicals, 2002, Department of Chemicals and Petrochemicals.

(Source: 11<sup>th</sup> Five year Planning Commission Report - 2007-2012)

## Growth of Chemical Industry in India

The major hindrances for a double-digit growth of the Indian chemical industry are suboptimal size of plants, higher input costs (raw materials, power, fuel, etc.), lack of world-class infrastructure (roads, ports, and power supply), lack of competitiveness, and stringent labour laws. Without addressing these issues it would be very difficult for the industry to compete globally with rapidly declining duty differentials and appreciation in the value of rupee.

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

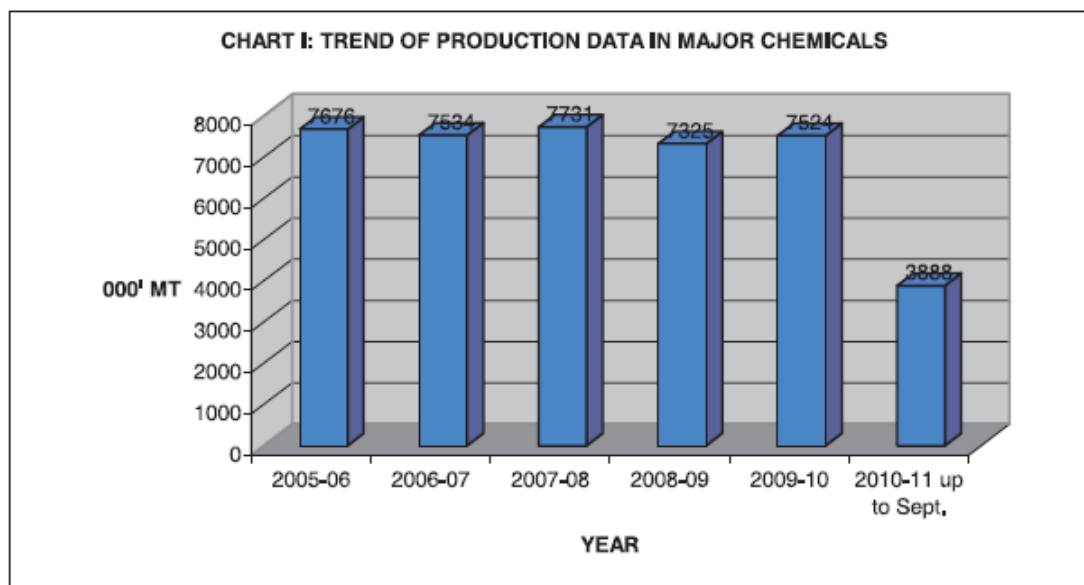
### Production of selected major chemicals

*(Figures in '000 MT)*

Sector	Production						Growth (%)	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 up to Sept.	2009-10/2008-09	CARG 2009-10/05-06
Alkali Chemicals	5475	5269	5443	5442	5602	2890	2.94	0.58
Inorganic Chemicals	544	602	609	512	518	281	-12.65	-1.2
Organic	1545	1545	1552	1254	1280	649	-19.20	-4.6
Pesticides (Tech.)	82	85	83	85	82	44	-3.53	0.0
Dyes & Dyestuffs	30	33	44	32	42	24	31.25	B.8
Total Major Chemicals	7676	7534	7731	7325	7524	3383	2.70	-0.5

*CARG: Compound Annual rate of Growth*

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



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

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

(Figures in Crore)

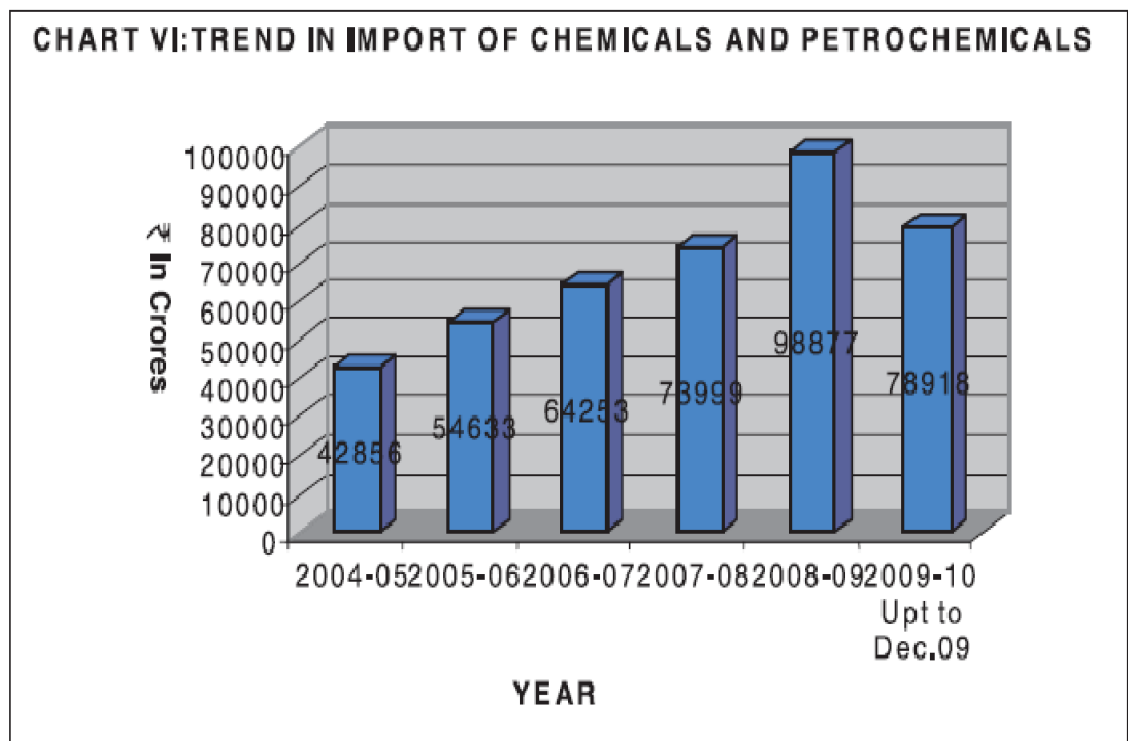
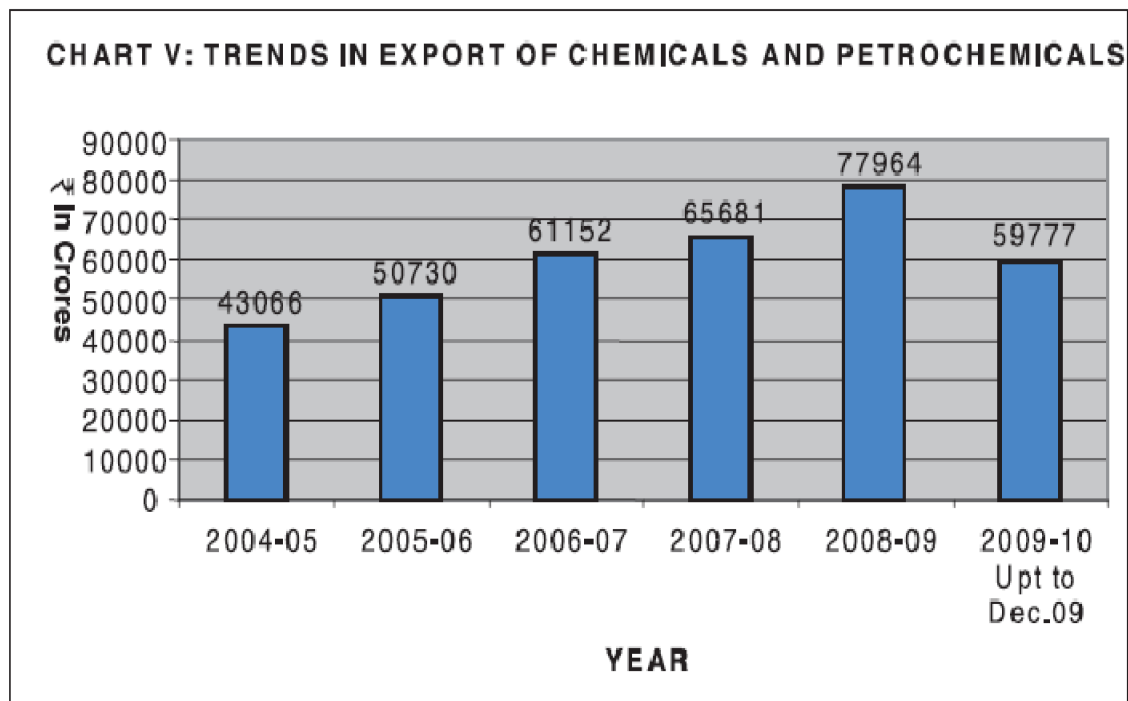
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (up to Dec'09)
<b>A: Total National Exports</b>	<b>375340</b>	<b>456418</b>	<b>571779</b>	<b>655864</b>	<b>840755</b>	<b>599245</b>
Of Which:						
(a) Chemicals	25574	<b>33462</b>	39351	43482	53738	39202
(b) Petrochemicals	17492	<b>17268</b>	21801	22199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

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

Source: DGCI&S, Kolkata, Ministry of Commerce and Industry

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

## Trends in Import and Exports of Chemicals and Petrochemicals



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

## **Challenges faced by Chemical Industry in India**

Some of the sector-specific challenges are:

- While peak duties on non-agricultural products have been reduced from year to year, commensurate reduction has not taken place on fuels, raw materials, building blocks, and feedstock, such as denatured ethyl alcohol, flourspar, carbon black feedstock, and molasses, that go into the production of various downstream value-added chemicals.
- Tank terminals for such chemicals as methanol, ammonia, benzene have not been provided at critical railway junctions.
- Although various laws have been enacted by the government relating to air and water pollution, environment protection in general, hazardous waste management, and product liability insurance, and the government is a signatory to international treaties, conventions, protocols, and codes of conduct, there is lack of awareness in the industry about these laws and international agreements.
- In 2007, the European Union had passed legislation on registration, evaluation, and authorization of chemicals (REACH). For compliance with the provisions of this legislation it would be necessary for exporters to submit test data from accredited laboratories following good laboratory practices (GLP). Until Indian laboratories are so accredited the exporters would have to get the test data generated in foreign laboratories, which will be costly.
- The levels of R&D expenditure by the chemical industry in India are very low by international standards.

(Source: 11<sup>th</sup> Five year Planning Commission Report - 2007-2012)

## **Indian Chemical Industry - Government Initiatives**

- The government has removed licencing requirements, except for hazardous chemicals and a few special drugs
- Entrepreneurs are allowed to set up chemicals industries following the Industrial Entrepreneurs' Memorandum (IEM) route
- Under the automatic route, 100 per cent FDI is allowed for all chemicals except hazardous ones. Customs duty
- The peak rate of customs duty on most chemicals is 7.5 per cent.
- The Petroleum Chemical Petrochemical Investment Regions (PCPIR) Policy has been introduced to boost the development of chemicals and petrochemicals investment regions
- Plans are underway to set up port-based chemicals parks in SEZs to encourage clustering, provide infrastructure and enable tax concessions
- Downstream SEZs have been planned to use the output of chemicals parks

(Source: [www.ibef.org](http://www.ibef.org))

## **Indian Chemical Industry – Road Ahead**

Overall, the Indian chemical industry has attained a critical size and has the potential to build a US\$ 80 - 100 billion specialty chemical industry by 2020. Asia Pacific region now forms nearly 42 per cent of the global market for chemicals, clearly making it the largest contributor.

India has great opportunity to leverage on its talent pool and resources to attain a successful position in specialty chemical landscape. In addition, India has been increasing its export of chemical products in the recent years, so growth will also be a factor of buoyant exports.

(Source: [www.ibef.org](http://www.ibef.org))

## OUR BUSINESS

### Overview

Our Company was established in 1988 with an objective of setting up a Dye-Intermediates manufacturing unit. We believe that we are one of the leading intermediates and specialties manufacturing company in Gujarat. We manufacture broad and innovative range of intermediates viz. naphthalene based intermediates, benzene based intermediates, dyestuffs, organic pigments, and specialty intermediates. Our products are used in various industries such as leather, textile, paper, electronics, plastics, polymer, and printing.

We have five manufacturing units in State of Gujarat, India. We have four manufacturing units spread over about 32 acres of land, near Ahmedabad at Village Rajpur (District – Mehsana) in North Gujarat and one manufacturing unit in Vatva – GIDC, Ahmedabad. We commenced our operations in 1988 with an installed capacity of 120 MTPA for manufacturing of dye intermediates. From time to time we have been increasing our installed capacity and also diversifying into manufacture of speciality chemicals, dyestuff and organic pigments. Currently our capacity stands at 6140 MTPA of speciality chemicals, dye and dye intermediates .

We provide custom made solutions to various multinational clients on regular basis. Our Custom Synthesis and Toll Manufacturing segments are growing consistently. These segments follow strict confidential arrangements to develop the product as per the prerequisites of the client and its operations are carried out on an exclusive basis. We believe that our experience to deal with multinational client across globe provides us the competitive edge..

We believe that our competency lies in Research & Development (R & D), which results in development and optimization of various products and processes, and continue to improve quality of our product. We have adopted a systematic approach to our research and development activities that are aimed at achieving both near-term manufacturing efficiency gains and long-term competitiveness by leveraging internal resources as well as third party collaborations. We believe that R & D plays vital role in reducing overall cost of manufacturing of our products. Our R & D Team plays an integral role in developing the product right from selection of raw material to the distribution of finished product. Our R & D team has indigenously developed catalytic hydrogenation plant. We have catalytic hydrogenation plants in Gujarat region and the technology used for this plant is unique. The plant is environment friendly and operates on the norms established by the Gujarat Government for environment. We have reduced iron waste output to almost zero with the functioning of this plant.

We are recognised as ‘Two Star Export House’ by the Government of India. In the last 23 years we have exported our products to more than 30 countries across globe. Revenue generated from sale from exports is approximately 60% of our total revenue.

Currently we have 3 windmills generating 4MW of power. We believe that we are one of the few dye intermediate Companies running on Green Power generated from Windmills. Captive consumption of the power generated from windmills results in saving of more than 70% of the power cost which gives us competitive edge.

We believe that pollution control is an integral part of the operations. We believe that with the help of existing resources such as adequate infrastructure, ample land, water, power etc we can prevent and minimize environmental pollution. We believe that “industrialization and ecology can and should coexist”. In order to ensure environment friendly operations, we recover several by-products such as gypsum, glauber salt and distilled water. The distilled water so recovered is used for recycling in boiler. We have state-of-the-art Zero Effluent Discharge Pollution Treatment Plant with a capacity to handle 500 kl waste water per day. We recover several by-products, liquid and gaseous wastes in order to reduce the treatment load and cost.

We took over Ambuja Solvex Private Limited (“ASPL”), a Company owned and controlled by our Promoters and Promoter Group, in April 2011, by acquiring the entire shareholding of ASPL and it became a wholly owned subsidiary of our Company. ASPL was incorporated in the financial year 2004 and is one of the manufacturers of the cosmetic and pharmaceutical grade Castor Oil & Derivatives. Castor Oil and its derivatives manufacturing facility of ASPL is spread over plot area of 12652 sq. mts. in Village Rajpur (District - Mehsana) in North Gujarat. . The manufacturing facility is connected to Ahmedabad which is about 30 miles and Mundra & Kandla Sea ports.

Total revenue of our Company for year ended March 31, 2011 is ` 12,322.93 Lacs with EBIDTA of ` 1358.23 and PAT of ` 398.90 Lacs whereas total revenue for year ended March 31, 2010 was ` 10725.65 Lacs with an EBIDTA ` 1089.99 Lacs and PAT of ` 220.07 Lacs. Our Net worth for March 31, 2011 was ` 2938.92 Lacs whereas Networth for March 31, 2010 was ` 2593.37 Lacs.

Total revenue of our Subsidiary 'Ambuja Solvex Private Limited' for the year ended March 31, 2011 is ` 1979.89 Lacs and PAT of ` 17.32 Lacs.

### **Registered Office**

The registered office of our Company is situated at WZ A/901, Nar Narayan Complex, Near Navarangpura Bus Stop, Off C.G. Road, Navarangpura, Ahmedabad-380009, Gujarat

### **Facilities**

Presently, we have following operating units situated at the different locations:

<b>Sr. No.</b>	<b>Location</b>	<b>Unit</b>	<b>Total Land Area</b>
1.	Survey No. 1143/4, 1144, 1149, 1150, 1151, 1154/P1, 1152/1, 1152/2, 1152/3, 1152/4, 1152/5, 1154/2, 1160/1, 1160/2, 1161, 1163/1, 1163/2, 1163/3, 1164/2, 1170/2, Rajpur, Tal.-Kadi, Dist.-Mehsana, Gujarat	Rajpur, Mehsana Unit	129640.80 sq. mts.
2.	Plot No. 41, Vatva Industrial Estate, Ahmedabad.	Vatva Unit	1434 sq. mts.

### **Our Product Portfolio**

We deliver more than 250 Intermediates for various applications. We also produce bulk commodity colors to service our identified clients.

<b>Category</b>	<b>Application</b>	<b>Industry</b>
<b>Naphthalene based products</b>	Naphthalene based intermediates such as H Acid, European K Acid, 2R Acid, Epsilon Acid, Koch Acid and various derivatives having application in reactive dyes, acid dyes and direct dyes.	textile, leather and paper
<b>Benzene based products</b>	Benzene based derivatives DASA, OT base, DABA, 2 Cloro PPD, PPD, TCB etc. These products have application in Acid dyes, naphthols, organic pigments, hair dyes.	leather, textile, plastics and cosmetics
<b>Dyestuffs</b>	Acid dyes and reactive dyes	leather and textile
<b>Organic Pigments</b>	Specialty pigments having high end application	plastics, polymer, printing and textile
<b>Specialty Intermediates</b>	TCPI, ITI, 14BCA, CNJ, N-Methyl, Gamma anilide, MABK Acid, M Acid etc., having high end application	inkjet, electronics chemicals, agro chemicals, functional dyes

### **Our Competitive Strengths**

We believe our principal competitive strengths are as follows:



## **1. Green Technology / Environment friendly operations**

We believe that we are one of the Naphthalene based Intermediate plants running on Catalytic Hydrogenation technology. Our Research and Development team has indigenously developed this plant to curb the pollution output of iron sludge and organic waste. Catalytic Hydrogenation technology has 15 KL size reactors and working pressure of 35 bars. We identify this technology as Green Technology. This technology helped us to discard iron sludge waste of other manufacturing facility of our Company. With implementation of this technology, our overall product quality has enhanced. This technology is in line with the norms of Gujarat Government. This technology enables us to improve overall product quality and its end use performance.

## **2. Waste Management – Green Initiative**

We believe that we are one of the pioneers in developing and setting up a Zero Effluent Discharge Plant (“ZED”). Our ZED Plant recovers annually 12000 MT of sodium sulphate, 22000 MT of gypsum and 60000 KL of distilled water for recycling. Our Effluent Treatment is based on maximum recovery of by products and minimizing the volume of waste to highly concentrated organic waste. This high concentrated organic waste having self Calorific value is finally incinerated to solid ash. Gujarat State Pollution Control Board has inspected our pollution treatment plant. We believe that this is a step towards Green Initiative which is in line with the policies of Government of Gujarat / India. With the help of this plant we are able to recycle the water to the extent of 70% of the water and reuse the same in our manufacturing process. Inorganic products generated out of this process are sold as by product and thus reduces the overall impact on the environment. Further the Environment policy of Government of Gujarat does not allow evacuating the waste generated out of the manufacturing process. However with the help of this technology, 70% of the waste water is reused.

## **3. Efficient Cost Management with the help of Green Power**

Power is one of the significant elements of operating cost in our industry. We believe that we are one of the first Dye Intermediate Plants running on power generated by wind mills. We have set up wind mills to generate power with capacity of 4 MW on west coast of Gujarat. Power generated from Wind mill is identified as Green Power as the same is environment friendly. Approximately 70% of our power requirement is taken care with the help of power generated from wind mills. Captive consumption of power generated from our wind mills has significantly reduced our overall operating cost and has given us a competitive edge.

## **4. Commitment of our Promoters supported by a strong management team**

Our Promoters are focused and have been instrumental in grooming our Company since inception. Under their strategy and guidance, the net sales of our Company have grown to over ` 11815.25 lacs in fiscal 2011. The Promoters are backed by a strong team of committed, dedicated team of personnel with hands-on experience who are in charge of the routine operations.

Due to the committed efforts of our Promoters we have been consistently receiving Best Export Award for many years from Gujarat Dyestuff Manufacturers Association and CHEMEXCIL – a body set up by Government of India. Further due to the commitment from our Promoters and strong support of our management we were able to establish the “Ambuja” brand in the Chemical Industry and also be recognised as a “TWO Star Export House”.

## **5. Strong Research & Development Capabilities**

Our emphasis on Research and Development has enabled us to devise our own process technologies and expand our engineering capabilities. We have an in-house R&D team with expertise in developing various intermediates as per the specifications of clients or end user. We have the capability and track record to identify processes in producing intermediate, re-engineer the manufacturing process and implement the process on large scale to reduce the cost of manufacturing. We have always undertaken in-house research and development on process chemistry and through extensive re-engineering by setting up pilot plants.

We have developed indigenously State of the Art Zero Effluent discharge pollution treatment plant and the catalytic hydrogenation plant. With the help of our Research and Development, since 1996 we have developed several products.

With the help of our Research and Development Division we provide customized solution to the customer. Typically we enter into a Non disclosure agreement with our clients for producing the product as per their specifications. Our Research and Development department has the ability to manufacture tailor made products as per the requirements and specifications provided by end users in timely manner. With the help of our Research and Development department, we can produce diversified product range, which gives us the competitive edge.

The composition of manufacturing process can undergo change as per the requirement of clients, their needs for utilisation of the end products etc. This also enables us to develop diversified product portfolio. Our Company is currently supplying custom synthesis and toll manufacturing products under non disclosure agreement. Our Company is also providing custom made solutions to various multinational clients on regular basis. Our experience in dealing with multinational clients across globe gives us the competitive edge.

## **6. Integrated facilities with location advantage**

Since inception we have always focused on creating integrated facilities to attain the economies of scale and to increase our market share. As a result, presently, we have integrated facilities. Most of our plants operate on a continuous process basis, giving us the competitive edge of manufacturing products at lower costs compared to some of our competitors who manufacture on batch processing basis. We already have in place the core infrastructure facility required to meet our present as well as future expansions needs. Our facility at Rajpur, Gujarat is ideally located in the heart of dyestuff / chemical industry.

## **OUR FUTURE PLANS AND STRATEGIES**

Our future plans are based on our perception of growth in the demands of our products in the domestic and international markets. The key drivers of such growth are increased domestic consumption and global outsourcing trends in the leather, textile, paper, electronics, plastics, polymer, and printing industry. In view of the above and given our competitive strengths, our business strategies emphasize on expanding into our target markets through penetrating into existing and newer markets. We intend to pursue following strategies aggressively to achieve the same:

### **Domestic Market Penetration**

Our competitive strength will increase considerably on completion of our upgradation of existing facilities. We believe that new technology will help us to develop new product and further penetrate the domestic market. Upon completion, we will be able to offer a basket of products to our customers at highly competitive prices. We already have a marketing presence in major market segments for our products sold domestically. Presently we cover the domestic market through a dedicated domestic sales team of 3 key personnel.

### **Continued Focus on R&D**

We believe that the quality of our processes is integral to our ability to manufacture quality products at competitive prices and thereby retain and attract our customers. Improvement in our quality processes enables us to benefit from increased productivity, improved quality, reduced costs, on-time delivery and greater reliability. Our emphasis on Research and Development has enabled us to devise our own process technologies and expand our engineering capabilities. With the help of Research and Development department we have developed an ability to produce tailor made products as per the requirements and specifications provided by our clients in timely manner. Our Company is currently supplying custom synthesis and toll manufacturing products under non disclosure agreement and with the help of our Research and Development team we continue to supply the products as per the requirements. We will continue to focus on Research and Development, which we believe that will help us to further penetrate into domestic and international market.

### **Leverage competitive strength to capitalize in international market**

There exists large markets in Europe, US, Japan and East Asia for the Company's products. Maintaining quality of the product and timely delivery are critical success factors for tapping these vast markets. We have been investing to create facilities which can cater to the quality requirements of the global customers. With the range of quality products now being offered, we are confident of increasing our exports.

We are focusing on marketing of our products in the European, and East Asian markets by expanding our network of agents in such markets. We have a dedicated six-person export marketing team, which focuses solely on the international markets. We believe that with the help of our Research and Development team we can further strengthen our International reach.

### **Continue to focus on Green initiative**

Our strategy is to upgrade and acquire new machinery and technology for manufacturing process which is environment friendly. We propose to set up multiple effect evaporation plant for sodium sulphate recovery. Sodium Sulphate recovery plant will help us to reprocess the waste generated in the plant into byproduct. We believe that this is a step towards Green Initiative as the waste generated in the plant will be further processed into byproduct which is marketable. We intend to use part of the Proceeds of Issue towards acquisition of capital equipment and towards

### **Reduction of operating cost**

With the help of new technology and upgradation of existing facility, our dependency on labour will be reduced which will result in reduction in labour cost. We believe that semi automation will also help in reducing the overall operating cost. Further we propose to deploy ` 1522.14 lacs towards setting up of wind mills which will enable us to self reliant for power and ensure zero cost for power.

We would continue our initiatives in future to extract further efficiencies, which would make us more competitive.

### **Our Dyestuff Division**

We have been producing dyes since 2003 as forward integrated facility for intermediates production plant. We have adequate manufacturing facility available at our Vatva Plant. We typically produce dyestuff as per the requirement of our clients. We also have fully equipped laboratory to support finish product test. In order to produce dyestuff we also have blending facility, spray drying facility and client specific packaging facility.

### **Research and Development**

Our Company carries out research & development activities at Rajpur - Gujarat. The research is carried out for improving the quality of existing products and development of new processes for the existing products.

R & D laboratories are equipped with sophisticated and technologically advanced equipment, where highly skilled team of research chemists, engineers and technicians serve diverse range of products.

R & D programs are designed to achieve four objectives:

1. Continuous improvement in quality by improving manufacturing technology and processes
2. Lowering our manufacturing costs through process improvement
3. Conduct exploratory research to develop new product lines and markets
4. Develop new products and process that are environmentally responsible.

### **Sales and Marketing**

We have a dedicated sales and marketing team, separately focusing on the domestic market and the international markets. In India we have our own sales offices at two locations i.e. Mumbai and Ahmedabad. For the international market, we have eliminated dependence on any single geographical location, product family or customer and have a

presence in the major demand markets of Europe, Japan, China, South Korea, Taiwan, Thailand, Indonesia, Pakistan, Bangladesh, Egypt, Turkey, and Latin America markets.

Our combined domestic and international sales team comprises of 7 persons, with domestic team comprising of 3 persons and international team comprising of 4 persons.

Timely delivery of our products is of utmost importance to all our customers. To take care of this requirement we have set up a separate logistics management cell within our marketing team. The primary responsibility of this is to plan and monitor complete shipment logistics to ensure “just in time” delivery to our customers.

### **Custom Synthesis and Toll Manufacturing under CDA**

We have several custom synthesis and tolling arrangements with leading MNC's for exclusively producing several speciality intermediates, dyes and pigments under secrecy agreement. In certain cases the technology is provided by the client and we have a buy back arrangement of these products manufactured for them. For some of our clients our Company has developed certain products with the help of our own Research & development division and we manufacture these products exclusively for them. We believe that we have gained experienced in handling strictly confidential customized solutions or projects for various applications.

### **Brief Manufacturing Process of our existing products**

**Charging of raw materials:** In this process the liquid raw materials are charged through pipes, by pumping and solid raw materials are charged manually through a hopper.

**Reactions:** Reactions are carried out between 0 Deg C to 220 Deg C and from atmospheric pressure to 35 kg/cm<sup>2</sup> pressure in MS/SS/CI reactors and Glasslined reactors.

**Filtrations:** Filtrations are carried out in centrifuges, nutsche filters and agitated filter nutsches.

**Drying:** Drying is carried out by various types such as Centrifuges, Spray Drying, Spin Flash Drying, Tray Drying, Fluid Bed Dryers, under vacuum in agitated filter dryers or rotary vacuum dryers.

### **Infrastructural facilities and Utilities**

#### **Raw materials**

The major raw materials used in manufacturing of our products are Refined Naphthalene, K-Acid, Para Nitro Aniline, Acetanilide, 2,5-Dichloro Nitro Benzene, Mesitylene, Tetra Chloro Phthalic Anhydride, ODCB, Toluene, Soda Ash, Nitric Acid, Chloro Sulfonic Acid, Oleum, Sulfuric Acid, Bromine Liquid, Sodium Nitrite,, Caustic Soda Flakes, Methanol etc. These raw materials are procured as per the production planning and are easily available in indigenous and overseas markets. We procure refined Naphthalene, Mesitylene, Tetra Chloro Phthalic Anhydride, K-Acid from overseas markets and Methanol, Para Nitro Aniline, Acetanilide, 2,5-Dichloro Nitro Benzene, ODCB, Toluene, Soda Ash, Nitric Acid, Chloro Sulfonic Acid, Oleum, Sulfuric Acid, Bromine Liquid, Sodium Nitrite etc. from indigenous sources.

The raw materials are being sourced from our suppliers on a regular basis. We do not envisage any difficulty in getting timely and adequate supply of raw materials.

#### **Utilities**

##### **Power**

Our annual power requirement is of approx. 9.0 million units. We generate approx. 5.82 million units from our windmills having 4 MW capacity. Balance of power requirement of 3.28 million units is met from Gujarat Electricity Board. We have GEB connections for 1000 KVA & 750 KVA power. Additionally we have DG Sets of 125KVA, 275 KVA & 625 KVA capacity as power standby backup.

## Water

Our current water consumption is about 2014 m<sup>3</sup>/month which is sourced from underground borewell water source. It is used for our manufacturing processes, for cooling arrangements, for steam generation and other general purposes.

## Steam & cooling arrangement

Utilities like boilers, chilling plants, ice plant, Nitrogen plant and cooling towers are required to maintain the designed process conditions during the reactions. We currently have four steam boilers for heating & two thermic fluid boilers, seven Cooling towers, one chilling plant, two ice plants, one nitrogen plant at our units at Rajpur. We also have one steam boiler unit at Vatva plant.

## Fuel

We use De-oiled Cake from Castor Oil, Lignite, Coal and CNG gas for steam boilers and incinerators at our Units. We have not faced any problem in procurement of this fuel as it is easily available locally within Gujarat. Lignite is available from Gujarat State Government. CNG is available by pipeline from Sabarmati Gas Supply Co., De-oiled cake is available from nearby Castor Oil plants. Apart from this, High Speed Diesel (HSD) is required from time to time for the DG sets at Rajpur Plant which is procured from nearby petrol pumps.

## Human Resources

The manufacturing process requires an appropriate mix of skilled and unskilled labour. Our Company engages labour on contract basis for doing non-routine work as and when required. Our Company has maintained good relationships with its employees and there have been no instances of any labour unrest or agitation or strike since its incorporation. There is easy availability of labour around the towns and cities where our manufacturing facility is presently located and we do not foresee any problem in hiring additional manpower. The total number of employees as on August 31, 2011 is 252, details of which are provided herein below:

Sr.No.	Category	Rajpur Unit	Vatva Unit	Total
1	Chemist	24	2	26
2	R&D (Laboratory)	5	1	6
3	Lab-Assistant (Technical)	7	1	8
4	Plant Operator	51	3	54
5	Technical Incharge	2	1	3
6	Technical Supervisor	5	1	6
7	Technical Veldar and Fitter	22	-	22
8	Class-I Boilor Attendent	3	3	6
9	Chiling Plant & Flacker Ice Operator	6	-	6
10	Boiler Fire Man	4	2	6
11	Store Supervisor	6	1	7
12	Raw Material Recived Supervisor	6	-	6
13	Labour (Skilled)	20	8	28
14	Labour (Unskilled)	28	-	28
15	Driver	2	-	2
16	Office Staff	8	2	10
17	Accountant (City Office)	4	-	4
18	Security (Higher Agency)	9	6	15
19	Functional Heads / Head of Dept.	7	2	9
	<b>Total</b>	<b>219</b>	<b>33</b>	<b>252</b>

## Capacity and Capacity Utilisation

The details of capacity and its utilisation during the last three financial years is mentioned below:

<b>Products</b>	<b>FY 2010-11</b>	<b>FY 2009-10</b>	<b>FY 2008-09</b>
	(MTPA)	(MTPA)	(MTPA)
<b><i>Speciality, Dye and Dye Intermediates</i></b>			
Installed Capacity	6140	6140	6140
Actual Production	2698.65	2994.42	2088.53
Capacity Utilisation	43.95%	48.77%	34.02%

The details of the capacity and its utilisation for the next three financial years are mentioned below:

<b>Products</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
	(MTPA)	(MTPA)	(MTPA)	(MTPA)
<b><i>Speciality, Dye and Dye Intermediates</i></b>				
Installed Capacity	6140	6140	6140	6140
Actual Production	3070.00	3377.00	4912.00	5526.00
Capacity Utilisation	50%	55%	80%	90%

Note: The estimated capacity utilisation is estimated to increase to 80% in FY 2013-14 because of the upgradation of the machineries with new technology which we propose to install at the end of FY 2012-13 and the same is proposed to be funded from the Proceeds of the Issue.

### **Collaborations**

We have not entered into any technical or other collaboration.

### **Competition**

We operate in chemical industry, which faces competition from domestic as well as international players. Competition emerges not only from the organized and unorganized sector but also from small and big players. Our competitiveness depends on several factors which includes quality, price and customer services. We face competition from the organized as well as unorganized players in the market.

Further, there are no entry barriers in this industry, and any expansion in capacity of the existing manufacturers would further intensify competition. To counter further competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

### **Our major customers**

We supply our products domestically as well as to approximately 30 countries, including regulated markets. Some of the countries to which we supply our products include, Switzerland, France, Germany, Italy, Spain, Turkey, UK, Czech, USA, China, Japan, Taiwan, South Korea, Thailand, Indonesia, Pakistan, Bangladesh, Argentine, Brazil, etc.

Based on the restated financial statements, the percentage of sales derived from top customers during FY 2010-11 is given below:

<b>Particulars</b>	<b>(` In Lacs)</b>	
	<b>March 31, 2011</b>	
	<b>Amount</b>	<b>%</b>
Total Sales	11815.25	100.00
Sales to Top 10 Customers	5235.02	44.31
Sales to top customers	963.20	8.15

### **Environmental Protection**

Manufacturing in a way that bears responsibility for the environment, the safety and health of employees and the general population is of prime importance to us. Besides observing the legal guidelines, we always endeavor to

improve the operating environment in our facilities which can reduce the impact of our activities on environment and health, ensure safety and health of our employees and local residents, strive to achieve further waste reduction and process the waste in accordance with legal standards and in a safe and environmentally-friendly manner. We are accredited with ISO 9001:2008 certification as Exporters of Quality Intermediates, Dyes, Pigments, Speciality Chemicals.

### **Maintenance of our Manufacturing Facility**

Our manufacturing facility and plants have maintenance departments that carry out preventive, condition based, predictive and remedial maintenance. We also engage the services of trained maintenance personnel and specialized external technical experts and agencies, as and when required. We carry out preventive maintenance on a regular basis.

### **Certifications and Awards**

We are recognized as TWO STAR Export House by Government of India. We have received several “Best Export Awards” from Gujarat Dyestuff Manufacturers Association and CHEMEXCIL. In year 2003 our company was honoured with “Best Export” award by Governor of Gujarat. Our Export Division is Certified with ISO 9001:2008. For details of our Certification and Awards please refer to section titled “History and Certain Corporate Affairs” on page no. 117 of this Draft Red Herring Prospectus.

### **Statutory Approvals and Clearances**

All statutory and regulatory approvals, clearances and consents required for producing chemicals through our existing manufacturing facilities and for our operations have been obtained by us. For further details in this regard, see the section titled “Government and Other Approvals” on page 225.

### **Training and Human Resource Development**

We largely depend upon the caliber and efficiency of our employees. Our human resource policy is targeted towards motivating our employees and developing a congenial work environment. We continue to focus on a performance-oriented culture through strengthened employee appraisals with reviews linked to performance. With a view to enhancing the competency-levels of employees, on the basis of identification of training needs, behavioural and safety training is imparted by us as per the certified standards. We continue to place major emphasis on providing a safe, healthy and hygienic working environment to all our employees.


Our recruitment process ensures that the new employees recruited are competent and can add value to our organization. A systematic assessment process is designed which involves technical/non-technical interviews by the heads of the respective departments and evaluation of their work profile to identify the right candidate for the right job profile. An induction and orientation process is conducted to present the history, the current scenario and the future to all new recruits in our Company.

### **Key Industry Regulations**

For details regarding the key industry regulations applicable to us, see the section titled “Key Regulations and Policies” beginning on page 108 of this DRHP.

### **Intellectual Property**

Our Company trademark “AMBUJA” is registered w.e.f. January 15, 2001 and it was renewed for another 10 years

w.e.f. January 15, 2011. Our Company has applied for registration of our corporate logo  on September 21, 2011 and obtained the provisional registration for the same. For further details in this regard, see the sections titled “Government and Other Approvals” and “Risk Factors” on pages 223 and 15, respectively.



## EXPORT OBLIGATIONS

Our Company is currently exporting to countries like Europe, Japan, China, South Korea, Taiwan, Thailand, Indonesia, Pakistan, Bangladesh, Egypt, Turkey, and Latin America markets. Currently, we have an outstanding export obligation of US \$ 4,72,500 which needs to be fulfilled. This amount pertains to various Advance Authorisation Licences. The details of the licences and outstanding export obligations are as follows:

Sr. No.	Details (Advance Authorisation)	Authorisation	Name of Material	Issue Date	Export Obligations in (US \$)	Export Obligation Completed in (US \$)	Balance Export obligation to be completed (in US\$)	Period upto which Export Obligation to be completed
1.	Advance Authorisation	0310608938	Bromocyclohexylamine Anthraquinone (BC Acid)	December 31, 2010	2,62,500.00	Nil	2,62,500.00	36 months from the date of issue
2.	Advance Authorisation	0310535942	BC Acid	August 31, 2009	2,10,000.00	Nil	2,10,000.00	36 months from the date of issue

## Insurance

Our operations are subject to hazards inherent in manufacturing of chemicals, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions. This includes hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage.

Our principal types of insurance coverage for risks related to our manufacturing process include all-risk insurance policies, fire insurance, burglary and housebreaking insurance and electronic equipment insurance. Our insurance policies may not be sufficient to cover our economic losses. For further details, see the section titled “Risk Factors” beginning on page 15 of this DRHP. Loss or damage to our manufacturing facilities including manufacturing equipment, materials and property are generally covered by “Bajaj Allianz General Insurance Company Limited” and “The New India Assurance Company Limited”.

We believe that the amount of insurance cover presently maintained by us represents an appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India.

## Land/Properties owned by our Company

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferee	Consideration	Area	Particulars of the property/description
<b>RAJPUR, MEHSANA – UNIT</b>					
1.	Sale Deed dated December 14, 1992	Ambuja Organics Private Limited	₹ 1,24,445	7588 sq. mts..	Survey No. 1154/2, Rajpur, Kadi, Mehsana
2.	Sale Deed dated May 15, 2000	Ambuja Intermediates Limited	₹ 4,95,777	5602 sq. mts.	Survey No. 1163/1, Rajpur, Kadi, Mehsana



Sr. No.	Documents providing title and registration details	Name of the purchaser/transferee	Consideration	Area	Particulars of the property/description
<b>RAJPUR, MEHSANA – UNIT</b>					
3.	Sale Deed dated January 29, 2002	Ambuja Intermediates Limited	` 61,487	1512 sq. mts.	Survey No. 1160/2, Rajpur, Kadi, Mehsana
4.	Sale Deed dated January 29, 2002	Ambuja Intermediates Limited	` 1,88,646	2858 sq. mts.	Survey No. 1160/1, Rajpur, Kadi, Mehsana
5.	Sale Deed dated January 29, 2002	Ambuja Intermediates Limited	` 2,12,841	4768 sq. mts.	Survey No. 1161, Rajpur, Kadi, Mehsana
6.	Sale Deed dated August 26, 1996	Ambuja Intermediates Limited	` 2,79,758	8351 sq. mts.	Survey No. 1152/5, Rajpur, Kadi, Mehsana
7.	Sale Deed dated August 26, 1996	Ambuja Intermediates Limited	` 3,52,621	10526 sq. mts.	Survey No. 1152/4, Rajpur, Kadi, Mehsana
8.	Sale Deed dated August 26, 1996	Ambuja Intermediates Limited	` 3,57,849	10682 sq. mts.	Survey No. 1152/3, Rajpur, Kadi, Mehsana
9.	Sale Deed dated July 15, 2003	Ambuja Intermediates Limited	` 1,15,000	10676 sq. mts.	Survey No. 1163/2, 1163/3, 1164/2, 1170/2, Rajpur, Kadi, Mehsana
10.	Sale Deed dated April 11, 2007	Ambuja Intermediates Limited	` 6,21,000	9815.75 sq. mts.	Survey No. 1143/4, Rajpur, Kadi, Mehsana
11.	Sale Deed dated February 15, 2008	Ambuja Intermediates Limited	` 7,00,000	19830 sq. mts.	Survey No. 1154/1/P1, Rajpur, Kadi, Mehsana
12.	Sale Deed dated September 1, 1988	Ambuja Intermediates Limited	` 2,33,289	11109 sq. mts.	Survey No. 1152/2, Rajpur, Kadi, Mehsana
13.	Sale Deed dated May 11, 2005	Ambuja Intermediates Limited	` 2,40,000	5160 sq. mts.	Survey No. 1149, Rajpur, Kadi, Mehsana
14.	Sale Deed dated December 30, 2006	Ambuja Intermediates Limited	` 2,40,000	10926 sq. mts.	Survey No. 1144, 1151, Rajpur, Kadi, Mehsana
15.	Sale Deed dated December 27, 2006	Ambuja Intermediates Limited	` 7,11,000	10237 sq. mts.	Survey No. 1152/1, Rajpur, Kadi, Mehsana
<b>REGISTERED OFFICE</b>					
16.	Sale Deed dated September 13, 1996	Ambuja Intermediates Limited	` 1,73,600	1240 sq. fts.	901-A, Narnarayan Complex, Nr. Navrangpura Bus Stand, Off C.G.Road, Ahmedabad – 380009
<b>GUSEST HOUSES</b>					
17.	Allotment	Ambuja	` 5,48,000	135 sq.	C/7 and C/10, Rajshree Flat,

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferee	Consideration	Area	Particulars of the property/description
<b>RAJPUR, MEHSANA – UNIT</b>					
	letters dated September 19, 1999	Intermediates Limited		yards	Kalol

*Land of our Company with rights granted on lease or leave and license basis*

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area	Consideration/license fee/rent (in ` )	Tenure/Term
<b>WIND MILLS</b>						
1.	Lease deed dated April 6, 2005 between Gujarat Energy Development Agency and Ambuja Intermediates Limited	Lease	Survey No. 415/P, Lamba, Jamnagar	10.96 hectare / 109600 sq. mts.	Monthly rent: ` 8000 per hectare p.a.	15 years
2.	Lease deed dated August 23, 2004 between Gujarat Energy Development Agency and Ambuja Intermediates Limited	Lease	Plot No. 7 & 8/P, Survey No. 165/P, Navadra, Jamnagar	5.39 hectare / 53900 sq. mts.	Monthly rent: ` 8000 per hectare p.a.	15 years
3.	Sub-lease dated March 6, 2007 between Suzlon Gujarat Wind Park Limited and Ambuja Intermediates Limited	Lease	Survey No. 820/p, Village Suthari, Dist.- Kutch-Bhuj.	9200 sq. mts.	9200 p.a.	20 years
<b>CORPORATE OFFICE</b>						
4.	MOU dated April 1, 2011, between Jitendra Kantilal Shah and Ambuja Intermediates Limited	Use and Occupy on lease	133, Bhandari Street, Null Bazaar, Mumbai – 400 004	150 sq. fts.	` 1000 per month	12 months (Renewable with mutual consent between the parties)

*Property in possession of our Company*

**VATVA UNIT**

The Company is in possession of Plot # 41 (Phase II) of Vatva Industrial Estate, Ahmedabad wherein we have been producing dyestuff as per the requirement of our clients. We also have fully equipped laboratory to support finish product test. In order to produce dyestuff we also have blending facility, spray drying facility and client specific packaging facility.

This land was originally taken on lease by Urmi Chemicals Private Limited (UCPL) from Gujarat Industrial Development Corporation (GIDC). For securing an amount of `1.95,00,000 (Rupees One crore ninety five lacs only) due to us by UCPL, UCPL created an equitable mortgage by deposit of title deeds with our Company in June 2003. Though we have been continuing with our manufacturing operations on these premises, the property has not yet been transferred in our name due some pending litigations in respect of this property. The property continues to be in the name of UCPL. For more details of please refer to chapter titled 'Outstanding Litigations and Material Developments' beginning on page 210 of this DRHP.

### **Health, Safety and Environment**

As a company operating in producing chemicals, we are required to comply with various laws, rules and regulations relating to the environment. We believe that we are in compliance, in all material respects, with applicable health, safety and environmental regulations and other requirements in our operations and also maintain adequate workmen's compensation, group medical insurance and personal accident insurance policies.

Adequate equipments have been installed for treatment of effluents generated during the manufacturing process. In particular, we have consents from the various government agencies for our existing production facility at Rajpur & Vatva - Gujarat and those necessary to carry on our business. There are currently no proceedings pending or, to the best of our knowledge, threatened against us or any of our Directors, officers or employees in relation to environmental regulations.

We are committed to provide a safe, clean and healthy environment and do not envisage any difficulty in meeting the required parameters to maintain a clean and healthy environment. We monitor injuries, near misses and lost time in accidents on a continuous basis and operate a safety management system at our manufacturing facility. Our Company makes conscious efforts for improving safety record and has installed fire extinguishers and provided uniforms, safety shoes/gloves, helmets to all employees working at our manufacturing facility.

For further details on the consents and approvals obtained by our Company and any associated risks in this regard, see the sections titled "Government and Other Approvals" and "Risk Factors" on pages 223 and 15, respectively.

### **Our Subsidiary**

Ambuja Solvex Pvt. Ltd. (ASPL), is a wholly owned subsidiary of Ambuja Intermediates Limited. ASPL is subsidiary of Ambuja Intermediates Limited w.e.f. April 1, 2011. ASPL is one of the manufacturers of the cosmetic and pharmaceutical grade Castor Oil & Derivatives. The manufactured products are widely used as formulated products and also as ingredients for industrial usage for various applications.

Manufacturing facility of ASPL is set up in 2004, on plot area of 12652 sq. mts. with built up area of 20,000 sq. yards situated in North Gujarat which is also Global Castor Seed production hub. ASPL has state-of-the-art R & D center and a pilot plant with well equipped analytical laboratory for identification and characterization of compounds. ASPL's manufacturing facilities at Village Rajpur (District - Mehsana) in North Gujarat is well connected to the upcoming metro city Ahmedabad at about 30 miles & have smooth Road & Rail connectivity to Mumbai, Mundra & Kandla Sea ports., the Western part of India.

Our subsidiary have entered into an agreement with Tradex Worldwide for marketing of its Castor Oil derivatives.

Product range of our subsidiary:

1. Ambricin-E1 is a special ester that finds application as lubricant and plasticizer in a variety of applications. It is derived from natural sources and fully biodegradable. It is made from naturally produced raw materials. It has exceptional lubricating properties and when it is used in applications involving metals

improves adhesion to metals. It has low viscosity and is free from moisture and suspended matter. Ambucrin E1 in general can be used in applications where plasticization and lubrication are required.

2. Ambuchem GMHS Ester is an off-white waxy solid that functions principally as a auxiliary emulsifier in personal care preparations. Its waxlike properties approach those of beeswax. It has an HLB of 3.4. Ambuchem GMHS will provide improved and excellent emulsion stability, bodying, thickening, emolliency and increased of colourants and active principles in the formulation. The ester is also specially recommended in difficult emulsification requirements.

Some of the specific advantages of Ambuchem GMHS are summarized below:

- Improves emulsion stability over a wide pH range
- Improves emolliency
- Imparts silky feel with non-greasy properties
- Improves bodying properties of the formulation
- Improves dispersibility of colourants and active principles in the formulation
- Enhances “pay-off” in stick preparations
- Good solubility in silicone fluids
- Broad compatibility with most natural and synthetic derivatives

Ambuchem GMHS is recommended for use in personal care formulations such as Anti-perspirant sticks and roll-ons, Shampoos, rinses and conditioners, face creams, lotions, night creams, vanishing creams and hand creams, Hand and body lotions, Lipsticks and gloss, Sun tan preparations and Herbal creams and lotions where active principle dispersibility is desirable

3. Ambrol Crown is a specially refined grade of castor oil, which is resistant to oxidation and is odorless and tasteless. It is light colored viscous liquid with a molecular weight of 928. The principal constituent (approximately 90%) is the triglyceride (ester) of ricinoleic acid. The combination of hydroxyl group and unsaturation exists only in castor oil. Crown is in summary natural castor oil at its best. It is USP grade castor oil stabilized with a USP approved antioxidant, Odorless and tasteless has high purity and low acidity. It is stable and Non-drying. It is considered as excellent lubricating properties. It is typically used in Cosmetics and Pharmaceuticals.

Base oil conforms to US Pharmacopoeia and Stabilized with USP approved antioxidant. Further it is listed in CTFA Cosmetics Ingredients Dictionary (castor oil). It is Odorless and tasteless and has excellent emollient and lubricant. In general Crown can be used for any application requiring USP grade castor oil which is resistant to oxidation and has the additional advantage of being odorless and tasteless.

4. Ambuchem - CR is a off-white waxy solid material that when rubbed on the skin liquefies imparting a silky feel which is non-oily and non-greasy. It is a fatty alcohol ricinoleic ester available to personal care formulators that possesses outstanding mildness, non comedogenicity and moisturizing properties. It is one of the few ingredients that combine both mildness and non-comodogenicity. Its superior moisturizing properties are attributable to its outstanding film forming properties together with its unique hydroxyl group. The hydroxyl group can retain small amounts of moisture that can aid in hydrating the dry skin. Hydrogen bonding surrounding the hydroxyl group contributes to the thickening properties of emulsions. imparts a smooth creamy appearance to formulations and has low odour and light color.

Cetyl Ricinoleate is extremely mild, non-comodogenic and imparts silky feel with non-greasy properties. It is high viscosity response and improves dispersibility of colourants and active principles in the formulation.

It is recommended for use in personal care formulations such as face creams, lotions, night creams, vanishing creams and hand creams, Liquid make-ups, Hand and body lotions, Lipsticks, Sunscreen lotions, oils and sticks, Herbal creams and lotions.

5. Ambrosol 365 is pale yellow colored non ionic surfactant with a HLB of 13. It is an ideal low foaming emulsifier for oil in water (o/w) emulsions. It has the added attribute of adding emolliency to the

formulations. Ambrosol 365 is also an excellent emulsifier for oil and waxes and a very effective solubilizer for many fragrances. The product is made from high purity castor oil.

Some of the advantages of are summarized below:

- Fully biodegradable based on natural oil
- Non foaming
- Water soluble but provides the basic properties of castor oil like lubricity, penetration.
- Ambrosol 365 is recommended for the following personal care formulations
- Emulsifier for wide variety of oils, fats and waxes
- Solubilizer for perfumes, essential oils and extracts in water based systems.
- Pharmaceutical formulations as solubilizer for water insoluble products

6. Ambrosol Wax MP-70 is a white to off-white waxy solid formed by the controlled hydrogenation of high purity castor oil. Ambrosol Wax MP-70 finds application in many personal care products due to its high purity and stable nature and unique melting properties. The product can be used as replacement of Carnauba and Candelilla waxes. Ambrosol Wax MP-70 has the additional benefit of lighter color making it easier to formulate in to color sensitive formulations. It also provides reduced hardness compared to Candelilla wax.

Some of the advantages of are summarized below:

- Contributes thermal stability to various anhydrous formulations without unusual hardness
- It is wax like substance which is practically odorless and tasteless and derived from natural sources
- Compatible with most vegetable and animal waxes
- Provides luster and water repellency to various anhydrous formulations
- Lends firmness to stick formulations while enhancing “pay-off”
- Improves distribution of anti-perspirant actives

Ambrosol Wax MP-70 is recommended for use in following personal care formulations:

- Anhydrous creams
- Emulsion creams such as face creams, lotions, night creams, vanishing creams and hand creams
- Lipsticks and glosses
- Anti-Perspirant sticks

7. Ambrosol Wax MP 80 is a white to off-white waxy solid formed by the controlled hydrogenation of high purity castor oil. Ambrosol Wax MP 80 finds application in many personal care products due to its high purity and stable nature and unique melting properties. The product can be used as replacement of Carnauba and Candelilla waxes. It contributes thermal stability to various anhydrous formulations without unusual hardness, it is wax like substance which is practically odorless and tasteless and derived from natural sources. It is compatible with most vegetable and animal waxes and provides luster and water repellency to various anhydrous formulations

Ambrosol Wax MP 80 is recommended for use in following personal care formulations:

- Anhydrous creams
- Emulsion creams such as Face creams, lotions, night creams, vanishing creams and hand creams
- Lipsticks and glosses
- Anti-Perspirant sticks

## KEY REGULATIONS AND POLICIES

*Our Company is engaged in the business of manufacturing a range of intermediates, pigment intermediates, organic pigment intermediates, dye and dye intermediates and other speciality chemicals. The following description is an overview of certain laws and regulations in India, which are relevant to our Company. Information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.*

*Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as labour laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of laws, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, please refer to the chapter titled „Government and Other Approvals“ beginning on page 223 of the Draft Red Herring Prospectus.*

- 1. The Insecticides Act, 1968 (“Insecticides Act”)**
- 2. Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)**
- 3. Water (Prevention and Control of Pollution) Cess Act, 1977 (“Water Cess Act”)**
- 4. Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)**
- 5. Environment Impact Assessment Notifications**
- 6. Hazardous Waste (Management and Handling) Rules, 1989 (“Hazardous Waste Act”)**
- 7. The Poisons Act, 1919 (“Poisons Act”)**
- 8. The Explosives Act, 1884 (“Explosives Act”)**
- 9. Public Liability Insurance Act, 1991 (“Public Liability Act”)**
- 10. The Indian Boilers Act, 1923 (“Boilers Act”)**
- 11. Industries (Development and Regulation) Act, 1951,**
- 12. Industrial Disputes Act 1947,**
- 13. The Employees “Provident Funds and Miscellaneous Provisions Act 1952,**
- 14. The Minimum Wages Act, 1948,**
- 15. The Payment of Bonus Act 1965,**
- 16. Workmen Compensation Act, 1923,**
- 17. The Payment of Gratuity Act, 1972,**
- 18. The Payment of Wages Act, 1936 and**
- 19. The Factories Act, 1948,**

### **The Insecticides Act, 1968 (“Insecticides Act”)**

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

### **Environmental Laws**

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

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

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

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

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

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

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

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

The Water Cess Act, as amended provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this Act, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who

install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the Environment Act. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of ` 1,000 or both and penalty for non payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

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

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

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

#### ***Environment Impact Assessment Notifications***

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

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

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

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



submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final Environment Impact Assessment Report.

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

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

#### ***The Poisons Act, 1919 (“Poisons Act”)***

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

#### ***The Explosives Act, 1884 (“Explosives Act”)***

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

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

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

is required has a good reason for obtaining the same. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act. Section 9-C of the Explosives Act also provides provisions for offences by companies, and who would be the persons liable in case of offences by companies.

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

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

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

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

#### ***Labour related laws***

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

#### ***Factories Act, 1948 (“Factories Act”)***

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

prior conviction, the term of imprisonment increases up to three years and the fine would be ` 200,000 and in case such contravention results in death or serious bodily injury the fine would be a minimum of ` 35,000 and ` 10,000, respectively.

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

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

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

#### **The ESI Act does not apply to the following:**

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

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

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

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

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

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

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

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

### ***Minimum Wages Act, 1948***

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

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

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

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

The Payment of Wages Act regulates the period and payment of wages, overtime wages and deductions from wages and also regulates the working hours, overtime, weekly holidays of certain classes of employed persons. It requires the persons responsible for payment of wages to maintain certain registers and display of the abstracts of the rules made their under. The Act also contains provisions as to the minimum wages that are to be fixed by the appropriate governments for the employees, entitlement of bonus of the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.)

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

The EPF Act applies to factories employing more than twenty employees and such other establishments and industrial undertakings as notified by the government from time to time. It requires all such establishments to be registered with the relevant state provident fund commissioner. Also, such employers are required to contribute to

the employees" provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund.

A monthly return is required to be submitted to the relevant state provident fund commissioner in addition to the maintenance of registers by employers.

### ***The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA")***

The CLRA regulates the employment, and protects the interests, of workers hired on the basis of individual contracts in certain establishments. In the event any activity is outsourced, and is carried out by labourers hired on contractual basis, compliance with the CLRA including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund. The CLRA regulates the employment of contract labour in certain establishments provides for its abolition in certain circumstances. It applies:

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

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

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

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

### ***The Contract Labour (Regulation and Abolition) Central Rules, 1971 ("Contract Labour Rules")***

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

### ***The Industrial Employment (Standing Orders) Act, 1946 ("Standing Orders Act")***

The Standing Orders Act requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

The standing orders as finally certified under this Act shall be prominently posted by the employer in English and in the language understood by the majority of his workmen on special boards to be maintained for the purpose at or near the entrance through which the majority of workmen enter the industrial establishment and in all departments thereof where the workmen are employed.

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

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

## **HISTORY AND CERTAIN CORPORATE MATTERS**

### ***Our History & Corporate Profile***

Our Company was incorporated in the name of 'Ambuja Intermediate Products Private Limited' as a private limited company under the Companies Act, 1956 vide a Certificate of Incorporation dated August 10, 1988 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli (RoC). Consequent upon becoming a deemed public limited company, the name of our Company was changed to 'Ambuja Intermediate Products Limited' vide a fresh certificate of incorporation dated September 6, 1999. The name of our Company was changed subsequently to 'Ambuja Intermediates Limited' and received a fresh certificate of incorporation dated October 22, 1999. Further consequent upon the conversion into private limited company, the name of our Company was changed to 'Ambuja Intermediates Private Limited' vide a fresh certificate of incorporation dated June 25, 2005. Our Company was again converted into a public limited company and the name was changed to 'Ambuja Intermediates Limited' vide a fresh certificate of incorporation dated September 19, 2011 issued by RoC. Our Company's CIN is U24231GJ1988PLC011091.

Our Company was established in 1988 with an objective of setting up a Dye-Intermediates manufacturing unit. We believe that we are one of the leading intermediates and specialties manufacturing company in Gujarat. We manufacture broad and innovative range of intermediates viz. naphthalene based intermediates, benzene based intermediates, dyestuffs, organic pigments, and specialty intermediates. Our products are used in various industries such as leather, textile, paper, electronics, plastics, polymer, and printing.

We have five manufacturing units in State of Gujarat, India. We have four manufacturing units spread over about 35 acres of land, near Ahmedabad at Village Rajpur (District – Mehsana) in North Gujarat and one manufacturing unit in Vatva – GIDC, Ahmedabad. We commenced our operations in 1988 with an installed capacity of 120 MTPA for manufacturing of dye intermediates. From time to time we have been increasing our installed capacity and also diversifying into manufacture of speciality chemicals, dyestuff and organic pigments. Currently our capacity stands at 6140 MTPA of speciality chemicals, dye and dye intermediates. As on August 31, 2011 we have more than 250 employees.

In April 2011 we took over Ambuja Solvex Private Limited ("ASPL"), a Company owned and controlled by our Promoters and Promoter Group, by acquiring the entire shareholding of ASPL and it became a wholly owned subsidiary of our Company. ASPL was incorporated in the financial year 2004 and is one of the manufacturers of the cosmetic and pharmaceutical grade Castor Oil & Derivatives. Castor Oil and its derivatives manufacturing facility of ASPL is spread over plot area of 12652 sq. mts. in Village Rajpur (District - Mehsana) in North Gujarat. Its manufacturing location is connected to Ahmedabad which is about 30 miles and Mundra & Kandla Sea ports.

### ***Changes in the Registered Office of our Company***

Since incorporation, the registered office of our Company was situated at 1063/A, Behind MIDCO Containers, Nr. Jain Temple, Vatva-382440, Ahmedabad, Gujarat. Thereafter, w.e.f. April 1, 1997, the registered office of our Company was shifted to the present address i.e. A/901, Nar Narayan Complex, Near Navarangpura Bus Stop, Off C.G. Road, Navarangpura, Ahmedabad-380009, Gujarat, for better convenience.

### ***Main Object of our Company***

The main object of our Company, as contained in our Memorandum of Association, is as set forth below:

1. To manufacture, produce, refine, process, formulate, buy, sell, export, import, or otherwise deal in all types of heavy and light chemicals B.D.H. chemicals, industrial chemicals, compounds, dyes, intermediates, pigments, colors, paints colors and chemicals, photographic chemicals, and acid, alkalies, inorganic and organic chemicals, cosmetics and detergent water purification salt and chemicals, petroleum products and plastic colors and chemicals of any kind, reactive Dies and any chemicals conversion from mines, Forest, tea, sea, Air Farm oil Brine, Gas and Residual substance from Any Chemicals process and conversion in to any Marketable products, bulk drug chemicals and fine chemicals useful for industrial and consumers products.

2. To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, generate electrical power for captive consumption and/or commercial sale by conventional, non-conventional methods including wind, tidal waves, coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel and geo-hydel and to carry on, control, take on hire/lease power plants, co-generation power plants, Energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical energy and buy, sell, supply, exchange, market, function as a licensee and deal in electrical power, energy on behalf of the State Electricity Board, State Government, Appropriate Authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other component authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or reenactment thereof and rules made thereunder.

The main objects as contained in our Memorandum of Association enable us to carry on the business that is being presently carried out and the objects for which the Issue is being made.

***Amendments to our Memorandum of Association since incorporation***

<b>EGM/ AGM</b>	<b>Date of shareholder's resolution</b>	<b>Nature of Amendment</b>
EGM	May 16, 1993	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 10,00,000 divided into 1,00,000 equity shares of ` 10 each was increased to Rs 20,00,000 divided into 2,00,000 equity shares of Rs 10 each.
EGM	October 17, 1994	<b><i>Change in Capital Clause</i></b>  The authorized share capital of Rs 20,00,000 divided into 2,00,000 equity shares of Rs 10 each was increased to ` 50,00,000 divided into 5,00,000 equity shares of ` 10 each.
EGM	June 28, 1996	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 50,00,000 divided into 5,00,000 equity shares of ` 10 each was increased to ` 1,00,00,000 divided into 10,00,000 equity shares of ` 10 each.
EGM	February 8, 1999	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 1,00,00,000 divided into 10,00,000 equity shares of ` 10 each was increased to ` 2,50,00,000 divided into 25,00,000 equity shares of ` 10 each.
EGM	July 31, 1999	<b><i>Change in Name Clause</i></b>  The name of our Company was changed from 'Ambuja Intermediate Products Private Limited' to 'Ambuja Intermediate Products Limited'.
EGM	October 18, 1999	<b><i>Change in Name Clause</i></b>  The name of our Company was changed from 'Ambuja Intermediate Products Limited' to 'Ambuja Intermediates Limited'.
EGM	May 8, 2003	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 2,50,00,000 divided into 25,00,000 equity shares of ` 10



		each was increased to ` 3,50,00,000 divided into 35,00,000 equity shares of ` 10 each.
EGM	June 25, 2005	<b><i>Change in Name Clause</i></b>  The name of our Company was changed from 'Ambuja Intermediates Limited' to Ambuja Intermediates Private Limited'.
EGM	March 25, 2011	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 3,50,00,000 divided into 35,00,000 equity shares of ` 10 each was increased to ` 11,00,00,000 divided into 1,10,00,000 equity shares of ` 10 each.
EGM	September 9, 2011	<b><i>Change in the Name Clause</i></b>  The name of our Company was changed from 'Ambuja Intermediates Private Limited' to 'Ambuja Intermediates Limited'
EGM	September 19, 2011	<b><i>Change in Object Clause</i></b>  Clause 2 after the existing clause 1 of Part A i.e. Main Objects Clause was inserted:  To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, generate electrical power for captive consumption and/or commercial sale by conventional, non-conventional methods including wind, tidal waves, coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel and geo-hydel and to carry on, control, take on hire/lease power plants, co-generation power plants, Energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical energy and buy, sell, supply, exchange, market, function as a licensee and deal in electrical power, energy on behalf of the State Electricity Board, State Government, Appropriate Authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other component authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any statutory modifications or reenactment thereof and rules made thereunder.
EGM	September 19, 2011	<b><i>Change in Capital Clause</i></b>  The authorized share capital of ` 11,00,00,000 divided into 1,10,00,000 equity shares of ` 10 each was increased to ` 20,00,00,000 divided into 2,00,00,000 equity shares of ` 10 each.

### ***Major Events***

<b>Year</b>	<b>Key events, milestones and achievements</b>
1988	<ul style="list-style-type: none"> <li>• Incorporation of our Company</li> <li>• Erection of the first unit for manufacturing Dye-intermediates at Rajpur, Mehsana with a capacity of 120 MTPA.</li> </ul>
1993	Second Plant was added at Rajpur, Mehsana, for manufacturing Dye-intermediates which has increased the total capacity of our Company
1996	Two plants were erected for manufacture of Naphthalene based products & Multi product speciality plant for Custom Synthesis and Tolling Arrangement.
1999	Amalgamation of 'Ambuja Organic Private Limited' with our Company w.e.f. April 1, 1998.

2001	Acquisition of Dyestuff plant in Vatva, Gujarat.
2004	Installation and commissioning of 1 <sup>st</sup> Windmill of 1.25 MW at Navadara, Jamnagar, Gujarat.
2005	Installation and commissioning of 2 <sup>nd</sup> Windmill of 1.25 MW at Navadara, Jamnagar, Gujarat.
2007	Installation and commissioning of 3 <sup>rd</sup> Windmill of 1.5 MW at Kutch District.
2008	Build a catalytic hydrogenation plant to ensure environment friendly operations
2011	Ambuja Solvex Private Limited became a wholly-owned subsidiary of our Company w.e.f. April 1, 2011.

For details on the description of our Company's activities, products, technology, capacity utilization and exports, please refer to chapters titled "*Industry Overview*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" and "*Basis for Issue Price*" beginning on pages 86, 193 and 77 of this Draft Red Herring Prospectus

### ***Awards & Certifications***

<b>Year</b>	<b>Awards &amp; Certifications</b>
1991-92	Certificate of merit in appreciation of export performance during the year 1991-92 from The Gujarat Dyestuffs Manufacturers' Association
1992-93	Certificate of merit in appreciation of export performance during the year 1992-93 from The Gujarat Dyestuffs Manufacturers' Association
1993-94	Certificate of merit in appreciation of export performance during the year 1993-94 from The Gujarat Dyestuffs Manufacturers' Association
1997-98	Trophy for export performance between ` 3 to 6 crore for self manufactured direct exports during the year 1996-97 from The Gujarat Dyestuffs Manufacturers' Association
1998-99	Trophy for export performance between ` 3 to 6 crore for Direct Exports of self manufactured Dyes and Intermediates during the year 1997-98 from The Gujarat Dyestuffs Manufacturers' Association
2000-01	Trophy for export performance more than ` 6 crore for Direct Export of self manufactured Dyes and Intermediates during the year 1998-99 from The Gujarat Dyestuffs Manufacturers' Association
2001-02	Second award for indirect export of self manufactured dye intermediates during the year 1999-00 from The Gujarat Dyestuffs Manufacturers' Association
2002-03	Certificate of merit in appreciation of export performance during the year 2000-01 from The Gujarat Dyestuffs Manufacturers' Association
2002-03	Trophy for export performance of more than ` 6 crore for self manufactured direct export of dyes & intermediates during 2000-01 from The Gujarat Dyestuffs Manufacturers' Association
2007-08	First Award for outstanding export performance in Dyes & Dye Intermediates Panel 2003-04 from Basic Chemicals, Pharmaceuticals And Cosmetics Export Promotion Council (CHEMEXCIL)
2007-08	First Award for outstanding export performance in Dyes & Dye Intermediates Panel 2004-05 from Basic Chemicals, Pharmaceuticals And Cosmetics Export Promotion Council (CHEMEXCIL)
2008-09	Second award for direct export of self manufactured dye intermediates during the year 2006-07 from The Gujarat Dyestuffs Manufacturers' Association
2009-10	TRISHUL Award for the outstanding export performance of Dyes & Dye Intermediates during the year 2005-06 from Basic Chemicals, Pharmaceuticals And Cosmetics Export Promotion Council (CHEMEXCIL)
2010-11	PLATINUM Award for the outstanding export performance during the year 2007-08 from Basic Chemicals, Pharmaceuticals And Cosmetics Export Promotion Council (CHEMEXCIL)
2010-11	Special trophy for self manufactured direct export of dyes & dye intermediates equal to or more than ` 25 crore during the year 2008-09 from The Gujarat Dyestuff Manufacturers' Association

### ***Acquisitions / Amalgamations***

'Ambuja Organic Private Limited' (Transferee Company) was amalgamated with our Company w.e.f. April 1, 1998, pursuant to the approval of Scheme of Amalgamation by the Hon'ble High Court of Gujarat, Ahmedabad on April 28, 1999. The entire undertaking and all the properties, rights and powers of every description and also debts and liabilities of 'Transferee Company' before the appointed date i.e. April 1, 1998, were transferred and vested to our Company. Pursuant to this amalgamation, our Company has paid consideration to the members of the Transferee

Company by issuing the equity shares in the ratio of 7:10 i.e. Seven (7) fully paid up Equity Shares of ` 10/- each for every Ten (10) fully paid up Equity Shares of ` 10/- each held by the members of the Transferee Company.

#### ***Raising of capital in the form of equity or debt***

Other than as disclosed in “*Capital Structure*” and “*Financial Information*” beginning on page 51 and 163 respectively of this Draft Red Herring Prospectus, our Company has not issued any capital in the form of equity or debt.

#### ***Revaluation of assets***

Our Company has not re-valued its assets since incorporation.

#### ***Changes in the activities of our Company during the preceding five years***

There has been no change in the activities of our Company during the preceding five years which has adversely affected the operations of our Company.

#### ***Injunctions or restraining orders***

Except as mentioned below, our Company is not operating under any injunction or restraining order.

The Company is in possession of Plot # 41 (Phase II) of Vatva Industrial Estate, Ahmedabad wherein we have been producing dyestuff as per the requirement of our clients. We also have fully equipped laboratory to support finish product test. In order to produce dyestuff we also have blending facility, spray drying facility and client specific packaging facility.

This land was originally taken on lease by Urmi Chemicals Private Limited (UCPL) from Gujarat Industrial Development Corporation (GIDC). For securing an amount of ` 1.95,00,000 (Rupees One crore ninety five lacs only) due to us by UCPL, UCPL created an equitable mortgage by deposit of title deeds with our Company in June 2003. Though we have been continuing with our manufacturing operations on these premises, the property has not yet been transferred in our name due some pending litigations in respect of this property. The property continues to be in the name of UCPL. For more details of please refer to section ‘Outstanding Litigations and Material Developments’ beginning on page 210 of this DRHP.

#### ***Time and cost overruns***

There have been no time and cost overruns in any projects undertaken by our Company since incorporation.

#### ***Strikes and lock- outs***

Except as mentioned in the section on ‘Outstanding Litigations and Material Developments’ beginning on page 210 of this DRHP our Company has, since incorporation, not been involved in any labour disputes or disturbances. There have been no strikes and lock- outs in our Company since incorporation. As on the date of this Draft Red Herring Prospectus, our employees are not unionized.

#### ***Members***

As on the date of this Draft Red Herring Prospectus our Company has Fifty Five (55) members.

#### ***Shareholders’ Agreement***

Our Company has not entered into any shareholders’ agreement as on the date of this Draft Red herring Prospectus.

#### ***Other agreements***

We are not a party to nor have we entered into any other material contract not being a contract:

- a. Entered into in the normal course of business carried on, or intended to be carried on, by our company; or
- b. Entered into more than two years before the date of this Draft Red Herring Prospectus.

### ***Strategic partners***

Our Company does not have any strategic partners as on date of this Draft Red Herring Prospectus.

### ***Financial partners***

Our Company does not have any financial partners as on date of this Draft Red Herring Prospectus.

## **OUR SUBSIDIARIES**

Our Company has only one subsidiary company – ‘**Ambuja Solvex Private Limited**’ (ASPL) and the details of the same are mentioned below:

### ***Corporate Information***

**Ambuja Solvex Private Limited** was incorporated on June 10, 2004. The registered office of the Company is located at 901-A, Naranarayan Complex, Swastik Cross Roads, Navrangpura, Ahmedabad – 380009, Gujarat. The main object of the Company is to deal with all kinds of vegetable oils, crude oils, refine oils, bleached and deodorized oils, hydrogenated oils, rice bran oils, deoiled cakes, etc. and residues from all types of oil seeds such as castors, cotton seeds, soya beans, ground nuts, linseeds, sunflower, coconut, rape seed, almond, etc. Currently, company is engaged in the business of manufacturing of the cosmetic and pharmaceutical grade Castor Oil & Derivatives. Castor Oil and its derivatives manufacturing facility of ASPL is spread over plot area of 12652 sq. mts. in Village Rajpur (District - Mehsana) in North Gujarat. The manufacturing facility is connected to Ahmedabad which is about 30 miles and to Mundra & Kandla Sea ports. Ambuja Solvex Private Limited is wholly owned subsidiary of our Company.

### **Board of Directors as on August 31, 2011**

<b>Name of Director</b>	<b>Designation</b>
Mr. Harakchand R. Shah	Director
Mr. Gambhirmal R. Shah	Director
Mr. Mahendra M. Patel	Director
Mr. Animesh K. Patel	Director
Mr. Lalit T. Shah	Director
Mr. Arwind Patel	Director

### **Capital Structure as on August 31, 2011**

<b>Particulars</b>	<b>No. of shares of ` 10 each</b>
Authorised Capital	10,00,000
Issued, Subscribed and Paid up Capital	7,50,000

### **Shareholding Pattern as on August 31, 2011**

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>No. of Equity Shares</b>	<b>% of Shareholding</b>
1.	Ambuja Intermediates Limited	7,49,990	100.00
2.	Mr. Harakchand Shah (Nominee shareholder)	10	<0.01

<b>Total</b>	<b>7,50,000</b>	<b>100.00</b>
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### Financial Performance

(In Lacs except share data)

<b>Particulars</b>	<b>Fiscal 2011</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>
Equity Capital	75.00	75.00	75.00
Reserves (excluding revaluation reserves) and surplus	123.59	106.27	41.09
Total Income	1979.89	1086.62	697.45
Profit After Tax	17.32	65.18	72.18
Networth	198.59	181.27	116.09
Net asset value per share	26.48	24.17	15.48

Source: Audited Financial Statements

Note: Face Value of ` 10/- each

### Interest of Subsidiary Company in our Company

Except as stated in the section titled “Financial Information” beginning on page 163 of this DRHP, the subsidiary company does not have any other interest in our Company’s business.

### Sales or purchase between Subsidiary and Issuer Company

Please refer to the section titled “Financial Information” beginning on page 163 of this DRHP.

### Common Pursuits

There are no common pursuits between our Company and our subsidiary company.

### Business Interest

ASPL does not have any business interest in our Company except as disclosed in “Related Party Transactions” in the chapter titled “Financial Information” beginning on page 163 of DRHP. Subsidiary Company did not have any related business transaction with our Company which had significance on the financial performance of the Issuer company except otherwise stated in “Related Party Transaction” under chapter titled ‘Financial nformation’ beginning on page 181 of this DRHP.

### Other Confirmations

Our subsidiary company has not made any public or right issue in the last three years and is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up or has any BIFR proceeding initiated against it. Our subsidiary company has not been struck off as a defunct company by the Registrar of Companies in India and no application was made to the Registrar of Companies for striking off the name during the five years preceding the date of filling this Draft Red Herring Prospectus with the Board.

## OUR MANAGEMENT

Under the Articles of Association of our Company, our Board shall consist of not less than three and not more than twelve Directors. As on the date of the Draft Red Herring Prospectus, our Board consists of six Directors comprising of three Whole - time Directors and three Independent Directors.

### BOARD OF DIRECTORS

The following table sets forth the details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus.

Sr. No.	Name, Designation, Nationality, Age, Occupation and DIN	Father's Name, Address, Occupation	Date of Appointment and Term of Office	Other directorships and associations
1.	<b>Mr. Gambhirmal R. Shah</b> S/o Mr. Ramanlal A. Shah <i>Designation: Chairman</i> <i>(Executive and non-independent)</i>  <i>Address: 6, Jadhav Bhuvan, 32 Dr. Wilson Street, V.P. Road, Mumbai – 400 004</i>  <i>Nationality: Indian</i>  <i>Age: 53 years</i>  <i>Occupation: Business</i>  <i>DIN: 00137528</i>		<b>Date of appointment:</b> Since Incorporation  <b>Term:</b> Appointed for a term of five years w.e.f. September 15, 2011	<i>Private Limited Company(s)</i> <ul style="list-style-type: none"> <li>• Sinewave Biomass Power Private Limited</li> <li>• Electra Multimedia Private Limited*</li> <li>• Shruti Re-rollers Private Limited</li> <li>• Ambuja Solvex Private Limited</li> <li>• Ambuja Metal Industries Private Limited</li> <li>• Megaa Power Projects Private Limited</li> </ul> <i>Partnership firm(s)</i> <ul style="list-style-type: none"> <li>• Nenava Metal Corporation</li> <li>• Nenava Steels</li> <li>• Fortune Enterprises</li> </ul>
2.	<b>Mr. Lalit T. Shah</b> S/o Mr. Tilokchand C. Shah <i>Designation: Managing Director</i> <i>(Executive and non-independent)</i>  <i>Address: 14/C, 7 Khanderao Blocks, 3<sup>rd</sup> Floor, Khotachi Wadi, V.P. Road, Mumbai – 400 004</i>  <i>Nationality: Indian</i>  <i>Age: 38 years</i>  <i>Occupation: Business</i>  <i>DIN: 00144685</i>		<b>Date of appointment:</b> July 10, 1999  <b>Term:</b> Appointed for a term of five years w.e.f. September 15, 2011	<i>Private Limited Company(s)</i> <ul style="list-style-type: none"> <li>• Sinewave Biomass Power Private Limited</li> <li>• Electra Multimedia Private Limited*</li> <li>• Shruti Re-rollers Private Limited</li> <li>• Ambuja Solvex Private Limited</li> <li>• Ambuja Metal Industries Private Limited</li> </ul> <i>Partnership firm(s)</i> <ul style="list-style-type: none"> <li>• Nenava Metal Corporation</li> </ul>

			<ul style="list-style-type: none"> <li>• Nenava Steel Corporation</li> <li>• Fortune Enterprises</li> </ul>
3.	<b>Mr. Mahendra M. Patel</b> S/o Mr. Mohanlal Patel <i>Designation: Whole-time Director (Executive and Non-independent)</i>  <i>Address: 16 Vishnuhari Apartment, 18 Puspakunj Society, Kankariya Ahemdabad – 380 022, Gujarat</i>  <i>Nationality: Indian</i>  <i>Age: 54 years</i>  <i>Occupation: Business</i>  <i>DIN: 00137602</i>	<b>Date of appointment:</b> November 19, 1999  <i>Term: Appointed for a term of five years w.e.f. September 15, 2011</i>	<i>Private Limited Company(s)</i> <ul style="list-style-type: none"> <li>• Ambuja Solvex Private Limited</li> </ul>
4.	<b>Dr. Satyanarayan B. Ajmera</b> S/o Mr. Bhaverlal H. Ajmera <i>Designation: Independent Director (Non-executive and independent)</i>  <i>Address: Dr. Ajmera Clinic, Shraddha Villa, Opp Friends Society, Jawaharchowk, Sabarmati, Ahmedabad-380005, Gujarat.</i>  <i>Nationality: Indian</i>  <i>Age: 59 years</i>  <i>Occupation: Medical Profession</i>  <i>DIN: 03609798</i>	<b>Date of appointment:</b> September 19, 2011  <i>Term: Liable to retire by rotation at the next AGM</i>	<i>Nil</i>
5.	<b>Mr. Harinderpal S. Kochar</b> S/o Mr. Gurucharan S.Kochar <i>Designation: Independent Director (Non-executive and independent)</i>  <i>Address: B/8/61, Goyal Intercity, Drive –in- road, Ahmedabad-380054, Gujarat</i>  <i>Nationality: Indian</i>  <i>Age: 58 years</i>  <i>Occupation: Consultancy</i>  <i>DIN: 03609845</i>	<b>Date of appointment:</b> September 19, 2011  <i>Term: Liable to retire by rotation at the next AGM</i>	<i>Nil</i>
6.	<b>Mr. Parag A. Makwana</b> S/o Mr. Amarabhai N. Makwana	<b>Date of appointment:</b> September 19, 2011	<i>Private Limited Company(s)</i>

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*Designation:* Independent Director  
(Non-executive and independent)

*Term:* Liable to retire by rotation at the next AGM

- KEC International Ltd
- Bell Pacific Projex Private Limited

*Address:* A- 202, Jeevan Sahar CHS, Off Sahar air port Road, Opp Hotel Suresha, Tarunbharat, Chakala, Mumbai - 400 099.

*Nationality:* Indian

*Age:* 63 years

*Occupation:* Consultancy (Banking & Financial Services)

*DIN:* 00051227

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*Note:*

1. *None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.*
2. *Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.*
3. *None of the Promoters, Directors or persons in control of our Company, have been or are involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.*
4. *The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.*
5. *Further, none of our Directors were directors of any company when the shares of the said company were suspended from trading by Stock Exchange(s) for more than 3 months during last 5 years or delisted.*
6. *There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.*
7. *As on the Date of the Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.*

**Brief Profile of our Directors**

**Mr. Gambhirmal R. Shah** aged 53, is one of the Promoters and Chairman of our Company. He is involved in developing long term strategies for our Company. He has been associated with our Company since inception as a Promoter. Though he is an undergraduate he has hands on experience in running the business and has been actively involved in managing the affairs of our Company, specifically developing new markets, increasing the product line with constant focus on improvement in quality of products offered.

**Mr. Lalit T. Shah** aged 38 years, is one of the Promoters and Managing Director of our Company. He is involved in developing long term relations with various clients across the globe by ensuring quality and timely delivery of the products. His ability to market new products has helped our Company to grow significantly in the last ten years. He is responsible for International marketing of our new product lines. He actively participates in trade fairs for Chemical Industry, organised by various associations within and outside India. Mr. Lalit T. Shah is a Science Graduate and is involved in marketing of the products from last 18 years. He joined his father in his business and has since then developed a deep understanding of products and market dynamics. His dedication and guidance has helped our Company grow to a successful, professionally managed enterprise.



**Mr. Mahendra M. Patel** aged 55 years, is one of the Promoters of our Company and an Executive Director on the Board of our Company. He is an undergraduate and has around 23 years of experience in the Chemical Industry specifically in the dyes, dyes intermediates and speciality chemicals sector. His active participation has helped the company to achieve productivity and efficiency in the day to day operation of the plant.

**Dr. Satyanarayan B. Ajmera** aged 59 years, is the Independent Director of our Company. He is a Doctor by qualification and has been in practice for over 25 years. As a social activist, he provides free camps to under privileged society members. He runs his own clinic. We believe to effectively reach our Corporate Social Responsibility under his able guidance.

**Mr. Harinderpal S. Kochar** aged 58 years, is the Independent Director of our Company. He holds a Masters degree in Commerce and, LLB and also completed his CAIIB-I. Having worked at various levels in Bank of India for more than two decades he has rich experience in Banking operations, Corporate credits and foreign exchange transactions. For the past 15 years he has been working independently as a Financial consultant specializing in corporate restructuring, advising companies on Internal Financial Management and raising loans from banks and financial institutions.

**Mr. Parag A. Makwana** aged 63 years, is the Independent Director of our Company. He completed his Mechanical Engineering with specialization in the area of Production and Industrial Engineering, and a course on Project Finance from IIM Ahmedabad. Spanning close to four decades of working, including a decade in Bank of Baroda and more than 25 years in Exim Bank, Mr. Makwana brings with him rich experience in commercial banking, trade finance, Institutional Finance, credit monitoring and administration, appraisal, monitoring and reviewing of cross border Turnkey/Construction/Consultancy contracts in variety of sectors including power, oil exploration, infrastructure projects. Mr. Makwana has travelled widely to participate in meetings with multi lateral funding agencies, and attending seminars, workshops and conferences overseas. He has represented Exim Bank at various Government delegations.

During the last five years preceding the date of filing of this Draft Red Herring Prospectus none of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on BSE or NSE and/or have been delisted from the stock exchanges, during the term of their directorship in such companies.

None of our Directors were appointed pursuant to any arrangement or understanding with major shareholders, customers and/or suppliers.

#### ***FAMILY RELATIONSHIP BETWEEN DIRECTORS AND KEY MANAGERIAL PERSONNEL***

<b>Name of the Directors</b>	<b>Nature of Relationship</b>
Mr. Gambhirmal R. Shah	Brother of Mr. Harakchand R. Shah and Mr. Dinesh R. Shah

#### ***Borrowing Powers of Board of Directors***

The borrowing powers of our Directors are regulated by Article 86 of the Articles of Association of our Company. Pursuant to a resolution passed at the extra ordinary general meeting held on September 19, 2011, our shareholders have authorised our Board to borrow monies (apart from temporary loans obtained from banks in the ordinary course of business) up to a limit not exceeding ` 15000 Lacs.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled “Main Provisions of Articles of Association” beginning on page 288 of the Draft Red Herring Prospectus.

#### ***REMUNERATION / COMPENSATION BENEFITS TO MANAGING DIRECTOR / WHOLE TIME DIRECTOR***

*The Terms of appointment as per the Shareholders' resolution passed at the extraordinary general meeting held on September 15, 2011) of Mr. Gambhirmal R. Shah, Chairman, Mr. Lalit T. Shah, Managing Director and Mr. Mahendra M. Patel, Whole – Time Director are set forth below*

<b>Terms of Appointment</b>	
<b>Basic Salary</b>	₹ 2,00,000 per month (The basic salary will increase at the rate of 10% every year upto next five years)
<b>Allowances</b>	House Rent Allowance: ₹ 75,000 per month; Special Allowance: ₹ 75,000 per month;
<b>Reimbursement of Expenses</b>	Medical reimbursement expenses incurred for self and family upto ₹ 15,000 per month as per rules of the Company; Leave travel concession/Leave travel expenses ₹ 52,500 per month as per rules of the Company; Car - Maximum upto ₹ 35,000 per month; Telephone - Maximum upto ₹ 15,000 per month; Fuel - Maximum upto ₹ 50,000 per month; Entertainment - Maximum upto ₹ 18,000 per month
<b>Other benefits</b>	Superannuation fund and gratuity As per rules of the Company; Encashment of earned leave, as per rules of the Company; Other benefits As per rules of the Company; Performance based incentive would be payable based on the achievement of such performance parameters as may be laid by the Board of Directors upto a maximum of ₹ 1,00,00,000 per annum
Our Managing Director / Whole Time Directors shall be paid salary and perquisites so that the salary and perquisites shall not exceed the ceiling, if any, prescribed under Schedule XIII of the Companies Act, 1956.	

#### **SITTING FEES PAYABLE TO NON-EXECUTIVE DIRECTORS**

As per resolution of our Board of Directors dated September 20, 2011 the sitting fees payable to each of our Non-Executive Directors is ₹ 5000 (Rupees Five Thousand only) for every meeting of the Board or any Committee thereof.

#### **COMPENSATION PAID TO OUR DIRECTORS DURING THE LAST FISCAL**

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>Compensation paid in FY 2011 (₹)</b>
1	Mr. Gambhirmal R. Shah	24,00,000
2	Mr. Lalit T. Shah	24,00,000
3	Mr. Mahendra M. Patel	24,00,000

No portion of the above compensation was paid pursuant to a bonus or profit-sharing plan.

#### **SHAREHOLDING OF DIRECTORS**

As per our Articles of Association of our Company, a Director of our Company is not required to hold any qualification shares. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Draft Red Herring Prospectus

Sr. No.	Name of the Directors	No. of Equity Shares held	Percentage (%) of pre-issue Equity Share Capital in our Company
1	Mr. Gambhirmal R. Shah	441960	3.59%
2	Mr. Lalit T. Shah	239975	1.95%
3	Mr. Mahendra M. Patel	342490	2.78%

### Interest of Directors

Except for Mr. Gambhirmal R. Shah, Mr. Lalit T. Shah and Mr. Mahendra M. Patel who are Promoter Directors of our Company, none of our Directors are interested in the promotion of our Company.

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested to the extent of the Equity Shares held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with the Director himself, other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations.

Further, our Directors may be deemed to be interested to the extent of the payments made by our Company, if any, to/from our Group Entities. Except as stated in the Annexure – [ ] under the chapter titled ‘Financial Information’ beginning on page number 163 of the Draft Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

### Interest as to Property

Except, to the extent of the rent received from our Company for using the properties, as mentioned under the paragraph titled ‘Property’ under the chapter titled ‘Our Business’ beginning on page 93 of the Draft Red Herring Prospectus, our Directors do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

### CHANGES IN THE 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 3 years:

Name of the Director	Date of Appointment	Date of Cessation of Directorship	Reasons
Mr. Dineshkumar R. Shah	Incorporation	September 1, 2011	Resignation
Mr. Animesh K. Patel	Incorporation	September 1, 2011	Resignation
Mr. Harakchand R. Shah	April 1, 1997	September 1, 2011	Resignation
Mr. Naresh J. Shah	July 10, 1997	September 1, 2011	Resignation
Mr. Pravin Shah	September 26, 2006	September 1, 2011	Resignation

Name of the Director	Date of Appointment	Date of Cessation of Directorship	Reasons
Mr. Jitendra K. Shah	September 29, 2007	September 1, 2011	Resignation
Mr. Rajesh R. Shah	September 29, 2007	September 1, 2011	Resignation
Mr. Bhargav K. Patel	September 29, 2007	September 1, 2011	Resignation
Mr. Kapildev H. Patel	September 29, 2007	September 1, 2011	Resignation
Dr. Satyanarayan B. Ajmera	September 19, 2011	-	To broad-base the Board of Directors
Mr. Harinderpal S. Kochar	September 19, 2011	-	To broad-base the Board of Directors
Mr. Parag A. Makwana	September 19, 2011	-	To broad-base the Board of Directors

## CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges, particularly, in relation to appointment of independent directors to our Board and constitution of an audit committee and a remuneration committee. Our Board functions either on its own or through committees constituted thereof, to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the corporate governance code in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

### Composition of the Board

Currently, our Company has six Directors on its Board. Our Chairman is an executive Director and in compliance with the requirement of clause 49 of the Listing Agreement, our Company is required to constitute its Board of Directors to include half of the Board as non-executive and independent directors. Our Company has three executive Directors and three independent Directors.

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Lalit T. Shah	Managing Director	Promoter Director
2.	Mr. Gambhirmal R. Shah	Chairman	Promoter Director
3.	Mr. Mahendra M. Patel	Whole Time Director	Promoter Director
4.	Dr. Satyanarayan B. Ajmera	Director	Independent Director
5.	Mr. Harinderpal S. Kochar	Director	Independent Director
6.	Mr. Parag A. Makwana	Director	Independent Director

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following committees of the Board:

1. Audit Committee;
2. Shareholders/Investors Grievance Committee;
3. Remuneration Committee

### AUDIT COMMITTEE

Our Board constituted the Audit Committee, pursuant to the provisions of Section 292A of the Companies Act and in accordance with Clause 49 of the Listing Agreement. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on September 20, 2011.

The Audit Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Harinderpal S. Kochar	Director	Non – Executive & Independent Director
2.	Mr. Parag A. Makwana	Director	Non – Executive & Independent Director
3.	Dr. Satyanarayan B. Ajmera	Director	Non – Executive & Independent Director

Mr. Harinderpal Singh Kochar was appointed as the Chairman of the Audit Committee. Ms. Samita K. Arora will act as the secretary of the Audit Committee.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The terms of reference of the Audit Committee are as follows:

#### ***Powers of the Audit Committee***

1. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
2. To investigate any activity within its terms of reference,
3. To seek information from any employee,
4. To obtain outside legal or other professional advice,
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ***Role of Audit Committee***

The scope of the Audit Committee shall include but shall not be restricted to the following:

1. Oversight of our Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and; if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to the statutory auditor for any other services rendered by the statutory auditor;
4. Appointment, removal and terms of remuneration of internal auditor;
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in the accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the Board of Directors for their approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussion with internal auditors on any significant findings and follow up there on;

12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
14. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
15. To review the functioning of the Whistle Blower mechanism, when the same is adopted by our Company and is existing;
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as may be statutorily required to be carried out by the Audit Committee.

### ***Review of information by Audit Committee***

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be recorded in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of our Company to provide clarifications on matters relating to the audit.

### **Meeting of the Audit Committee**

The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of two Independent Directors present.

### **SHAREHOLDERS, SHARE TRANSFERS AND INVESTORS' GRIEVANCE COMMITTEE**

For redressing the Shareholders/ Investors complaints, the Shareholders, Share Transfers and Investors' Grievance Committee has been formed by the Board of Directors at the meeting held on September 20, 2011 in compliance with Clause 49 of the Listing Agreement.

The Shareholders, Share Transfers and Investors' Grievance Committee consists of the following Directors:

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Nature of Directorship</b>
1.	Dr. Satyanarayan B. Ajmera	Director	Non – Executive & Independent Director
2.	Mr. Harinderpal S. Kochar	Director	Non – Executive & Independent Director
3.	Mr. Lalit T. Shah	Managing Director	Whole – time Director

Mr. Lalit T. Shah was appointed as the Chairman of the Shareholders, Share Transfers and Investors' Grievance Committee. Ms. Samita K. Arora will act as the secretary of the Shareholders, Share Transfers and Investors' Grievance Committee.

The terms of reference of the Shareholders, Share Transfers and Investors' Grievance Committee are given below:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

## **REMUNERATION COMMITTEE**

The constitution of the Remuneration Committee was approved at a meeting of the Board of Directors held on September 20, 2011

The terms of reference of Remuneration Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of three independent Directors.

The Remuneration Committee has been constituted with the following Directors:

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Nature of Directorship</b>
1.	Mr. Harinderpal S. Kochar	Director	Non – Executive & Independent Director
2.	Mr. Parag A. Makwana	Director	Non – Executive & Independent Director
3.	Dr. Satyanarayan B. Ajmera	Director	Non – Executive & Independent Director

Mr. Harinderpal S. Kochar is the Chairman of the Remuneration Committee. Our Company Secretary, Ms. Samita K. Arora will act as the secretary of the Remuneration Committee.

The terms of reference of our Remuneration Committee are given below:

1. To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company.

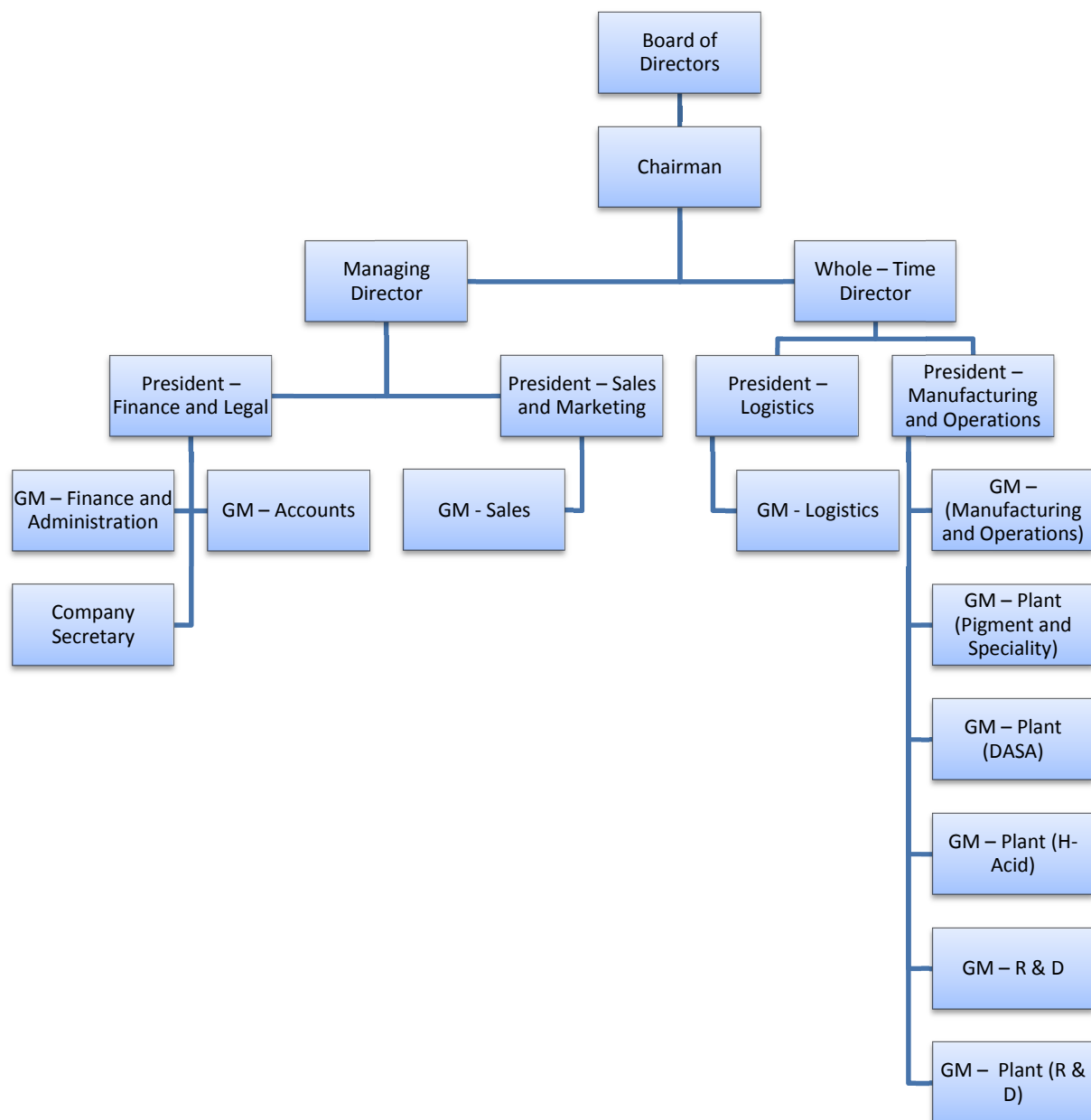
## **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

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.

Ms. Samita K. Arora, Company Secretary & Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.



## ORGANISATIONAL STRUCTURE



## KEY MANAGERIAL PERSONNEL

Our Company is managed by its Board of Directors, assisted by experienced professionals, who are permanent employees of our Company having experience in their respective fields, including but not limited to finance, compliance and marketing.

None of our Key Managerial Personnel were appointed pursuant to any arrangement or understanding with major shareholders, customers and/or suppliers.

**Mr. Dinesh R. Shah**, aged 48 years, is one of our Promoters and has been associated with our Company as a Director since its incorporation. He is currently designated as 'President – Manufacturing and Operations' and is primarily responsible for the Company's day-to-day operations of our units. He looks after the development, design, operation, and improvement of the plant located at Rajpur, Mehsana. He plays a key role in liaising with the relevant authorities for necessary approvals for our plants. He resigned from his directorship and continues as an employee on September 1, 2011. He has more than 20 years of experience in the chemical industry. Mr. Dinesh R. Shah was paid an aggregate compensation of ` 24 Lacs.

**Mr. Harakchand R. Shah**, aged 46 years, is one of our Promoters and has been associated with our Company as a Director since 1997. He is currently designated as 'President – Finance & Legal' and is primarily responsible for the overall financial management, planning, budgeting and accounting activities of our Company. He resigned from his directorship and continues as an employee on September 1, 2011. He has more than 20 years of experience in the chemical industry. In FY 2011, Mr. Harakchand R. Shah was paid an aggregate compensation of ` 24 Lacs.

**Mr. Pravin J. Shah**, aged 37 years, has been associated with our Company as a Director since 2006. He is currently designated as 'President – Sales & Marketing' and is primarily responsible for establishing and maintaining business relations with the company's customers, his focus being the domestic market for business development. He also shares the responsibility of looking after the operations of our unit at Vatva. He resigned from his directorship and continues as an employee on September 1, 2011. He has more than 12 years of experience in the chemical industry. In FY 2011, Mr. Pravin J. Shah was paid an aggregate compensation of ` 24 Lacs.

**Mr. Jitendra K. Shah**, aged 36 years, has been associated with our Company as a Director since 2007. He is currently designated as 'President – Logistics' and is primarily responsible for the overall logistics, inventory management, planning and supply chain for distribution across all markets and product lines of our Company. He resigned from his directorship and continues as an employee on September 1, 2011. He has more than 10 years of experience in the chemical industry. In FY 2011, Mr. Jitendra K. Shah was paid an aggregate compensation of ` 24 Lacs.

**Mr. Vipul M. Patel**, aged 42 years, has been employed with our Company from April 10, 2001. He is currently designated as 'GM - Manufacturing and Operations' and is primarily responsible for the planning, organizing, and regulating, the production and maintenance operations, and ensures coordination of all the activities at our Plant. He holds a Bachelors degree in Science with specialization in the area of Chemistry. He has more than 20 years of experience in the chemical industry. In FY 2011, Mr. Vipul M. Patel was paid an aggregate compensation of ` 5.92 Lacs.

**Mr. Himmat M. Patel**, aged 44 years, has been employed with our Company from January 4, 2002. He is currently designated as 'GM - Plant (Pigment and Speciality Chemicals)', he handles the operations and production activities of one of our product lines i.e. Pigment and Speciality Chemicals. He holds a Masters degree in Science from North Gujarat University. He has more than 20 years of experience in the chemical industry. Prior to joining us he was working with Sandek India Limited. In FY 2011, Mr. Himmat M. Patel was paid an aggregate compensation of ` 2.06 Lacs.

**Mr. Vinod K. Patel**, aged 45 years, has been employed with our Company since January 9, 1992. He is currently designated as 'GM – Plant (DASA)' and he handles the operations and production activities of one of our key product lines i.e. DASA. He is a Science graduate with specialization in the area of Chemistry from North Gujarat University. He has more than 10 years of experience in chemical industry. Prior to joining us he has worked with Torrent Pharmaceuticals. In FY 2011, Mr. Vinod K. Patel was paid an aggregate compensation of ` 1.93 Lacs.

**Mr. Ramesh Vekariya**, aged 40 years, has been employed with our Company since January 3, 2007. He is currently designated as 'GM – Plant (H-Acid)' he handles the operations and production activities of one of our product lines i.e. H-Acid. He holds a Bachelor degree in Science from Gujarat University. He has over 18 years of experience and prior to joining our Company, he was working with Metrochem Industries Limited. In FY 2011, Mr. Ramesh Vekariya was paid an aggregate compensation of ` 3.21 Lacs.

**Mr. Aubrey J. Rodrigues**, aged 56 years, has been employed with our Company from January 1, 2006. He is currently designated as 'GM - Research & Development' and is primarily responsible for the research and development of the products of our Company. He is a Bachelor in Science with specialization in the area of Chemistry from the University of Jabalpur. He is certified as a Qualified Lead Assessor for QMS ISO – 9000 by Nigel Bauer & Associates. He has more than 34 years of experience in research and development. Prior to joining our Company, he was working with Metrochem Industries Limited as GM - Research & Development. In FY 2011, Mr. A.J.Rodrigues was paid an aggregate compensation of ` 4.49 Lacs.

**Mr. Chirag S. Contractor**, aged 45 years, has been employed with our Company since January 5, 2009. He is currently designated as 'GM – Plant (Research and Development)' and is primarily responsible for operations of the plant of our Company. He holds a Bachelor degree in Science from University of Rajasthan. He has more than 15 years of experience in chemical industry and prior to joining our Company, he was working with Adarsh Chemical Private Limited. In FY 2011, Mr. Chirag Contractor was paid an aggregate compensation of ` 2.55 Lacs.

**Mr. Ketan P. Shah**, aged 42 years, has been employed with our Company since January 4, 2007. He is currently designated as 'GM – Administration & Finance'. He has over 22 years of experience in accounting and taxation activities. His responsibilities include managing accounting, taxation and administration activities in our Company. He holds a Bachelor degree in Commerce from Gujarat University. Prior to joining our Company, he was working with Rainbow Papers Limited as a Senior Accountant for over fourteen years. In FY 2011, Mr. Ketan P. Shah was paid an aggregate compensation of ` 3.05 Lacs.

**Mr. Sudhir P. Joshi**, aged 53 years, has been employed with our Company since April 1, 1998. He is currently designated as 'GM – Accounts' and is primarily handling the accounts and taxation activities of our Company. He holds a Bachelor degree in Commerce from Gujarat University. He has more than 27 years of experience in the area of accounting. Prior to joining our Company, he was working with Arjeni Investcast Private Limited as Accountant. In FY 2011, Mr. Sudhir P. Joshi was paid an aggregate compensation of ` 2.92 Lacs.

**Mr. Benjamin Chacko**, aged 50 years, has been employed with our Company since January 1, 2008. He is currently designated as 'GM –Sales'. He holds a Masters Degree in Sociology from M.G. University, Kerala and a Diploma in Import & Export from the Indian Merchant Chamber. He has over 20 years of experience in the areas of sales, marketing and exports. He is responsible for our sales and marketing activities with his focus being overseas marketing activities. Prior to joining our Company, he was working with M/s Aura Specialty Chemical Private Limited as Marketing Manager. In FY 2011, Mr. Benjamin Chacko was paid an aggregate compensation of ` 3.23 Lacs.

**Mr. Tushar V. Sheth**, aged 43 years, has been employed with our Company since April 10, 2001. He is currently designated as 'GM – Logistics' and is primarily responsible for the logistics of our Company. He holds a Bachelor degree in Commerce from Gujarat University. He has more than 19 years of experience and prior to joining our Company he was working with erstwhile Ambuja Organic Private Limited. In FY 2011, Mr. Tushar V. Sheth was paid an aggregate compensation of ` 2.04 Lacs.

**Ms. Samita K. Arora**, aged 31 years, is the 'Company Secretary and the Compliance Officer' of our Company. She joined our Company on September 1, 2011. She is a Commerce Graduate from Kanpur University and a Member of the Institute of Company Secretaries of India. She has an overall experience of over 4 years in handling various Secretarial and Compliance related activities. Prior to joining us she worked as a Practicing Company Secretary. She was paid NIL compensation for FY 2011.

#### ***FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL***

<b>Name of the Key Managerial Personnel</b>	<b>Nature of Relationship</b>
Mr. Dinesh R. Shah	Brother of Mr. Harakhchand R. Shah
Mr. Harakhchand R. Shah	Brother of Mr. Dinesh R. Shah
Mr. Pravin J. Shah and Mr. Jitendra K. Shah	Paternal Cousins – Mr. Pravin J. Shah's father Mr. Jivraj C. Shah and Mr. Jitendra K. Shah's father Mr. Kkantilal C. Shah are brothers.

#### ***SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL***

As on the date of this Draft Red Herring Prospectus, none of our Key Managerial Personnel hold any shares in our Company except as stated below.

<b>Sr. No.</b>	<b>Name of the Key Managerial Personnel</b>	<b>No. of Equity Shares held</b>	<b>% of pre-issue Equity Share Capital of our Company</b>
<b>1</b>	Mr. Dinesh R. Shah	371200	3.01%
<b>2</b>	Mr. Pravin J. Shah	366850	2.98%
<b>3</b>	Mr. Harakhchand R. Shah	271150	2.20%
<b>4</b>	Mr. Jitendra K. Shah	272600	2.21%

#### ***Bonus and/or Profit Sharing Plan for the Key Managerial Personnel***

Our Company does not have any bonus or profit-sharing plan for its Key Managerial Personnel.

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Key Managerial Personnel except the normal remuneration for services rendered as directors, officers or employees.

#### ***Contingent and Deferred Compensation***

No contingent or deferred compensation has accrued in favour of our Key Managerial Personnel.

#### ***Loans given to our Key Managerial Personnel***

Our Company has not advanced any loans to our Key Managerial Personnel.

#### ***Changes in our Key Managerial Personnel during the past three years***

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Resignation</b>
1.	Dinesh R. Shah	President – Manufacturing and Operations	September 1, 2011	-
2.	Harakhchand R. Shah	President - Finance and Legal	September 1, 2011	-
3.	Pravin J. Shah	President - Marketing and Sales	September 1, 2011	-
4.	Jitendra R. Shah	President – Logistics	September 1, 2011	-
5.	Benjamin Chacko	GM – Sales	January 1, 2008	
6.	Ravi John	GM - Plant		August 08, 2008
7.	Chirag Contractor	GM – Plant	January 1, 2009	
8.	Samita K. Arora	Company Secretary and Compliance Office	September 1, 2011	

### ***Interest of Key Managerial Personnel***

Apart from above, all our Key Managerial Personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered and reimbursement of expenses incurred by them during the ordinary course of business as officers or employees to our Company. Furthermore, no amount or benefit has been paid or given during the preceding year to any of our key managerial personnel.

### ***Employees***

For details of the Employees/ Manpower of our Company, please refer to the chapter “Our Business” beginning on page 93 of the Draft Red Herring Prospectus.

### ***Employees Stock Option Scheme***

Our Company does not have any Employee Stock Option Scheme in place as on the date of this Draft Red Herring Prospectus.

### ***Payment of Benefits to Officers of our Company (non-salary related)***

Except as stated above and the payment of salaries, perquisites and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the chapter titled “*Financial Information*” and the chapter titled “*Our Business*” beginning on pages 163 and 93 of this Draft Red Herring Prospectus, we have not paid / given any amount or benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of this Draft Red Herring Prospectus.

### ***Retirement Benefits***

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

## OUR PROMOTERS AND PROMOTER GROUP

### OUR PROMOTERS

Our Promoters include Nine (9) Individuals and Eight (8) Hindu Undivided Families (H.U.F's)

1. Mr. Gambhirmal R. Shah
2. Mr. Lalit T. Shah
3. Mr. Mahendra M. Patel
4. Mr. Dinesh R. Shah
5. Mr. Naresh J. Shah
6. Mr. Harakhchand R. Shah
7. Mr. Rajesh R. Shah
8. Mrs. Kantaben M. Patel
9. Mr. Animesh K. Patel
10. Gambhirmal R. Shah (H.U.F)
11. Lalit T. Shah (H.U.F)
12. Dinesh R. Shah (H.U.F)
13. Harakhchand R. Shah (H.U.F)
14. Rajesh R. Shah (H.U.F)
15. Jivraj C. Shah (H.U.F)
16. Naresh J. Shah (H.U.F)
17. Kantilal C. Shah (H.U.F)

### PROMOTER WHO IS AN INDIVIDUAL

#### **Mr. Gambhirmal R. Shah**



**Mr. Gambhirmal R. Shah** aged 53, is one of the Promoters of the Company and also the Chairman of our Board of Directors. He is involved in developing long term strategies for the Company. He has been associated with our Company since inception as a Promoter. Though he is an undergraduate he has hands on experience in running the business and has been actively involved in managing the affairs of our Company, specifically overlooking at entering new markets, increasing the product line with constant focus on improvement in quality of products offered

Other Interests	Please refer to the section titled ' <i>Our Management</i> ' beginning on page 124
Voter Identification no.	ISD1551373
Driving License no.	MH01 20080035197
PAN No.	AAIPS9091D
Passport No.	Z 1778176
Address	6, Jadhav Bhuvan, 32 Dr. Wilson Street, V.P. Road, Mumbai – 400 004

#### **Mr. Lalit T. Shah**



**Mr. Lalit T. Shah** aged 38 years, is one of the Promoters of the Company and also the Managing Director of the Company. He is involved in developing long term relations with various clients across the globe by ensuring quality and timely delivery of the products. His ability to market new products has helped our Company to grow significantly in the last ten years. He is responsible for International marketing of our new product lines. He actively participates in trade fairs for Chemical Industry, organised by various associations within and outside India. Mr. Lalit T. Shah is a Science Graduate and is involved in marketing of the products from last 18 years. He joined his father in his business and has since then developed a deep understanding of products and market dynamics. His dedication and guidance has helped our Company grow to a successful,

	professionally managed enterprise
Other Interests	Please refer to the section titled ' <i>Our Management</i> ' beginning on page 124
Voter Identification no.	MT/04/023/021793
Driving License no.	MH-01-2005/34727
PAN No.	AAIPS9085K
Passport No.	Z 1463019
Address	14/C, 7 Khanderao Blocks, 3 <sup>rd</sup> Floor, Khotachi Wadi, V.P. Road, Mumbai – 400 004

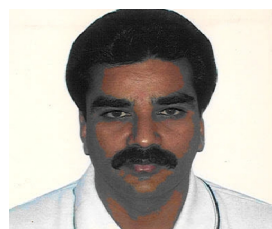
#### **Mr. Mahendra M. Patel**



**Mr. Mahendra M. Patel** aged 55, is one of the Promoters of our Company and an Executive Director on the Board of our Company. He is an undergraduate. He has around 23 years of experience in the Chemical Industry specifically in the dyes, dyes intermediates and speciality chemicals sector. His active participation has helped the company to achieve productivity and efficiency in the day to day operation of the plant.

Other Directorships	Please refer to the section titled ' <i>Our Management</i> ' beginning on page 124
Voter Identification no.	GJ/10/077/417955
Driving License no.	01-513408-00
PAN No.	AAWPP5699Q
Passport No.	J4563688
Address	16 Vishnuhari apartment, 18 Puspakunj Society, Kankariya Ahemdabad – 380 022, Gujarat

#### **Mr. Dinesh R. Shah**



**Mr. Dinesh R. Shah**, aged 48 years, is one of our Promoters and has been associated with our Company as a Director since its incorporation. He is currently designated as 'President – Manufacturing and Operations' and is primarily responsible for the Company's day-to-day operations of our units., He looks after the development, design, operation, and improvement of the plant located at Rajpur, Mehsana. He plays a key role in liasioning with the relevant authorities for necessary approvals for our plants. He resigned from his directorship and continues as an employee on September 1, 2011. He has more than 20 years of experience in the chemical industry

Other Interests	<ul style="list-style-type: none"> <li>• Ambuja Metal Industries Private Limited - Director</li> <li>• Nenava Metal Corporation(Partnership Firm) – Partner</li> </ul>
Voter Identification no.	ZHB2206332
Driving License no.	B1/33744/BOM
PAN No.	AAIPS9087M
Passport No.	E 3655419
Address	4/3, Ambalal Park, Nr. Parasmani Soc, Jawahar Chowk, Sabarmati, Ahmedabad – 380005.

#### **Mr. Naresh J. Shah**



**Mr. Naresh J. Shah**, aged 45 years, is one of the Promoters of our Company. He is associated with metal business and looks after operations of metal business of one of our group entity.

Other Interests	<ul style="list-style-type: none"> <li>• Ambuja Metal Industries Private Limited – Director</li> <li>• Megaa Power Projects Private Limited – Director</li> <li>• Nenava Metal Corporation (Partnership) - Partner</li> <li>• Nenava Steels(Partnership) - Partner</li> <li>• Fortune Enterprises(Partnership) – Partner</li> </ul>
Voter Identification no.	WA-004496
Driving License no.	MH01 20070053957
PAN No.	AAIPS9113J
Passport No.	F 5884299
Address	B-36/37, Mahendale CHS, 202/223, V.P.Road, Mumbai – 400004.

#### **Mr. Harakhchand R. Shah**



**Mr. Harakhchand R. Shah**, aged 46 years, is one of our Promoters and has been associated with our Company as a Director since 1997. He is currently designated as ‘President – Finance & Legal’ and is primarily responsible for the overall financial management, planning, budgeting and accounting activities of our Company. He resigned from his directorship and continues as an employee on September 1, 2011

Other Interests	<ul style="list-style-type: none"> <li>• Ambuja Solvex Private Limited – Director</li> <li>• Nenava Metal Corporation (Partnership) – Partner</li> </ul>
Voter Identification no.	GJ/11/067/090343
Driving License no.	GJ01/700442/02
PAN No.	AAIPS9112K
Passport No.	E 6006348
Address	4/3, Ambalal Park, Nr. Parasmani Society, Jawahar Chowk, Sabarmati, Ahmedabad – 380005.

#### **Mr. Rajesh R. Shah**



**Mr. Rajesh R. Shah**, aged 43 years , is one of the Promoters of our Company. He is associated with metal business of Group and looks after the marketing of metal.

Voter Identification no.	ISD1551647
Driving License no.	MH01 20080005689
PAN No.	AAIPS9088E
Passport No.	F 5563299
Address	6, Jadhav Bhuvan, 32 Dr. Wilson Street, V.P. Road, Mumbai – 400 004



**Mrs. Kantaben M. Patel**

**Mrs. Kantaben M. Patel**, aged 51 years, is one of the Promoters of our Company. She is the wife of our promoter Mr. Mahendra M. Patel. She belongs to a business family and has actively been associated with various social organizations

Voter Identification no.	GJ/10/077/417956
Driving License no.	Not available
PAN No.	AFTPP9849Q
Passport No.	J4563653
Address	16 Vishnuhari Appt., 18 Pushpakunj Soc., Kankariya, Ahmedabad - 380022

**Mr. Animesh K. Patel**

**Mr. Animesh K. Patel**, aged 42 years, is one of the Promoters of our Company. He looks after the operations and marketing of product produced by our wholly owned subsidiary Ambuja Solvex Private Limited. Mr. Animesh is also involved long term strategy for marketing and developing new product line from Castor Oil

Other Interests	• Ambuja Solvex Private Limited - Director
Voter Identification no.	LPZ3088903
Driving License no.	GJ01-016184-02
PAN No.	AAWPP0039J
Passport No.	Not available
Address	No. 99 Rajdhani Bungalows, Isanpur, Ahmedabad – 383 443.

**HINDU UNDIVIDED FAMILIES (H.U.F's) AS PROMOTERS****1. Gambhirmal R. Shah (H.U.F)**

**Gambhirmal R. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AABHG9390Q.

Mr. Gambhirmal R. Shah is the Karta of the HUF. Gambhirmal R. Shah (H.U.F) is engaged in the business of investment.

The members of Gambhirmal R. Shah (H.U.F) are:

1. Mr. Gambhirmal R. Shah
2. Ms. Badami G. Shah
3. Mr. Prashant G. Shah
4. Mr. Darshan G. Shah

**Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	4.63	8.24	2.09

Capital account	37.34	33.15	25.97
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## 2. Lalit T. Shah (H.U.F)

**Lalit T. Shah (H.U.F)** was formed as a hindu undivided family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AAAHL1691Q.

Mr. Lalit T. Shah is the Karta of the H.U.F. Lalit T. Shah (H.U.F) is engaged in the business of investment.

The members of Lalit T. Shah (H.U.F) are

1. Mr. Lalit T. Shah
2. Ms. Premila L. Shah
3. Mr. Bhavik L. Shah
4. Ms. Mansi L. Shah
5. Ms. Vidhi L. Shah

### *Financial Performance*

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	4.89	3.62	2.58
Capital account	27.98	24.24	21.30

## 3. Dinesh R. Shah (H.U.F)

**Dinesh R. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AABHS0271E.

Mr. Dinesh R. Shah is the Karta of the HUF. Dinesh R. Shah (H.U.F) is engaged in the business of investment.

The members of Dinesh R. Shah (H.U.F) are

1. Mr. Dinesh R. Shah
2. Ms. Kamla D. Shah
3. Mr. Bhavin D. Shah
4. Mr. Nimesh D. Shah

### *Financial Performance*

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	4.92	8.39	2.42
Capital account	42.43	38.34	31.24

## 4. Harakhchand R. Shah (H.U.F)

**Harakhchand R. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AABHS0274B.

Mr. Harakhchand R. Shah is the Karta of the HUF. Harakhchand R. Shah (H.U.F) is engaged in the business of investment.

The members of Harakhchand R. Shah (H.U.F) are

1. Mr. Harkhchand R. Shah
2. Ms. Meenaben H. Shah
3. Mr. Gaurav H. Shah

4. Mr. Hiren H. Shah
5. Ms. Priyanka H. Shah

**Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	5.16	8.44	2.10
Capital account	42.38	38.24	30.99

**5. Rajesh R. Shah (H.U.F)**

**Rajesh R. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having a PAN – AABHS0272H.

Mr. Rajesh R. Shah is the Karta of the HUF. Rajesh R. Shah (H.U.F) is engaged in the business of investment.

The members of Rajesh R. Shah (H.U.F) are

1. Mr. Rajesh R. Shah
2. Ms. Sangeeta R Shah
3. Ms. Jinal R. Shah
4. Ms. Vaishali R. Shah
5. Ms. Jenisha R. Shah
6. Mr. Bhavya R. Shah

**Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Income	4.40	7.52	1.91
Capital account	33.69	29.49	22.82

**6. Jivraj C. Shah (H.U.F)**

**Jivraj C. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AAAHJ5012K.

Mr. Jivraj C. Shah is the Karta of the HUF. **Jivraj C. Shah (H.U.F)** is engaged in the business of investment.

The members of Jivraj C. Shah HUF are

1. Mr. Jivraj C. Shah
2. Ms. Mungiben J. Shah
3. Mr. Naresh J. Shah
4. Mr. Pravin J. Shah

**Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	3.52	3.13	1.80
Networth (capital account)	24.48	21.71	18.87

**7. Naresh J. Shah (H.U.F)**

**Naresh J. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AABHS0273G.

Mr. Naresh J. Shah is the Karta of the HUF. Naresh J. Shah (H.U.F) is engaged in the business of investment.

The members of Naresh J. Shah (H.U.F) are

1. Mr. Naresh J. Shah
2. Mr. Jayanti N. Shah
3. Mr. Aakash N. Shah
4. Ms. Shreya N. Shah

***Financial Performance***

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	4.60	3.97	2.17
Capital account	29.99	26.17	22.92

**8. Kantilal C. Shah (H.U.F)**

**Kantilal C. Shah (H.U.F)** was formed as a Hindu Undivided Family on with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India.

Mr. Kantilal C. Shah is the Karta of the HUF. Kantilal C. Shah (H.U.F) is engaged in the business of investment.

The members of Kantilal C. Shah (H.U.F) are:

1. Ms. Keshiben K. Shah
2. Mr. Jitendra K. Shah

***Financial Performance***

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	3.38	3.02	1.64
Networth (capital account)	23.35	20.42	17.87

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of our Individual Promoters and Permanent Account Number and Bank Account Number of HUF promoters shall be submitted to NSE and BSE at the time of filing of the Draft Red Herring Prospectus.

There has been no change in the control or the management of our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus. For details, please see “History and Certain Corporate Matters” and “Our Promoters and Promoter Group – Companies with which the Promoters have disassociated in the last three years” on pages 117 and 140 respectively.

**Interests of Promoters and Common Pursuits**

Our Promoters are interested in the Company to the extent that they have promoted our Company and hold Equity Shares in our Company. For details on the shareholding of the Promoters in our Company, please see “Capital Structure” on page 51.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with our Promoters including the properties purchased by our Company other than in the

normal course of business.

Other than as disclosed in “Group Companies”, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

### **Payment of benefits to the Promoters**

Except as stated in the sections titled “*Our Management*” on page 124 and “*Related Party Transactions*” on page 181, there has been no payment of benefits to the Promoters during the two years preceding the filing of this Draft Red Herring Prospectus.

### **Confirmations**

Further, our Promoters and Promoter Group have not been declared wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or pending against them.

Our Promoters, Promoter Group, Group Entities or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group or Group Entities or the companies with which our Promoters are or were associated as a promoter have not been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

### **THE PROMOTER GROUP**

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group

#### **Natural persons who are part of the Promoter Group due to their Relationship with the Promoter**

##### **Mr. Gambhirmal R. Shah**

<b>Name</b>	<b>Relationship with Promoter</b>
Late. R. A Shah	Father
Late. Mafiben R Shah	Mother
Mr. DineshR Shah	Brother
Mr. Harakhchand R. Shah	Brother
Mr. Rajesh R Shah	Brother
Ms. Mungiben B Bhansali	Sister
Ms. Ugamben C Shah	Sister
Ms. Laxmiben B Shah	Sister
Ms. Shobag C Jain	Sister
Ms. Badami G Shah	Wife
Mr. Prashant G Shah	Son
Mr. Darshan G Shah	Son
Ms. Pinky P Meheta	Daughter
Ms. Rasana K Bokadia	Daughter
Mr. Siremalji V. Angara	Spouse father
Ms. Jamuna S. Angara	Spouse mother
Mr. Mulchand S. Angara	Spouse brother
Mr. Parasmal S. Angara	Spouse brother
Mr. Prakash S. Angara	Spouse brother
Ms. Pavan D. Shah	Spouse sister

##### **Mr. Lalit T. Shah**

Name	Relationship with Promoter
Mr. Tilokchand C. Shah	Father
Ms. Vimlaben T. Shah	Mother
Mr. Vipul T. Shah	Brother
Ms. Urmila M. Shah	Sister
Ms. Heena A. Bokadia	Sister
Ms. Gunvanti M. Shah	Sister
Ms. Pinky H. Jain	Sister
Ms. Premila L. Shah	Wife
Mr. Bhavik L. Shah	Son
Ms. Mansi L. Shah	Daughter
Ms. Vidhi L. Shah	Daughter
Mr. Meghraj H. Jain	Spouse's father
Ms. Sayati M. Jain	Spouse's mother
Mr. Paras M. Jain	Spouse's brother
Mr. Ramesh M. Jain	Spouse's brother
Ms. Geeta P. Shah	Spouse's sister
Ms. Meena D. Shah	Spouse's sister

**Mr. Mahendra Mohanlal Patel**

Name	Relationship with Promoter
Late Mohanlal Valjibhai Patel	Father
Late Jayaben M. Patel	Mother
Mr. Kirit Mohanlal Patel	Brother
Mr. Harshad Mohanlal Patel	Brother
Mr. Arvind Mohanlal Patel	Brother
Ms. Chandrikaben K. Patel	Sister
Ms. Kantaben Mahendra Patel	Wife
Mr. Hiren M. Patel	Son
Ms. Hiral V. Jetpuria	Daughter
Mr. Gordhan P. Gajera	Spouse's father
Ms. Valiben G. Gajera	Spouse's mother
Mr. Jayantibhai G. Gajera	Spouse's brother
Mr. Mukesh G. Gajera	Spouse's brother
Mr. Gulabbhai G. Gajera	Spouse's brother
Mr. Ramesh G. Gajera	Spouse's brother
Ms. Savita B. Patel	Spouse's sister

**Mr. Dinesh R. Shah**

Name	Relationship with Promoter
Late. R. A Shah	Father
Late. Mafiben R Shah	Mother
Mr. DineshR Shah	Brother
Mr. Harakhchand R. Shah	Brother
Mr. Rajesh R Shah	Brother
Ms. Mungiben B Bhansali	Sister
Ms. Ugamben C Shah	Sister
Ms. Laxmiben B Shah	Sister
Ms. Shobag C Jain	Sister
Ms. Kamala D. Shah	Wife

Name	Relationship with Promoter
Mr. Bhavin D. Shah	Son
Mr. Naimesh D. Shah	Son
Mr. Dasarajji Dhamanji Bokadiya	Spouse's father
Ms. Paruben Dasarajji Bokadiya	Spouse's mother
Mr. Babulal Dasarajji Bokadiya	Spouse's brother
Mr. Bhagraj Dasarajji Bokadiya	Spouse's brother
Ms. Rashmiben	Spouse's brother

**Mr. Naresh J. Shah**

Name	Relationship with Promoter
Mr. Jivraj C. Shah	Father
Ms. Mungiben J. Shah	Mother
Mr. Pravin J. Shah	Brother
Ms. Anita P. Shah	Sister
Ms. Premila J. Bhansali	Sister
Ms. Jayanti N. Shah	Wife
Mr. Aakash N. Shah	Son
Ms. Shreya N. Shah	Daughter
Mr. Mishrimal B. Sanghvi	Spouse's father
Ms. Pyari M. Sanghvi	Spouse's mother
Mr. Dinesh M. Sanghvi	Spouse's brother
Mr. Mahendra M. sanghvi	Spouse's brother
Mr. Suresh M. Sanghvi	Spouse's brother
Ms. Bhaguben P. Jain	Spouse's sister
Ms. Premila A. Jain	Spouse's sister
Ms. Lalita H. Bhansali	Spouse's sister
Ms. Sangeeta H. Haranfai	Spouse's sister

**Mr. Harakchand R. Shah**

Name	Relationship with Promoter
Late. R. A Shah	Father
Late. Mafiben R Shah	Mother
Mr. Dinesh R Shah	Brother
Mr. Harakhchand R. Shah	Brother
Mr. Rajesh R Shah	Brother
Ms. Mungiben B Bhansali	Sister
Ms. Ugamben C Shah	Sister
Ms. Laxmiben B Shah	Sister
Ms. Shobag C Jain	Sister
Ms. Meena H. Shah	Wife
Mr Gaurav H. Shah	Son
Mr. Hiren H. Shah	Son
Ms. Priyanka H. Shah	Daughter
Mr. Ashok J. Shah	Spouse's brother
Mr. Mukesh R. Shah	Spouse's brother
Mr. Jivaraj S. Shah	Spouse's father
Ms. Jamnaben J. Shah	Spouse's mother
Ms. Niru. R Shah	Spouse's sister
Ms. Anita D. Shah	Spouse's sister

**Mr. Rajesh R. Shah**

Name	Relationship with Promoter
Late. R. A Shah	Father
Late. Mafiben R Shah	Mother
Mr. DineshR Shah	Brother
Mr. Harakhchand R. Shah	Brother
Mr. Gambhirmal R Shah	Brother
Ms. Mungiben B Bhansali	Sister
Ms. Ugamben C Shah	Sister
Ms. Laxmiben B Shah	Sister
Ms. Shobag C Jain	Sister
Ms. Sangeeta R Shah	Wife
Ms. Jinal R. Shah	Daughter
Ms. Vaishali R. Shah	Daughter
Ms. Jenisha R. Shah	Daughter
Mr. Bhavya R. Shah	Son
Mr. Mangilal P. Shah	Spouse's father
Ms. Mafi M. Shah	Spouse's mother
Mr. Shantilal M. Shah	Spouse's brother
Mr. Champaklal M. Shah	Spouse's brother
Mr. Mahendra M. Shah	Spouse's brother
Mr. Ashok M. Shah	Spouse's brother
Ms. Niru H. Shah	Spouse's sister

**Ms. Kantaben M. Patel**

Name	Relationship with Promoter
Mr. Gordhan P. Gajera	Father
Ms. Valiben G. Gajera	Mother
Mr. Jayantibhai G. Gajera	Brother
Mr. Mukesh G. Gajera	Brother
Mr. Gulabbhai G. Gajera	Brother
Mr. Ramesh G. Gajera	Brother
Ms. Savita B. Patel	Sister
Mr. Mahendra Mohanlal Patel	Husband
Mr. Hiren M. Patel	Son
Ms. Hiral V. Jetpuria	Daughter
Late Mohanlal Valjibhai Patel	Spouse's father
Late Jayaben M. Patel	Spouse's mother
Mr. Kirit Mohanlal Patel	Spouse's brother
Mr. Harshad Mohanlal Patel	Spouse's brother
Mr. Arvind Mohanlal Patel	Spouse's brother
Ms. Chandrikaben K. Patel	Spouse's sister

**Mr. Animesh K. Patel**

Name	Relationship with Promoter
Mr. Kirit Mohanlal Patel	Father
Mr. Shobhnaben K. Patel	Mother
Mr. Bhargav K. Patel	Brother
Ms. Chetanaben M. Mangrolia	Sister
Ms. Poonam A. Patel	Wife
Ms. Devhuti A. Patel	Daughter



<b>Name</b>	<b>Relationship with Promoter</b>
Ms. Krishna A. Patel	Daughter
Mr. Chandulal H. Ushdadia	Spouse's father
Ms. Narmada C. Ushdadia	Spouse's mother
Mr. Shailesh C. Ushdadia	Spouse's brother
Mr. Mahesh C. Ushdadia	Spouse's brother
Ms. Bhartiben V. Katharia	Spouse's brother

## **OTHER PERSONS/ ENTITIES FORMING PART OUR PROMOTER AND PROMOTER GROUP**

### **Persons forming part of the Promoter Group**

<b>Sr. No.</b>	<b>Name</b>
1.	Mrs. Meena V. Shah
2.	Mrs. Geeta P. Shah
3.	Mrs. Keshiben K. Shah
4.	Mr Jitendra K. Shah
5.	Mrs. Rupa J. Shah
6.	Mrs. Varsha H. Patel
7.	Mr. Nayan H. Patel
8.	Mr. Kapil H. patel
9.	Mrs. Vaibhavi K. Patel
10.	Mrs. Rekha A. Patel
11.	Mr. Anirudh A. Patel
12.	Mr. Jay A. Patel

### **Corporate entities forming part of the Promoter Group**

<b>Companies</b>	
1.	Ambuja Metal Industries Private Limited
2.	Shruti Re-Rollers Private Limited
3.	Electra Multimedia Private Limited
4.	Sinewave Biomass Power Private Limited
5.	Megaa Power Projects Private Limited
<b>Partnership Firms</b>	
1.	Nenava Metal Corporation
2.	Nenava Steels
3.	Shagun Reality
4.	Fortune Enterprise
<b>Hindu Undivided Families (HUF's)</b>	
1.	Ramanlal A. Shah (H.U.F)
2.	Pravin J. Shah (H.U.F)
3.	Tilokchand C. Shah (H.U.F)

## OUR GROUP ENTITIES

The details of our Group Entities are as listed below:

### 1. Ambuja Metal Industries Private Limited (“AMPL”)

#### *Corporate Information*

**Ambuja Metal Industries Private Limited** was incorporated on October 17, 1979. The registered office of the Company is located at 1063, Near Jain Temple, Vatva, Ahmedabad-382440. The main object of the Company is to carry on the business of manufacturing ferrous, non-ferrous, stainless and alloy steel, pipes and tubes, pipe fittings, industrial valves, pumps and complete pumping systems for chemical, petrochemical, fertilizer, distillaries, dairy, food processing, power generation, textile, steel, paper and refining industries, to carry on the business of industrial, mechanical, chemical and electrical engineers, contractors and manufacturers, among others.

#### *Board of Directors as on August 31, 2011*

Name of Director	Designation
Mr. Dinesh R. Shah	Director
Mr. Gambhirmal R. Shah	Director
Mr. Naresh J. Shah	Director
Mr. Lalit T. Shah	Director
Mr. Rajesh R. Shah	Director
Mr. Vipul T. Shah	Director
Mr. Bhavin Shah	Director

#### *Shareholding Pattern as on August 31, 2011*

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Mr. Lalit T. Shah	21000	41.50
2.	Mr. Naresh J. Shah	12000	23.72
3.	Mr. Vipul T. Shah	8100	16.01
4.	Mr. Rajesh R. Shah	6000	11.86
5.	Mr. Dinesh R. Shah	2000	3.95
6.	Mr. Gambhirmal R. Shah	1500	2.96
	<b>Total</b>	<b>50600</b>	<b>100.00</b>

#### *Financial Performance*

*(In Lacs except share data)*

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	30.00	30.00	30.00
Reserves (excluding revaluation reserves) and surplus	102.37	25.65	127.76
Total Income	3508.76	3870.19	5048.40
Profit After Tax	76.71	(102.11)	39.19
Networth	132.37	55.65	157.76
Net asset value per share	44.12	18.55	52.59

**Source:** Audited Financial Statements

**Note:** Face Value of each Equity Share is ` 10

### 2. Shruti Re-Rollers Private Limited (“SRPL”)

#### *Corporate Information*

**Shruti Re-Rollers Private Limited** was incorporated on November 15, 1989. The registered office of the Company is located at A-302 Rajgiri Apartment, 13<sup>th</sup> Khetwadi, Grant Road East, Mumbai, Maharashtra-400004. The main object of the Company is to carry on the business of manufacturing, melting, rolling, re-rolling, assembling, designing, importing, exporting, buying, selling, distributing, processing or otherwise dealing in or trading in all types of ferrous and non-ferrous metals, steels, alloy steels, special and stainless steels, coated, enameled and super enameled and other wire, pipe, any sections of copper, and other related activities.

***Board of Directors as on August 31, 2011***

Name of Director	Designation
Mr. Gambhirmal R. Shah	Director
Mr. Lalit T. Shah	Director
Mr. Chetan R. Shah	Director
Mr. Shiva S. Seth	Director
Mr. Shrenik S. Seth	Director

***Shareholding Pattern as on August 31, 2011***

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Mr. Chetan Shah	3667	33.34
2.	Mr. Shrenik Shah	1833	16.66
3.	Mr. Shiva Sheth	1833	16.66
4.	Mr. Lalit T. Shah	1834	16.67
5.	Mr. Gambhirmal R. Shah	1833	16.66
	<b>Total</b>	<b>11000</b>	<b>100.00</b>

***Financial Performance***

*(In Lacs except share data)*

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	1.10	1.10	1.10
Reserves (excluding revaluation reserves) and surplus	Nil	Nil	Nil
Total Income	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil
Networth	(0.74)	(0.60)	(0.56)
Net asset value per share	(6.72)	(5.47)	(5.06)

**Source:** Audited Financial Statements

**Note:** Face Value of each Equity Share is ` 10

**3. Electra Multimedia Private Limited (“EMPL”)**

***Corporate Information***

**Electra Multimedia Private Limited** was incorporated on May 31, 1996. The registered office of the Company is located at C/o Decent Dia-Jewles Pvt. Ltd., 103 Shreeji Chambers, Opera House, Mumbai, Maharashtra-400004. The main object of the Company is to carry on the business of newspapers, journals, magazines, periodicals, books, pamphlets, reviews, pictorials, movies, pictures, educational materials and services, entertainment materials and services, telecommunication services, information services, web sites and other services on the Internet and other computer networks, communication services, advertisement and publicity services, marketing services and other similar works in any medium and other related activities.

***Board of Directors as on August 31, 2011***

Name of Director	Designation
------------------	-------------

Mr. Gambhirmal R. Shah	Director
Mr. Lalit T. Shah	Director
Ms. Hema C. Shah	Director
Mr. Shiva S. Seth	Director
Mr. Shrenik S. Seth	Director

**Shareholding Pattern as on August 31, 2011**

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Ms. Hema Shah	3750	37.50
2.	Mr. Lalit T. Shah	1875	18.75
3.	Mr. Gambhirmal R. Shah	1875	18.75
4.	Mr. Shrenik Shah	1250	12.50
5.	Mr. Shiva Sheth	1250	12.50
	<b>Total</b>	<b>10000</b>	<b>100.00</b>

**Financial Performance**

(In Lacs except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserves) and surplus	1.89	0.87	(0.70)
Total Income	1.74	2.40	Nil
Profit After Tax	1.54	2.28	(0.24)
Networth	2.89	1.87	0.30
Net asset value per share	1.89	0.87	3.00

**Source:** Audited Financial Statements

**Note-1:** Face Value of each Equity Share is ` 10

**Note-2:** Company has passed a special resolution on July 19, 2011, for the appointment of Liquidator and is under the process of liquidation.

**4. Sinewave Biomass Power Private Limited (“SBPPL”)**

**Corporate Information**

**Sinewave Biomass Power Private Limited** was incorporated on January 20, 2004. The registered office of the Company is located at 133, Bhandari Street, Null Bazar, Mumbai - 400004 Maharashtra. The main object of the Company is to carry on the business to generate, co-generate electric power by conventional, non-conventional electric power by conventional, non-conventional methods including agricultural waste i.e. ricehuck, soyahuck, bugass, coal, gas lignite, bio-mass, waste, solar, hydel, geo-hydel, wind, by-gas, oils, winds, molasses and other by-products received during the process of sugar and for using or re-sell excess power to State Electricity Boards.

**Board of Directors as on August 31, 2011**

Name of Director	Designation
Mr. Gambhirmal R. Shah	Director
Mr. Lalit T. Shah	Director
Mr. Shripal B. Alatekar	Director
Mr. Laxman M. Pawar	Director
Mr. Raman Dwivedi	Director
Mr. Ravindra P. Angara	Director

**Shareholding Pattern as on August 31, 2011**

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Mr. Dinesh R. Shah	200000	3.61
2.	Ms. Badami G. Shah	40000	0.72
3.	Mr. Bhavin D. Shah	80000	1.44
4.	Mr. Gambhirmal R. Shah	285000	5.14
5.	Mr. Harakchand R. Shah	200000	3.61
6.	Mr. Jitendra K. Shah	40000	0.72
7.	Mr. Jivraj C. Shah	40000	0.72
8.	Ms. Kamala D. Shah	40000	0.72
9.	Ms. Keshi K. Shah	80000	1.44
10.	Mr. Lalit T. Shah	280000	5.05
11.	Ms. Meena V. Shah	40000	0.72
12.	Ms. Meena H. Shah	40000	0.72
13.	Mr. Naresh J. Shah	240000	4.33
14.	Ms. Pramila L. Shah	80000	1.44
15.	Mr. Pravin J. Shah	200000	3.61
16.	Mr. Rajesh R. Shah	240000	4.33
17.	Ms. Sangita R. Shah	40000	0.72
18.	Ms. Vimla T. Shah	80000	1.44
19.	Ms. Vipul T. Shah	80000	1.44
20.	Mr. Niraj R. Angera	160000	2.89
21.	Ms. Poonamchand M. Jain	40000	0.72
22.	Mr. Ravindra P. Angara	1965000	35.45
23.	Ms. Sharmila R. Angara	160000	2.89
24.	Akansha Media & Entertainment Private Limited	35000	0.63
25.	Dhanush Technologies Limited	50000	0.90
26.	Emporis Projects Limited	60000	1.08
27.	Empower India Private Limited	300000	5.41
28.	Mr. Laxman M. Pawar	5000	0.09
29.	Prabhav Industries Limited	30000	0.54
30.	Prraneta Industries Limited	145000	2.62
31.	Shri Ganesh Spinners Limited	238000	4.29
32.	Mr. Shripal B. Altekar	5000	0.09
33.	Speciality Papers Limited	25000	0.45
	<b>Total</b>	<b>893000</b>	<b>100.00</b>

### Financial Performance

(In Lacs except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital			
3. Fully Paid-up Capital (20,000 equity shares)	2.00	2.00	2.00*
4. Partly paid-up Capital (44,80,000 equity shares, ` 2.50 each partly paid)	112.00	112.00	--
Reserves (excluding revaluation reserves) and surplus	Nil	Nil	Nil
Income (including other income)	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil
Networth	114.00	114.00	(18.26)
Net asset value per share	2.53	2.53	(913.00)

Source: Audited Financial Statements

**Note:** Face Value of each Equity Share is ` 10

\* Face Value of ` 100 per Equity Share

## 5. Megaa Power Projects Private Limited (“MPPPL”)

### Corporate Information

**Megaa Power Projects Private Limited** was incorporated on August 29, 2008. The registered office of the Company is located at Mochi Ka Vas, Nr. Whole sale market, Hadecha Road, Sanchoe, Rajasthan – 343041. The main object of the Company is to carry on the business of generating, developing, transmitting, distributing and supplying all forms of electrical power and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional non-conventional resources, tie-lines, sub-stations and transmission lines on BOT, BOLT and BOOT basis and other related activities.

### Board of Directors as on August 31, 2011, 2011

Name of Director	Designation
Mr. Gambhimal R. Shah	Director
Mr. Naresh J. Shah	Director
Mr. Raman Dwivedi	Director
Mr. Ravindra P. Angara	Director
Mr. Hitesh P. Mehta	Director

### Shareholding Pattern as on August 31, 2011

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Mr. Gambhirmal R. Shah	20000	20.00
2.	Mr. Naresh J. Shah	20000	20.00
3.	Mr. Raman Dwivedi	20000	20.00
4.	Mr. Ravindra P. Angara	20000	20.00
5.	Mr. Hitesh P. Mehta	20000	20.00
	<b>Total</b>	<b>100000</b>	<b>100.00</b>

### Financial Performance

(In Lacs except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Capital	1.00	1.00	NA
Reserves (excluding revaluation reserves) and surplus	0.00	Nil	NA
Total Income	9.31	Nil	NA
Profit After Tax	0.11	(0.11)	NA
Networth	(6.67)	0.41	NA
Net asset value per share	(66.70)	4.08	NA

**Source:** Audited Financial Statements

**Note:** Face Value of each Equity Share is ` 10

## 6. Nenava Impexx Private Limited (“NIPL”)

**Nenava Impexx Private Limited** was incorporated on July 16, 2007. The registered office of the company is situated at 113, Bhandari Street, Null Bazaar, Mumbai – 400004. The main object of the company is to carry on the business as dealers, exporters and importers of all varieties of steel, special steel, carbon steel, tool alloy steel, mild steel and any other kind and grades of steel. However, pursuant to the board meeting held on July 20, 2011, company has made an application for striking the name off the Registrar u/s 560 of the Companies Act, 1956.

## **PARTNERSHIP FIRMS**

### **1. Nenava Metal Corporation (“NMC”)**

#### **Corporate Information**

**Nenava Metal Corporation**, a partnership firm, is having its principal office located at 133, Bhandari Street, Null Bazaar, Mumbai - 400004 and is formed to carry on the business of importing, exporting, trading and dealing in non-ferrous and ferrous metals, stainless steels, alloys and semis, chemicals and die intermediates and herbal products, and all relevant activities in connection with the said business. The partnership firm is constituted between Mr. Dinesh R. Shah, Mr. Gambhirmal R. Shah, Mr. Harakchand R. Shah, Mr. Jivraj C. Shah, Mr. Naresh J. Shah and Mr. Lalit J. Shah vide a partnership deed dated September 15, 2005 under the Partnership Act, 1932.

#### **Partners as on August 31, 2011**

<b>Sr. No.</b>	<b>Name of the partner</b>	<b>Interest (%)</b>
1.	Mr. Dinesh R. Shah	20.00
2.	Mr. Gambhirmal R. Shah	10.00
3.	Mr. Harakchand R. Shah	20.00
4.	Mr. Jivraj C. Shah	20.00
5.	Mr. Naresh J. Shah	15.00
6.	Mr. Lalit T. Shah	15.00
	<b>Total</b>	<b>100.00</b>

#### **Financial Performance**

*(In Lacs except share data)*

<b>Particulars</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Partners Capital	43.25	20.74	21.92
Total Income	2964.16	2207.53	1200.69
Net Profit	24.55	7.51	5.59

*Source: Audited Financial Statements*

### **2. Nenava Steels (“NS”)**

#### **Corporate Information**

**Nenava Steels**, a partnership firm, is having its principal office located at 133, Bhandari Street, Null Bazaar, Mumbai - 400004 and is formed to carry on the business of importing, exporting, trading and dealing in non-ferrous and ferrous metals, stainless steels, alloys and semis, chemicals and die intermediates and herbal products, and all relevant activities in connection with the said business. The partnership firm is constituted between Mr. Gambhirmal R. Shah, Mr. Naresh J. Shah, Mr. Rajesh R. Shah, Mr. Vipul T. Shah, Mr. Pravin J. Shah and Ms. Badami G. Shah vide a partnership deed dated June 2, 2005 under the Partnership Act, 1932.

#### **Partners as on August 31, 2011**

<b>Sr. No.</b>	<b>Name of the partner</b>	<b>Interest (%)</b>
1.	Mr. Gambhirmal R. Shah	16.00
2.	Mr. Naresh J. Shah	18.00
3.	Mr. Rajesh R. Shah	16.00
4.	Mr. Vipul T. Shah	16.00
5.	Mr. Pravin J. Shah	16.00
6.	Ms. Badami G. Shah	18.00

	<b>Total</b>	<b>100.00</b>
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### **Financial Performance**

(In Lacs except share data)

<b>Particulars</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Partners Capital	28.10	19.88	7.83
Total Income	382.52	321.02	118.25
Net Profit	2.85	5.30	1.99

Source: Audited Financial Statements

### **3. Shagun Reality (“SR”)**

#### **Corporate Information**

**Shagun Reality**, a partnership firm, is having its principal office located at Flat No. A/302, Rajgiri Apartment, 13<sup>th</sup> Lane, Khetwadi Back Road, Mumbai – 400004 and is formed to carry on the business as Builders, Developers, Contracors, Building Material suppliers, Estate Agents, Commission Agents, Sole Selling Agents and such other allied activity. The partnership firm is constituted between Mr. Suresh Seth, Dimar Constructions Pvt. Ltd., Mr. Gambhirmal R. Shah and Mr. Lalit T. Shah vide a partnership deed dated March 11, 2008 under the Partnership Act, 1932.

#### **Partners as on August 31, 2011**

<b>Sr. No.</b>	<b>Name of the partner</b>	<b>Interest (%)</b>
1.	Mr. Suresh Seth	50.00
2.	Dimar Construction Pvt. Ltd.	25.00
3.	Mr. Gambhirmal R. Shah	12.50
4.	Mr. Lalit T. Shah	12.50
	<b>Total</b>	<b>100.00</b>

### **Financial Performance**

(In Lacs )

<b>Particulars</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Partners Capital Account	581.91	598.61	330.03
Total Income	7.07	7.14	Nil
Net Profit	5.37	5.17	(0.22)

### **4. Fortune Enterprise (“FE”)**

#### **Corporate Information**

**Fortune Enterprise**, a partnership firm, is having its principal office located at 229, Kanji Bhuvan, 1<sup>st</sup> floor, Opp. 5<sup>th</sup> Khetwadi Lane, S.V.P. Road, Mumbai-400004 and is formed to cater to the international clients with traded products being sourced from supporting manufacturers, developing exports and markets of speciality chemical intermediates and dyes, distribution services for importing and trading international products in India. The partnership firm is reconstituted between Mr. Gambhirmal R. Shah, Mr. Naresh J. Shah, Mr. Rajesh R. Shah and Mr. Lalit T. Shah vide a partnership deed dated September 21, 2009 under the Partnership Act, 1932.

#### **Partners as on August 31, 2011**

<b>Sr. No.</b>	<b>Name of the partner</b>	<b>Interest (%)</b>
1.	Mr. Gambhirmal R. Shah	25.00
2.	Mr. Naresh J. Shah	25.00
3.	Mr. Rajesh R. Shah	25.00



4.	Mr. Lalit T. Shah	25.00
	<b>Total</b>	<b>100.00</b>

### **Financial Performance**

(In Lacs except share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Partners Capital Account	8.58	NA	NA
Total Income	159.67	NA	NA
Net Profit	7.68	NA	NA

Source: Audited Financial Statements

### **HINDU UNDIVIDED FAMILY (HUF)**

#### **1. Ramanlal A. Shah (H.U.F)**

**Ramanlal A. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivrutti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AAFHR0797E.

Mr. Ramanlal A. Shah is the karta of the HUF. Ramanlal A. Shah (H.U.F) is engaged in the business of investment.

The members of Ramanlal A. Shah (H.U.F) are:

1. Mr. Gambhirmal R. Shah
2. Mr. Dinesh R. Shah
3. Mr. Harakchand R. Shah
4. Mr. Rajesh R. Shah

### **Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	2.62	2.37	1.60
Capital account	30.89	16.52	14.30

#### **2. Pravin J. Shah (H.U.F)**

**Pravin J. Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivrutti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AADHS0061G.

Mr. Pravin J. Shah is the karta of the HUF. Pravin J. Shah (H.U.F) is engaged in the business of investment.

The members of Pravin J. Shah (H.U.F) are:

1. Mr. Pravin J. Shah
2. Ms. Geeta P. Shah
3. Mr. Preet P. Shah
4. Ms. Prince P. Shah

### **Financial Performance**

(In ` Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income	1.79	1.52	0.79
Capital account	11.12	9.75	8.69

#### **3. Tilokchand C Shah (H.U.F)**

**Tilokchand C Shah (H.U.F)** was formed as a Hindu Undivided Family with its office at 133, Nivruti Nivas, Bhandari Street, Null Bazar, Mumbai-400004, Maharashtra, India and having PAN – AABHT0208A.

Mr. Tilokchand C. Shah is the karta of the HUF. Tilokchand C Shah (H.U.F) is engaged in the business of investment.

The members of Tilokchand C Shah (H.U.F) are:

1. Ms. Vimlaben T. Shah
2. Mr. Lalit T. Shah
3. Mr. Vipul T. Shah

### ***Financial Performance***

*(In ` Lacs)*

<b>Particulars</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Income	3.51	3.11	1.85
Capital account	22.73	19.84	17.52

### **Other Confirmations**

None of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. None of our Group Companies have negative net worth. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding three years. The information provided in this section is as of the date of this Draft Red Herring Prospectus, unless specified herein.

### **Nature and Extent of Interest of Promoters and Group Companies**

#### ***(a) In the promotion of our Company***

Except to the extent of the shareholding of the Promoters and except for transactions disclosed as Related Party Transactions in the section titled “Financial Information” on page 163 of DRHP, none of our Group Companies have any interest in the promotion of our Company.

#### ***(b) In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI***

Neither our Promoters nor any of our Group Companies is interested in the properties purchased by our Company and or by our Subsidiary in the two years preceding the filing of the Draft Red Herring Prospectus or proposed to be purchased by our Company.

#### ***(c) In transactions for acquisition of land, construction of building and supply of machinery***

Except as disclosed in “Related Party Transactions” in the chapter titled “Financial Information” on page 163 of DRHP, neither our Promoters nor any of our Group Companies is interested in any transactions for the purchase of land, construction of building or supply of machinery.

### **Common Pursuits amongst the Group Companies and Associate Companies with our Company**

Partnership firms – Fortune Enterprise, Nenava Metal Corporation, and Nenava Steels, are having objects, to carry on the business of chemicals. Fortune Enterprise is engaged in the trading of the chemicals, and our Company is also engaged in such activity. Nenava Metal Corporation is mainly engaged in trading of the ferrous and non-ferrous metals but is also engaged in the business of chemicals only to some extent. One of the object of Nenava Steels is to carry on the business of chemicals, however, it is engaged only in the business of ferrous and non-ferrous metals.

**Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company**

For details, please see “Related Party Transactions” in the chapter titled “Financial Information” on page 163 of this Draft Red Herring Prospectus.

**Sale/Purchase between Group Companies, Subsidiaries and Associate Companies (exceeding 10% in aggregate of the total sales or purchases of our Company)**

For details, please see “Related Party Transactions” in the chapter titled “Financial Information” on page 163 of this Draft Red Herring Prospectus.

**Business Interest of Group Companies, Subsidiaries and Associate Companies in our Company**

No Group Companies / Entities have business interest in our Company except as disclosed in the “Related Party Transactions” in the section titled “Financial Information” on page 163 of DRHP. None of the group companies/entities had related business transaction within the group which had significance on the financial performance of the issuer except otherwise stated in “Related Party Transaction” in the chapter titled “Financial Information” on page 163 of this DRHP.

**Defunct Group Companies**

Except as mentioned below, none of our Group Companies remain defunct and no application has been made to the registrar of companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Red Herring Prospectus with SEBI.

- ***Nenava Impexx Private Limited*** - Pursuant to the board meeting held on July 20, 2011, company has made an application for striking the name off the Registrar u/s 560 of the Companies Act, 1956.
- ***Lonza Pharmaceuticals Private Limited*** – Struck off from the Register on August 6, 2008, and the company is dissolved.

**Disassociation of our Promoter from group entities**

None of our Promoters have disassociated themselves from any of the companies or firms during the three years preceding the date the Draft Red Herring Prospectus.

**Public issue or rights issue**

None of our Group Companies has made any public or rights issue in the last three years preceding the date of filing the Draft Red Herring Prospectus.

## DIVIDEND POLICY

We have been a dividend paying Company and have paid dividends in each of the last five years. The following are the dividend payouts in last five years by our Company:

<b>Fiscal Year</b>	<b>Dividend per Equity Share of ` 10 each (Amount in `)</b>	<b>Amount (In ` Lacs)</b>
2006-2007	2.50 ( 25 %)	76.25
2007-2008	2.50 ( 25 %)	76.25
2008-2009	1.50 ( 15 %)	45.75
2009-2010	1.20 ( 12 %)	36.60
2010-2011	1.50 ( 15 %)	45.75

We do not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment with our earnings, cash flow, financial conditions and other factors prevailing at the time. Our Company has no stated dividend policy.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL INFORMATION

#### AUDITOR'S REPORT

To,  
**The Board of Directors ,**  
**AMBUJA INTERMEDIATES LTD.**  
901/A, Narnarayan Complex,  
Off. C.G.Road, Navrangpura,  
Ahmedabad-380 009

Dear Sirs,

We have examined the Financial Information of **AMBUJA INTERMEDIATES LIMITED** (the described below and annexed to this report for the purpose of inclusion in the offer document.

The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been prepared by the Company and approved by its Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value of Rs 10/- each at a premium arrived at by 100 % book building process as may be decided by the Board of Directors.

#### **A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011(Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011, which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

Restated Statement of Assets and Liabilities of the Company as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;

Restated Statement of Profits and Losses of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;

Restated Statement of Cash Flows of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 3 after making such material adjustments and regroupings;

Adjustments for any material amounts in the respective financial years have been made to which they relate; and

There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.

Adjustments in Financial Statements has been made in accordance with the correct accounting policies

#### **B. Other Financial Information:**

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. 'Statement of Adjustment in Profit & Loss Account arising out of Changes in accounting Policies and material adjustments relating to previous years' carried out for reinstated financial statement as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 5** to this report.
2. Statement of Restated Accounting Ratios for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at March 31, 2011 as set out in **Annexure 7** to this report.
4. Tax Shelter Statement for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 8** to this report.
5. Statement of Restated Reserves & Surplus as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 9** to this report.
6. Statement of Secured Loans as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 10** to this report.
7. Statement of Unsecured Loans as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 11** to this report.
8. Statement of Investments as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 12** to this report.
9. Statement of Analysis Sundry Debtors as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 13** to this report.
10. Statement of Loans and Advances as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 14** to this report.
11. Statement of Current Liabilities and Provisions as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 15** to this report.

12. Statement of Other Income for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 16** to this report.
13. Statement of Contingent Liabilities not provided for as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 17** to this report.
14. Statement of Dividend paid as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 18** to this report.
15. Statement of Related Party Transactions of the Company for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 19** to this report.

In our opinion, the "Restated Financial Statements" mentioned above contained in Annexure 1 to 19 of this report have been prepared in accordance with Part II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or re-auditing of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

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

**For SHAH KANTILAL & CO.**  
**FRN: 112260W**  
**Chartered Accountants**

**Sd/-**

**KANTILAL M. SHAH**  
**Partner**  
**Membership No: 007924**  
**Date: September 28, 2011**

**ANNEXURE-1**  
**SUMMARY OF ASSETS AND LIABILITIES AS RESTATED**

( ` In lacs )

NO.	PARTICULARS	AS AT 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>FIXED ASSETS :</b>					
	Gross Block	5426.63	5060.72	5558.97	4904.22	4450.70
	Less : Depreciation	1946.50	1604.50	1887.77	1518.28	1232.17
	Net Block	3480.13	3456.22	3671.20	3385.94	3218.53
	Add : Capital Work in Progress	78.79	13.02	6.49	281.64	8.54
	<b>Total (A)</b>	<b>3558.92</b>	<b>3469.24</b>	<b>3677.69</b>	<b>3667.58</b>	<b>3227.07</b>
<b>B</b>	<b>INVESTMENT (B)</b>	<b>7.35</b>	<b>6.98</b>	<b>9.44</b>	<b>8.69</b>	<b>6.82</b>
<b>C</b>	<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>					
	Inventories	1137.65	1181.20	864.83	1088.72	583.98
	Sundry Debtors	2790.11	2582.89	1013.24	1684.82	2036.81
	Cash & Bank Balance	85.05	92.30	81.47	78.04	92.66
	Loans & Advances	627.97	770.20	696.71	943.59	682.98
	<b>Total (C)</b>	<b>4640.78</b>	<b>4626.59</b>	<b>2656.25</b>	<b>3795.17</b>	<b>3396.43</b>
<b>D</b>	<b>LIABILITIES &amp; PROVISIONS:</b>					
	Secured Loans	3787.20	3727.89	2801.43	2764.19	2376.59
	Unsecured Loans	155.45	87.25	150.00	125.00	442.03
	Current Liabilities & Provisions	745.75	1101.84	416.72	1357.20	1094.33
	Deferred Tax Liability	579.73	592.46	559.12	618.56	591.98
	<b>Total (D)</b>	<b>5268.13</b>	<b>5509.44</b>	<b>3927.27</b>	<b>4864.95</b>	<b>4504.93</b>
<b>E</b>	<b>NET WORTH (A+B+C+D)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.11</b>	<b>2606.49</b>	<b>2125.39</b>
<b>F</b>	<b>REPRESENTED BY:</b>					
	Equity Share Capital	610.00	305.00	305.00	305.00	305.00
	Reserve & Surplus	2328.92	2288.37	2111.12	2301.50	1820.45
	<b>Total (F)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.12</b>	<b>2606.50</b>	<b>2125.45</b>
<b>G</b>	<b>MISC EXPENDITURE (to the extent not written off)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.06</b>
<b>H</b>	<b>NET WORTH (F-G)</b>	<b>2938.92</b>	<b>2593.37</b>	<b>2416.12</b>	<b>2606.50</b>	<b>2125.39</b>

Note: The Above summary of statement of Assets & Liabilities are to be read with notes to restated financial statement and significant accounting policies as Appearing in Annexure 5



**ANNEXURE-2**
**SUMMARY OF PROFIT & LOSS ACCOUNT AS RESTATED**

( ` In Lacs)

NO.	PARTICULARS	FOR THE YEAR ENDED 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>INCOME:</b>					
	<b>Operating Income:</b>					
	Manufacturing Sales	8459.91	7585.15	6172.47	7702.89	7610.00
	Trading Sales	3355.34	2620.65	2982.82	2870.20	2844.34
	Export Incentives	245.32	223.00	244.55	341.94	175.78
	<b>Total Operating Income</b>	<b>12060.57</b>	<b>10428.80</b>	<b>9399.84</b>	<b>10915.03</b>	<b>10630.12</b>
	Other Income	384.96	454.88	407.24	331.65	217.51
	Increase / Decrease in Inventories	(122.59)	(158.03)	68.52	137.36	(155.06)
	<b>TOTAL (A)</b>	<b>12322.94</b>	<b>10725.65</b>	<b>9875.60</b>	<b>11384.04</b>	<b>10692.57</b>
<b>B</b>	<b>EXPENDITURE:</b>					
	Raw Material Consumed	7872.54	6910.49	7164.89	7388.38	6865.83
	Manufacturing Exp.	1883.49	1871.29	1434.34	1712.40	1374.72
	Employee's Emoluments	531.72	352.51	353.93	460.88	122.47
	Administrative Expenses	134.31	93.63	99.42	137.89	110.25
	Selling & Distribution Expenses	542.65	407.74	236.91	295.27	294.18
	Misc. Expenses W/Off	0.00	0.00	0.00	0.06	0.06
	<b>TOTAL (B)</b>	<b>10964.71</b>	<b>9635.66</b>	<b>9289.49</b>	<b>9994.88</b>	<b>8767.51</b>
<b>C</b>	<b>PROFIT BEFORE INTEREST, TAX AND DEPRECIATION (A-B)</b>	<b>1358.23</b>	<b>1089.99</b>	<b>586.11</b>	<b>1389.16</b>	<b>1925.06</b>
	Depreciation	357.01	361.20	375.94	289.75	219.44
<b>D</b>	<b>PROFIT BEFORE INTEREST AND TAXATION (C-D)</b>	<b>1001.22</b>	<b>728.79</b>	<b>210.17</b>	<b>1099.41</b>	<b>1705.62</b>
	Financial Charges	409.68	378.97	395.94	314.89	274.46
<b>E</b>	<b>PROFIT BEFORE TAX (D-E)</b>	<b>591.54</b>	<b>349.83</b>	<b>(185.77)</b>	<b>784.52</b>	<b>1431.16</b>
	Provision for Taxation					
	- Current Tax	205.37	96.41	3.50	200.92	167.44
	- Deferred Tax	(12.73)	33.34	(59.44)	26.58	273.45
<b>F</b>	<b>NET PROFIT AFTER TAX (E-F)</b>	<b>398.90</b>	<b>220.07</b>	<b>(129.83)</b>	<b>557.02</b>	<b>990.27</b>
<b>G</b>	Brought Forward Profit From Previous Year	1869.32	1717.07	1900.43	1492.62	689.29
<b>H</b>	Add / (Less) Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00
<b>I</b>	<b>PROFIT AVAILABLE FOR APPROPRIATION ( F+G-H)</b>	<b>2268.22</b>	<b>1937.14</b>	<b>1770.60</b>	<b>2049.64</b>	<b>1679.56</b>
	Less: Appropriations:					
	Dividend & Tax on Dividend	53.35	42.82	53.53	89.21	86.94
	Transfer to General Reserve	45.00	25.00	0.00	60.00	100.00

	Capitalised for Bonus Issue	0.00	0.00	0.00	0.00	0.00
	<b>Balance Carried to Balance Sheet</b>	<b>2169.87</b>	<b>1869.32</b>	<b>1717.07</b>	<b>1900.43</b>	<b>1492.62</b>

Note: The Above summary of statement of Profit & Loss Account are to be read with notes to restated financial statement and significant accounting policies as Appearing in Annexure 5

**ANNEXURE-3**
**STATEMENT OF CASH FLOWS (As per AS-3 issued by ICAI)**

(` In lacs)

NO.	PARTICULARS	FOR THE YEAR ENDED ON 31ST MARCH				
		2011	2010	2009	2008	2007
<b>A</b>	<b>Cash flow from Operating Activities</b>					
	Net Profit / (Loss) before tax	591.54	349.82	(185.77)	784.52	1431.16
	Adjustment for:					
	Depreciation & Amortization	357.01	361.20	375.94	289.75	219.44
	Interest & Dividend Income	0.00	0.00	0.00	(0.20)	(0.18)
	Interest charged to P & L	409.68	378.97	395.94	314.89	274.46
	Miscellaneous Expenditure (Amortised)	0.00	0.00	0.00	0.06	0.06
	(Profit) / Loss on Sale of Investments	0.00	(11.02)	0.00	0.00	0.00
	(Profit) / Loss on sale of Assets	(17.10)	(14.51)	0.50	5.04	1.53
	Prior Period Adjustments	0.00	0.00	0.00	6.21	0.00
	<b>Operating profit before working capital changes ( I )</b>	<b>1341.13</b>	<b>1064.46</b>	<b>586.61</b>	<b>1400.27</b>	<b>1926.47</b>
	Changes in Inventories	43.55	(316.38)	223.89	(504.74)	225.10
	Changes in Sundry Debtors	(207.22)	(1569.65)	671.57	351.99	(834.62)
	Changes in Loans & Advances	216.50	(27.79)	188.01	(260.98)	(55.90)
	Changes in Current Liabilities & Provisions	(464.68)	669.66	(700.85)	159.58	524.70
	Changes in Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00
	<b>Total Changes in Working Capital ( II )</b>	<b>(411.85)</b>	<b>(1244.16)</b>	<b>382.62</b>	<b>(254.15)</b>	<b>(140.72)</b>
	<b>Cash Generated from Operations ( I + II )</b>	<b>929.28</b>	<b>(179.70)</b>	<b>969.23</b>	<b>1146.12</b>	<b>1785.75</b>
	Income tax (paid) / refunded	(171.05)	(73.12)	(155.60)	(179.44)	(114.65)
	<b>Net Cash from Operating Activities A</b>	<b>758.23</b>	<b>(252.82)</b>	<b>813.63</b>	<b>966.68</b>	<b>1671.10</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>					
	Purchase of Fixed Assets	(467.06)	(159.27)	(387.84)	(746.29)	(1296.63)
	Sale of Fixed Assets	37.47	21.02	1.29	10.99	1.60
	(Purchase) / Sale of Investments	(0.37)	13.47	(0.75)	(1.87)	0.95
	Profit / (Loss) on Sale of Investments	0.00	0.00	0.00	0.00	0.00
	Interest & Dividend Income	0.00	0.00	0.00	0.20	0.18
	<b>Net Cash from Investing Activities B</b>	<b>(429.96)</b>	<b>(124.78)</b>	<b>(387.30)</b>	<b>(736.97)</b>	<b>(1293.90)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>					
	Increase in Capital	0.00	0.00	0.00	0.00	0.00
	Proceeds from Long Term Borrowings	270.96	0.00	784.77	6250.00	0.00
	Proceeds from unsecured loans	68.20	0.00	25.00	0.00	0.00
	Increase in Working Capital loans	69.68	1263.77	(434.32)	(101.07)	493.32
	Repayment of Term Loans	(281.33)	(337.30)	(313.21)	(5761.33)	(280.29)
	Repayment of unsecured loans	0.00	(62.75)	0.00	(317.03)	(184.61)

	Interest Paid	(409.68)	(378.97)	(395.94)	(314.89)	(274.46)
	Payment of Dividend & Tax on Dividend	(53.35)	(96.35)	(89.21)	0.00	(86.94)
	<b>Net Cash from Financing Activities C</b>	<b>(335.52)</b>	<b>388.40</b>	<b>(422.91)</b>	<b>(244.32)</b>	<b>(332.98)</b>
	<b>Net Change in Cash (A+B+C)</b>	<b>(7.25)</b>	<b>10.80</b>	<b>3.42</b>	<b>(14.61)</b>	<b>44.22</b>
	Cash & Bank Balance at the beging of the year	92.30	81.47	78.04	92.66	48.45
	Cash & Bank Balance at the end of the year	<b>85.05</b>	<b>92.27</b>	<b>81.46</b>	<b>78.05</b>	<b>92.67</b>

#### **Annexure 4**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Method of Accounting**

The accounts have been prepared based on historical cost and on the basis of a going concern with revenues considered and expenses accounted wherever possible on their accrual including provisions / adjustments.

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

#### **2. Fixed Assets and Depreciation (*As per AS-6 issued by ICAI*)**

Fixed Assets are recorded at historical cost net of excise modvat availed and include allocated preoperative expenses less depreciation. Depreciation has been provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on leasehold land is provided over the useful life of land.

#### **3. Inventory Valuation (*As per AS-2 issued by ICAI*)**

Inventories of raw materials, stores & spares, work in process and finished goods are valued at lower of cost or net realisable value.

#### **4. Foreign Currency Transaction (*As per AS-11 issued by ICAI*)**

Foreign currency transactions are accounted at the rate prevailing on the day of transaction and the difference if any on realisation are recognized in Profit & Loss Account. Monetary foreign currency items at the period end are translated at the period end rates. In respect of transaction covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense/income over the life of contract. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognized in the profit and loss account. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

#### **5. Employees Benefits (*As per AS-15 issued by ICAI*)**

Short term employee benefits are recognized as an expense at the undiscounted amount in the P & L Account of the year in which the related service is rendered.

Post employment and other long term benefits are recognized as an expense in the P & L Account for the year in which the employee has rendered services. The expense is recognized at the value of the amount determined using actuary valuation method.

**6. Investments (As per AS-13 issued by ICAI)**

Trade Investments are valued at lower of cost or market price. Non-Trade (Long Term) Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary.

**7. Sales and Other Income**

Sales is accounted inclusive of excise duty, tax and export incentive. Export Incentive is accounted on accrual basis. Income from Windmill for captive use is accounted on the basis of units generated at the rate of G. E. B.

**8. Purchase and Excise Duty**

Purchase is inclusive of Custom Duty and other charges and net of Excise Duty, VAT credit availed and Discount.

**9. Provision for Taxation**

Provision for Current Tax is computed as per 'Total Income' returnable under the Income Tax, 1961 taking into account available deductions and exemptions. Deferred Tax is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**10. Earning Per Share (As per AS-20 issued by ICAI)**

Basic Earnings Per Share is computed by dividing the net profit after tax by the weighted average number of shares outstanding for the period.

**11. Borrowing Cost (As per AS-16 issued by ICAI)**

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

**12. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**13. Provision, Contingent Liabilities & Contingent Assets**

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**Notes on Accounts**

1. The company has no information as to whether any of its suppliers constitutes Small Scale Industrial undertaking and therefore, the amount due to such suppliers has not been identified. The company has not received information from vendors regarding their status under the Micro Small & Medium Enterprise

Development Act 2006 & hence disclosure relating to amount unpaid at the year end together with interest paid / payable under this act have not been given.

2. As per Accounting Standard 16 (AS-16) i. e. "Borrowing Cost", issued by ICAI, Borrowing Cost of `4,49,905 (NIL) attributable to the acquisition/construction of qualifying assts are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which they are incurred.
3. Ambuja Intermediates Limited acquired 100% shareholding of Ambuja Solvex Private Limited i.e. acquired 7,50,000 equity shares of ` 10/- each at a consideration of ` 28/- per equity share. Thus Ambuja Solvex Private Limited became a wholly owned subsidiary of Ambuja Intermediates Limited.

**Annexure - 5 :****Statement of Adjustment in Profit & Loss Account arising out of Changes in accounting Policies and material adjustments relating to previous years****(` In Lacs)**

<b>Year Ended on</b>	<b>31.03.11</b>	<b>31.03.10</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>
<b>Net Profit / (Loss) after tax as per audited P&amp;L A/c.</b>	<b>400.85</b>	<b>216.09</b>	<b>(143.76)</b>	<b>578.52</b>	<b>904.26</b>
Add (+)/Less (-)					
Adjustment on Account of Income Tax Earlier Years	5.41	7.03	12.89	(3.69)	86.90
Adjustment on Account of Gratuity already provided	(10.35)	2.59	2.59	2.59	2.59
Adjustment on account of Income tax of Earlier Years	0.00	(5.41)	0.00	(12.90)	(3.34)
Adjustment on account of Previous year (Expenses) / income	(0.12)	0.55	(0.77)	(6.72)	0.64
Adjustment on account of deferred tax	3.11	(0.78)	(0.78)	(0.78)	(0.78)
<b>Net Profit after tax as restated</b>	<b>398.90</b>	<b>220.07</b>	<b>(129.83)</b>	<b>557.02</b>	<b>990.27</b>

**Note:**

1. Adjustments on account of Income tax are relating to (Short)/Excess provision of earlier years.
2. Adjustments on account of Gratuity are on account of valuation effect as per Actuary Valuation in 2011 relating to earlier years.
3. Adjustments on account of prior period expenses are relating to (Short)/Excess provision of expenses of earlier years.
4. Adjustments on account of re-computation of deferred tax are on account of valuation of gratuity liability as per Actuary valuation method during 2011.

**Annexure - 6 :****Statement of Restated Accounting Ratios****(Figures In Lacs except per share data)**

<b>Year Ended on</b>	<b>31.03.11</b>	<b>31.03.10</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>
Net profit After Tax as Restated	398.90	220.07	(129.83)	557.02	990.27
Networth	2938.92	2593.37	2416.12	2606.50	2125.39
Weighted Average Number of Equity Shares	30.50	30.50	30.50	30.50	30.50
Number of Equity Shares outstanding at the end of the year	61.00	30.50	30.50	30.50	30.50
<b>Accounting Ratios</b>					
Basic/Diluted Earnings per share (Rupees)	13.08	7.22	(4.26)	18.26	32.47
Net Asset Value (Rupee per share)	48.18	85.03	79.22	85.46	69.68
Return on Net Worth (%)	13.57	8.49	(5.37)	21.37	46.59

**Notes**

1. Basic / Diluted EPS: Net Profit after Tax as restated / Weighted Average No.of equity shares  
*[The calculation of EPS is as per the AS-20 issued by ICAI]*
2. Net Assets value: (Equity share capital + Reserves & Surplus-Misc. Exp.) / No. of outstanding Equity shares at the end of year
3. Return on Net worth: Net Profit after Tax as restated / Networth

**Annexure - 7**

**Capitalisation Statement**

(` In lacs)

<b>Particulars</b>	<b>Pre Issue as at 31.03.2011</b>	<b>Post Issue</b>
<b>Debt :</b>		
<b>Secured</b>		
Short Term debt	2625.71	
Long Term Debt	1161.49	
<b>Unsecured</b>		
Short term debt	155.45	
<b>Total Debt</b>	3942.65	
<b>Shareholders Funds</b>		
Paid up Share Capital	610.00	
Reserves and Surplus	2328.92	
Less : Revaluation Reserves		
Less : Misc. Expenditure		
<b>Total Shareholder's Funds</b>	2938.92	
Long Term Debt / Shareholders' Funds	0.40	
Total Debt / Shareholders Fund	1.34	

*\* Post issue calcualtions can be done only on the conslusion of the book building process.*



**Annexure 8**  
**Tax Shelter Statement**

(` In Lacs)

Particulars	Year Ended on				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Profit Before Tax as per Books Tax Rate</b>	601.89	347.11	(190.89)	784.66	1423.83
- Normal Tax rate	0.33	0.34	0.34	0.34	0.34
- Minium Alternative Tax Rate	0.20	0.17	0.11	0.11	0.11
<b>Notional Tax at normal rates (A)</b>	<b>199.93</b>	<b>117.98</b>	<b>(64.88)</b>	<b>266.71</b>	<b>479.26</b>
<b>Permanent Differences</b>					
Profit on sale of Investments considered separately	0.00	11.02	0.00	0.00	0.00
Misc. Receipts surrendered in Income Tax	0.00				
Other Adjustments	11.91	12.98	(6.37)	(15.27)	(5.62)
<b>Total (B)</b>	<b>11.91</b>	<b>24.00</b>	<b>(6.37)</b>	<b>(15.27)</b>	<b>(5.62)</b>
<b>Timming Difference</b>					
Difference between tax depreciation and book depreciation	(23.32)	(118.89)	16.78	290.11	498.09
Brought Forward Depreciation	0.00	177.77	0.00	0.00	376.75
Other adjustments	34.81	(2.67)	(23.53)	(11.84)	(5.51)
<b>Total (C )</b>	<b>11.49</b>	<b>56.21</b>	<b>(6.75)</b>	<b>278.27</b>	<b>869.33</b>
<b>Net Adjustments (B + C)</b>	<b>23.40</b>	<b>80.21</b>	<b>(13.12)</b>	<b>263.00</b>	<b>863.71</b>
<b>Tax Savings (D)</b>	<b>7.77</b>	<b>27.26</b>	<b>(4.46)</b>	<b>89.39</b>	<b>290.72</b>
<b>Total Taxation (E=A-D)</b>	<b>197.45</b>	<b>90.72</b>	<b>-</b>	<b>177.31</b>	<b>188.54</b>
	5.29**				
Tax payable as per MAT (F)	122.75	58.97	-	88.90	159.75
Tax Payable Maximum of E or F	197.45	90.72	0.00	177.31	188.54

*\*\* Includes Capital Gain Tax @ 22.145% on profit on sale of Fixed Assets considered separately*

**Annexure - 9****Statement of Restated Reserves & Surplus****(` In Lacs)**

<b>Particulars</b>	<b>As at</b>				
	<b>31.03.11</b>	<b>31.03.10</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>
Share Premium Account	0.00	45.00	45.00	45.00	45.00
Profit & Loss Account	2169.87	1869.32	1717.07	1907.45	1486.40
General Reserve	159.05	374.05	349.05	349.05	289.05
<b>Total</b>	<b>2328.92</b>	<b>2288.37</b>	<b>2111.12</b>	<b>2301.50</b>	<b>1820.45</b>

**Annexure 10****Statement of Secured Loans****(` In Lacs)**

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Working Capital Borrowings from Banks	2625.71	2556.03	1292.27	1726.59	1827.66
Term Borrowings from Banks	1161.49	1167.70	1491.42	995.00	535.33
Vehicle Loans from Bank	0.00	4.16	17.74	42.59	13.59
<b>Total Amount</b>	<b>3787.20</b>	<b>3727.89</b>	<b>2801.43</b>	<b>2764.18</b>	<b>2376.58</b>

Name of the Lander	Nature of Loan	Sanction Amount (` In Lacs)	Amt. Outstanding as on 31.03.2011 (` In Lacs)	Interest Rate	Repayment Schedule	Security
BANK OF INDIA	Cash Credit (Hyp. & BD)	2900.00	2625.71	4% over base rate, present @ 13.50%	On demand	As mentioned here under:
BANK OF INDIA	Term Loans	1310.00	1161.49	4.50% over base rate, present @ 14%	Repayable in 24 quarterly instalments	

Security:

For all limits:

First and exclusive charge by way of:

1. Hypothecation of all current assets including all types of stocks, Book-debts.
2. Hypothecation of all Plant & Machineries situated at factory or where so ever.
3. Hypothecation of Wind Mills. (TL VI)
4. Hypothecation of other Plant & Machineries belonging to company.
5. Pledge of TDR
6. a) Extension of Equitable mortgage of land and building situated at Survey no. 1143/4, 1152/1, 1152/2, 1152/3, 1152/4, 1152/5, 1154/2, 1160/1, 1160/2, 1161, 1163/1, 1163/3, 1164/2, & 1170/2 at Mouje Rajpur, Taluka: Kadi, District Mehsana.
- b) EQM of survey No. 1144, 1149, 1150, 1151 and 1154/-1.

A fresh mortgage of all the existing immovable properties by release and re-deposit of title deeds and mortgage of new additional properties to be created, subject to clearance by our legal department.

The company's request of the following is permitted subject to fresh valuation of the property.

- a) Release of banks charge on a portion of land admeasuring 7796 sq. mtrs of existing survey no 1160/1, 1160/2 & 1161 for sale to Ambuja Solvex Pvt. Ltd.
- b) Exemption for creation of EQM on survey no 1163/2 admeasuring 2477 sq. mtrs till obtention of required permission from Govt. authority.
- c) 3 months time for creation of mortgage after release of charge over a portion of land. 1 % penal interest will be charged if, charge over security is not created within stipulated time.

**Annexure 11**  
**Statement of Unsecured Loans**

(` In lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
From Shareholders, Director & Relatives	155.45	87.25	0.00	0.00	442.03
From Inter Corporate Body	0.00	0.00	150.00	125.00	0.00
<b>Total Amount</b>	<b>155.45</b>	<b>87.25</b>	<b>150.00</b>	<b>125.00</b>	<b>442.03</b>

**The above unsecured loan doesn't carry any interest and are repayable on demand**

For details of the unsecured loans payable to directors, promoters, promoter group of the issuer company, please refer to Annexure 19 – ‘Statement of Related Party Transactions’:

**Annexure 12**  
**Statement of Investments**

(` In lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Long Term Investments (At Cost)</b>					
<b>Non Trade</b>					
<b>Quoted</b>					
11,200 Equity Shares of GSFC	2.24	2.24	2.24	2.24	2.24
8800 Equity Shares of Sri Nidhi Trading Ltd.	0.00	0.00	3.02	3.02	3.02
32 Equity Shares of Future Capital Holding Ltd.	0.24	0.24	0.24	0.24	0.00
210 Equity Shares of Reliance Power Ltd.	0.59	0.59	0.59	0.59	0.00
	<b>3.08</b>	<b>3.08</b>	<b>6.10</b>	<b>6.10</b>	<b>5.26</b>
<b>Unquoted</b>					
10,000 (10,000) Equity Shares of ` 10/- each of Ambuja Metal Industries Private Limited	1.00	1.00	1.00	1.00	1.00
Gold & Silver	3.27	2.87	2.31	1.56	0.53
NSC	0.00	0.03	0.03	0.03	0.03
	<b>4.27</b>	<b>3.90</b>	<b>3.34</b>	<b>2.59</b>	<b>1.56</b>
<b>Total Amount</b>	<b>7.35</b>	<b>6.98</b>	<b>9.44</b>	<b>8.69</b>	<b>6.82</b>
Market value of Quoted Investment	0.67	0.93	14.64	14.57	0.00
<b>Short Term Investments</b>	0.00	0.00	0.00	0.00	0.00
<b>Total Investments</b>	<b>7.35</b>	<b>6.98</b>	<b>9.44</b>	<b>8.69</b>	<b>6.82</b>

**Annexure 13**  
**Statement of Analysis of Sundry Debtors**

(` In Lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Unsecured, Considered Good</b>					

Outstanding for a period exceeding six months	7.18	7.24	7.59	10.06	18.36
Less than six months	2782.93	2575.65	1005.65	1674.76	2018.45
<b>Total</b>	<b>2790.11</b>	<b>2582.89</b>	<b>1013.24</b>	<b>1684.82</b>	<b>2036.81</b>

*Note: No amount is outstanding against the sales from the directors, promoters, promoter group of the issuer company.*

**Annexure 14**  
**Statement of Loans and Advances**

(` In Lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Advances recoverable in cash or kind	11.60	8.12	4.50	4.50	21.11
Sundry Deposits	109.79	89.14	88.67	74.48	50.16
Prepaid Expenses	24.99	21.66	14.90	17.91	13.12
Advance Tax and T. D. S.	139.61	65.34	19.65	78.52	78.89
Accrued Interest	4.28	2.39	4.05	4.39	0.68
Deposit with Govt. Authorities	132.08	343.74	320.94	536.81	302.85
Export Incentives Receivable	141.44	151.97	93.50	164.89	203.28
Accrued Windmill Income	64.17	87.84	150.50	62.10	12.89
<b>Total Amount</b>	<b>627.97</b>	<b>770.20</b>	<b>696.71</b>	<b>943.59</b>	<b>682.98</b>

For details of the outstanding amount due from the directors, promoters, promoter group against the loans & advances, please refer to Annexure 19 – ‘Statement of Related party Transactions’

**Annexure 15**  
**Statement of Current Liabilities and Provisions**

(` In lacs)

Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b><i>Sundry Creditors</i></b>					
For Goods (Net of Advances)	367.59	809.16	244.33	837.57	587.78
For Capital Goods & Expenses	64.74	106.81	1.50	53.67	222.31
	<b>432.33</b>	<b>915.97</b>	<b>245.83</b>	<b>891.24</b>	<b>810.09</b>
<b><i>Provisions</i></b>					
For Expenses	59.47	33.83	35.23	57.83	17.91
For Dividend	0.00	0.00	45.75	76.25	0.00
For Income Tax & FBT	221.48	112.89	43.48	247.42	233.34
For Gratuity	22.26	23.91	22.58	24.42	14.71
For Excise Duty Payable on Stock	10.21	15.24	23.85	60.04	18.28
	<b>313.42</b>	<b>185.87</b>	<b>170.89</b>	<b>465.96</b>	<b>284.24</b>
<b>Total Amount</b>	<b>745.75</b>	<b>1101.84</b>	<b>416.72</b>	<b>1357.20</b>	<b>1094.33</b>

**Annexure 16**  
**Statement of Other Income**

( ` In lacs)					
Year Ended on	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Recurring Income :</b>					
Interest Received (Gross)	49.15	3.62	0.00	0.00	0.00
Commission Earned	0.04	0.29	1.90	2.65	1.48
Miscellaneous Receipts	0.00	0.00	0.00	0.20	0.18
Income from Windmill	318.67	425.44	405.34	328.80	215.85
<b>Non Recurring Income :</b>					
Profit on sale of Assets	17.10	14.51	0.00	0.00	0.00
Profit on sale of Investments	0.00	11.02	0.00	0.00	0.00
<b>Total Amount</b>	<b>384.96</b>	<b>454.88</b>	<b>407.24</b>	<b>331.65</b>	<b>217.51</b>

**Annexure 17**  
**Statement of Contingent Liabilities not provided for**

( ` In lacs)					
Particulars	As at				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Excise Duty against which the Company has preferred the Appeals	0.00	0.00	5.18	5.18	5.18
Letters of Credit and Bank Guarantee issued by the Bank on behalf of the Company	268.62	538.22	141.31	325.04	250.89
Sales Tax against which the Company has preferred an Appeal	42.69	42.69	15.24	15.24	15.24
Income Tax against which the Company has preferred the Appeals	0.51	76.32	0.00	0.00	0.00
Export Obligation against Advance for Material Purchase	2.37	0.00	0.00	0.00	0.00
<b>Total Contingent Liabilities</b>	<b>314.19</b>	<b>657.23</b>	<b>161.73</b>	<b>345.46</b>	<b>271.31</b>

**Annexure 18**  
**Statement of Dividend Paid**

( ` In Lacs)					
Year Ended on	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Dividend Paid	45.75	36.60	45.75	76.25	76.25
Dividend Rate (%)	15.00	12.00	15.00	25.00	25.00

**Annexure 19****Statement of Related Party Transactions (As per AS-18 issued by ICAI)****List of Directors**

Mr. Lalit T. Shah
Mr. Gambhirmal R. Shah
Mr. Mahendra M. Patel
Mr. Dineshkumar R. Shah*
Mr. Animesh Kiritbhai Patel*
Mr. Harakchand R. Shah*
Mr. Naresh Jivraj Shah*
Mr. Pravinkumar Shah*
Mr. Jitendra Kantilal Shah*
Mr. Rajeshkumar R. Shah*
Mr. Bhargavkumar Kiritkumar Patel*
Mr. Kapildev Harshad Patel*

*\* Cease to be director w.e.f. September 1, 2011*

**List of Relatives**

Aniruddh A. Patel	Relative Of Director
Arvind M. Patel	Relative Of Director
Badami G. Shah	Relative Of Director
Bhargav K. Patel	Relative Of Director
Bhavin D. Shah	Relative Of Director
Chetna K. Patel	Relative Of Director
Dinesh R. Shah (HUF)	Relative Of Director
Falguni B. Patel	Relative Of Director
Gambhirmal R. Shah (HUF)	Relative Of Director
Gaurav H Shah	Relative Of Director
Geeta P. Shah	Relative Of Director
Harakhchand R. Shah (HUF)	Relative Of Director
Harshad M. Patel	Relative Of Director
Hiral M. Patel	Relative Of Director
Hiren M. Patel	Relative Of Director
Jay Arvindbhai Patel	Relative Of Director
Jayanti N. Shah	Relative Of Director
Jitendra K. Shah	Relative Of Director
Jivraj C. Shah	Relative Of Director
Jivraj C. Shah (HUF)	Relative Of Director
Kamla D. Shah	Relative Of Director
Kanta M. Patel	Relative Of Director
Kantilal C. Shah (HUF)	Relative Of Director
Kapil H. Patel	Relative Of Director

Keshi K. Shah	Relative Of Director
Kirit M. Patel	Relative Of Director
Lalit T. Shah (HUF)	Relative Of Director
Mafi R. Shah	Relative Of Director
Mamta B. Shah	Relative Of Director
Meena H. Shah	Relative Of Director
Meena.V.Shah	Relative Of Director
Naresh J. Shah (HUF)	Relative Of Director
Nayan H. Patel	Relative Of Director
Nimesh D.Shah	Relative Of Director
Pinki G. Shah	Relative Of Director
Poonam A. Patel	Relative Of Director
Prashant G.Shah	Relative Of Director
Pravin J. Shah (HUF)	Relative Of Director
Premila L. Shah	Relative Of Director
Rajesh R. Shah	Relative Of Director
Rajesh R. Shah (HUF)	Relative Of Director
R. A. Shah	Relative Of Director
R. A. Shah (HUF)	Relative Of Director
Rekha A. Patel	Relative Of Director
Rupa J. Shah	Relative Of Director
Sangeeta R. Shah	Relative Of Director
Shobhna K. Patel	Relative Of Director
Tilokchand C. Shah (HUF)	Relative Of Director
Urmila M. Shah	Relative Of Director
Vaibhavi Kapil Patel	Relative Of Director
Varsha H. Patel	Relative Of Director
Vipul T. Shah	Relative Of Director

#### **List of Associate Concerns**

Ambuja Metal Industries Pvt. Ltd.
Ambuja Solvex Pvt. Ltd.
Lonza Pharmaceuticals Pvt. Ltd.
Nenava Metal Corporation
Electra Multimedia Pvt. Ltd.
Shruti Re-rollers Pvt. Ltd.
Sinewave Biomass Power Private Limited
Megaa Power Projects Private Limited
Nenava Metal Corporation
Nenava Steels
Shagun Reality
Future Enterprise



(` In Lacs)

Particulars	Nature of Relationship	Year Ended on				
		31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>(A) TRANSACTIONS :</b>						
<b>Sale of Goods</b>						
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	35.44	3.99	10.56	0.00	59.37
<b>Purchase of Goods</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	6.36	3.66	29.75	136.45	11.90
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	0.99	1.25	0.59	0.46	4.50
Lonza Pharmaceuticals Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	7.70	0.17
Nenava Metal Corporation	Enterprise in which directors have significant influence	0.00	121.32	29.77	0.00	3.46
<b>Loan Taken :</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	0.00	0.00
Lonza Pharmaceuticals Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	9.85	27.67
Animesh K. Patel	Director	0.00	4.00	0.00	0.00	1.71
Bhargav K Patel	Director	0.00	4.00	0.00	0.00	0.00
Dineshkumar R. Shah	Director	4.00	22.20	7.00	0.00	3.68
Gambhirmal R. Shah	Director	14.50	9.50	8.20	0.00	12.00
Harakhchand R. Shah	Director	6.50	10.00	72.50	0.00	1.27
Jitendra K Shah	Director	0.00	0.00	0.00	0.00	0.00
Kapil H Patel	Director	0.00	4.00	0.00	0.00	0.00
Lalit T. Shah	Director	6.80	7.00	9.20	0.00	4.24
Mahendra M. Patel	Director	0.00	4.00	0.00	0.00	7.01
Mungiben J. Shah	Director	0.00	0.00	0.00	0.00	1.38
Naresh J. Shah	Director	5.00	10.00	9.00	0.00	1.63
Pravin J Shah	Director	4.50	6.00	9.25	0.00	0.16
Rajesh R Shah	Director	4.30	8.00	7.50	0.00	0.00
Vimlaben T. Shah	Director	0.00	0.00	0.00	0.00	0.63
<b>Relative :</b>		0.00	0.00	0.00	0.00	0.00
Aniruddh A. Patel	Relative Of Director	0.00	0.00	0.00	0.00	10.30

Arvind M. Patel	Relative Of Director	0.00	0.00	0.00	0.00	3.04
Badami G. Shah	Relative Of Director	0.00	0.00	0.00	0.00	2.44
Bhargav K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	2.74
Bhavin D. Shah	Relative Of Director	2.00	0.00	4.95	0.00	0.07
Chetna K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	0.04
Dinesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.34
Falguni B. Patel	Relative Of Director	27.95	5.15	15.00	0.00	6.46
Gambhirmal R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.51
Geeta P. Shah	Relative Of Director	0.00	0.00	0.00	0.00	2.32
Harakhchand R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.61
Harshad M. Patel	Relative Of Director	1.80	0.00	0.00	0.00	4.20
Hiral M. Patel	Relative Of Director	0.00	4.25	0.00	0.00	7.65
Hiren M. Patel	Relative Of Director	0.00	11.15	11.05	0.00	5.55
Jay Arvindbhai Patel	Relative Of Director	16.75	14.05	0.00	0.00	17.26
Jayanti N. Shah	Relative Of Director	0.00	0.00	0.00	0.05	2.88
Jitendra K. Shah	Relative Of Director	0.00	0.00	7.50	0.00	0.13
Jivraj C. Shah	Relative Of Director	1.00	0.00	0.00	0.00	0.78
Jivraj C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.93
Kamla D. Shah	Relative Of Director	24.00	0.00	0.00	1.00	1.12
Kanta M. Patel	Relative Of Director	0.00	1.65	0.00	0.00	6.88
Kantilal C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.81
Kapil H. Patel	Relative Of Director	0.00	0.00	0.00	0.00	3.13
Keshi K. Shah	Relative Of Director	0.00	0.00	0.00	0.00	2.81
Kirit M. Patel	Relative Of Director	0.00	0.00	0.00	0.00	4.80
Lalit T. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.27
Mafi R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.42
Mamta B. Shah	Relative Of Director	0.00	0.00	0.00	0.00	7.07
Meena H. Shah	Relative Of Director	26.60	0.00	0.00	0.00	3.91
Meena.V.Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.00
Naresh J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.19
Nayan H. Patel	Relative Of Director	3.40	4.35	0.00	0.00	2.20
Pinki G. Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.25
Poonam A. Patel	Relative Of Director	30.65	2.35	20.00	0.00	5.56
Prashant G.Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.00
Pravin J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.33
Premila L. Shah	Relative Of Director	0.00	0.00	0.00	0.00	4.51
Rajesh R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.00
Rajesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.27
R. A. Shah	Relative Of Director	0.20	0.02	0.00	0.00	2.62

R. A. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.88
Rekha A. Patel	Relative Of Director	18.10	11.15	0.00	0.00	6.64
Rupa J. Shah	Relative Of Director	0.00	0.00	0.00	0.00	1.40
Sangeeta R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	3.19
Shobhna K. Patel	Relative Of Director	14.25	2.25	0.00	0.00	7.72
Tilokchand C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.77
Urmila T. Shah	Relative Of Director	0.00	0.00	0.00	3.50	0.00
Vaibhavi Kapil Patel	Relative Of Director	18.70	10.70	24.25	0.00	4.37
Varsha H. Patel	Relative Of Director	0.75	18.25	14.25	0.00	6.49
Vipul T. Shah	Relative Of Director	0.00	0.00	6.70	0.00	0.36
<b>Loan Repaid :</b>						
Ambuja Metal Industries Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	0.00	0.00
Lonza Pharmaceuticals Pvt. Ltd	Enterprise in which directors have significant influence	0.00	0.00	0.00	9.85	27.67
Animesh K. Patel	Director	4.00	0.00	0.00	9.50	1.71
Bhargav K Patel	Director	4.00	0.00	0.00	0.00	0.00
Dineshkumar R. Shah	Director	0.00	22.20	7.00	16.00	4.68
Gambhirmal R. Shah	Director	8.75	9.50	8.20	1.00	7.60
Harakhchand R. Shah	Director	0.00	10.00	72.50	8.05	2.27
Kapil H Patel	Director	4.00	0.00	0.00	0.00	0.00
Lalit T. Shah	Director	0.00	7.00	9.20	9.50	3.74
Mahendra M. Patel	Director	4.00	0.00	0.00	5.30	5.79
Mungiben J. Shah	Director	0.00	0.00	0.00	8.70	2.38
Naresh J. Shah	Director	0.00	10.00	9.00	10.00	2.53
Pravin J Shah	Director	0.00	6.00	9.25	1.00	0.26
Rajesh R Shah	Director	0.00	8.00	0.00	0.00	0.00
Vimlaben T. Shah	Director	0.00	0.00	0.00	3.50	0.63
Aniruddh A. Patel	Relative Of Director	0.00	0.00	0.00	20.80	2.30
Arvind M. Patel	Relative Of Director	0.00	0.00	0.00	5.65	3.89
Badami G. Shah	Relative Of Director	0.00	0.00	0.00	9.00	1.44
Bhargav K. Patel	Relative Of Director	0.00	0.00	0.00	10.55	1.74
Bhavin D. Shah	Relative Of Director	0.00	0.00	4.95	0.40	0.07
Chetna K. Patel	Relative Of Director	0.00	0.00	0.00	0.20	0.04
Dinesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	9.64
Falguni B. Patel	Relative Of Director	0.10	0.00	15.00	15.55	2.11
Gambhirmal R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	10.86
Geeta P. Shah	Relative Of Director	0.00	0.00	0.00	8.00	1.07
Harakhchand R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	11.61

Harshad M. Patel	Relative Of Director	1.80	0.00	0.00	6.75	7.40
Hiral M. Patel	Relative Of Director	4.25	0.00	0.00	17.50	2.29
Hiren M. Patel	Relative Of Director	11.15	0.00	11.05	19.00	2.96
Jay Arvindbhai Patel	Relative Of Director	16.75	14.05	0.00	16.50	0.76
Jayanti N. Shah	Relative Of Director	0.00	0.00	0.00	11.55	1.88
Jitendra K. Shah	Relative Of Director	0.00	0.00	7.50	0.50	0.08
Jivraj C. Shah	Relative Of Director	1.00	0.00	0.00	3.00	0.48
Jivraj C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	6.68
Kamla D. Shah	Relative Of Director	0.00	0.00	0.00	4.50	0.52
Kanta M. Patel	Relative Of Director	1.65	0.00	0.00	23.45	3.63
Kantilal C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	5.86
Kapil H. Patel	Relative Of Director	0.00	0.00	0.00	11.80	1.93
Keshi K. Shah	Relative Of Director	0.00	0.00	0.00	9.50	1.51
Kirit M. Patel	Relative Of Director	0.00	0.00	0.00	9.25	4.30
Lalit T. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.97
Mafi R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	5.82
Mamta B. Shah	Relative Of Director	0.00	0.00	0.00	6.75	0.32
Meena H. Shah	Relative Of Director	0.00	0.00	0.00	14.00	2.21
Naresh J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	8.59
Nayan H. Patel	Relative Of Director	7.75	0.00	0.00	12.25	2.20
Pinki G. Shah	Relative Of Director	0.00	0.00	0.00	1.40	0.25
Poonam A. Patel	Relative Of Director	0.00	0.00	20.00	17.60	2.66
Pravin J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	2.38
Premila L. Shah	Relative Of Director	0.00	0.00	0.00	16.00	2.51
Rajesh R. Shah	Relative Of Director	0.00	0.00	7.50	0.00	0.00
Rajesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	9.12
R. A. Shah	Relative Of Director	0.02	0.02	0.00	10.00	1.62
R. A. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	6.33
Rekha A. Patel	Relative Of Director	29.25	0.00	0.00	19.90	2.94
Rupa J. Shah	Relative Of Director	0.00	0.00	0.00	6.26	0.90
Sangeeta R. Shah	Relative Of Director	0.00	0.00	0.00	3.00	0.19
Shobhna K. Patel	Relative Of Director	16.50	0.00	0.00	21.20	3.06
Tilokchand C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	5.52
Urmila M. Shah	Relative Of Director	0.00	0.00	0.00	3.50	0.00
Vaibhavi Kapil Patel	Relative Of Director	29.40	0.00	24.25	15.00	2.32
Varsha H. Patel	Relative Of Director	19.00	0.00	14.25	22.80	3.64
Vipul T. Shah	Relative Of Director	0.00	0.00	6.70	2.00	0.36
<b>EXPENSES :</b>						
<b>Salary :</b>						

Aniruddh A. Patel	Relative Of Director	0.00	2.02	0.00	1.12	0.00
Arvind M. Patel	Relative Of Director	0.00	2.91	2.75	2.13	1.42
Badami G. Shah	Relative Of Director	0.00	0.00	0.00	2.13	1.51
Bhargav K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	1.41
Bhavin D. Shah	Relative Of Director	0.00	8.39	8.39	7.60	1.20
Falguni B. Patel	Relative Of Director	0.00	0.00	0.00	1.71	1.01
Geeta P. Shah	Relative Of Director	0.00	0.00	0.00	1.74	1.20
Harshad M. Patel	Relative Of Director	0.00	2.91	2.75	2.13	1.42
Jayanti N. Shah	Relative Of Director	0.00	0.00	0.00	1.82	1.20
Jitendra K. Shah	Relative Of Director	0.00	0.00	0.00	0.00	1.51
Kamla D. Shah	Relative Of Director	0.00	0.00	0.00	1.74	1.20
Kapil H. Patel	Relative Of Director	0.00	0.00	0.00	0.00	1.22
Keshi K. Shah	Relative Of Director	0.00	0.00	0.00	1.74	1.20
Kirit M. Patel	Relative Of Director	0.00	2.72	2.56	1.96	1.41
Meena H. Shah	Relative Of Director	0.00	0.00	0.00	1.82	1.20
Meena.V.Shah	Relative Of Director	0.00	0.00	0.00	1.72	1.05
Nayan H. Patel	Relative Of Director	0.00	0.00	0.00	1.71	1.01
Poonam A. Patel	Relative Of Director	0.00	0.00	0.00	1.71	1.01
Prashant G.Shah	Relative Of Director	0.00	0.00	0.00	1.47	1.05
Premila L. Shah	Relative Of Director	0.00	0.00	0.00	1.74	1.20
Rupa J. Shah	Relative Of Director	0.00	0.00	0.00	1.74	1.20
Sangeeta R. Shah	Relative Of Director	0.00	0.00	0.00	2.13	1.51
Vaibhavi Kapil Patel	Relative Of Director	0.00	0.00	0.00	1.71	1.01
Vipul T. Shah	Relative Of Director	0.00	12.14	1.54	7.60	1.10
<b>REMUNERATION :</b>						
Animesh K. Patel	Director	24.00	12.00	12.00	24.00	1.29
Bhargav K. Patel	Director	24.00	12.00	12.00	13.20	0.00
Dineshkumar R. Shah	Director	24.00	12.00	12.00	24.00	1.29
Gambhirmal R. Shah	Director	24.00	12.00	12.00	24.00	1.80
Harakhchand R. Shah	Director	24.00	12.00	24.00	24.00	1.20
Jitendra K. Shah	Director	24.00	12.00	12.00	13.20	0.00
Kapil H. Patel	Director	24.00	12.00	12.00	13.08	0.00
Lalit T. Shah	Director	24.00	12.00	12.00	24.00	1.20
Mahendra M. Patel	Director	24.00	12.00	12.00	24.00	1.29
Naresh J. Shah	Director	24.00	12.00	12.00	24.00	1.20
Pravin J Shah	Director	24.00	12.00	12.00	24.00	1.29
Rajesh R. Shah	Director	24.00	12.00	12.00	12.00	0.00
<b>INTEREST PAID:</b>						
Aniruddh A. Patel	Relative Of Director	0.00	0.00	0.00	2.52	2.30

Arvind M. Patel	Relative Of Director	0.00	0.00	0.00	0.66	0.89
Badami G. Shah	Relative Of Director	0.00	0.00	0.00	0.89	1.44
Bhargav K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	1.74
Bhavin D. Shah	Relative Of Director	0.00	0.00	0.16	0.05	0.07
Chetna K. Patel	Relative Of Director	0.00	0.00	0.00	0.02	0.04
Dinesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.34
Falguni B. Patel	Relative Of Director	1.77	0.03	0.33	1.93	2.11
Gambhirmal R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.51
Gaurav H Shah	Relative Of Director	0.00	1.23	0.00	0.00	0.00
Geeta P. Shah	Relative Of Director	0.00	0.00	0.00	0.64	1.07
Harakhchand R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.61
Harshad M. Patel	Relative Of Director	0.01	0.00	0.00	0.79	1.40
Hiral M. Patel	Relative Of Director	0.51	0.08	0.00	2.13	2.25
Hiren M. Patel	Relative Of Director	1.34	0.34	0.39	2.36	2.95
Jay Arvindbhai Patel	Relative Of Director	0.48	0.34	0.00	2.05	0.76
Jayanti N. Shah	Relative Of Director	0.00	0.00	0.00	1.35	1.88
Jitendra K. Shah	Relative Of Director	0.00	0.00	0.00	0.05	0.08
Jivraj C. Shah	Relative Of Director	0.00	0.00	0.00	0.34	0.48
Jivraj C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.93
Kamla D. Shah	Relative Of Director	0.00	0.00	0.00	0.32	0.52
Kanta M. Patel	Relative Of Director	0.07	0.01	0.00	2.93	3.63
Kantilal C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.81
Kapil H. Patel	Relative Of Director	0.00	0.00	0.00	1.33	1.93
Keshi K. Shah	Relative Of Director	0.00	0.00	0.00	1.10	1.51
Kirit M. Patel	Relative Of Director	0.00	0.00	0.00	1.08	1.30
Lalit T. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.27
Mafi R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.42
Mamta B. Shah	Relative Of Director	0.00	0.00	0.00	0.79	0.32
Meena H. Shah	Relative Of Director	0.00	0.00	0.00	1.45	2.21
Meena.V.Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.00
Naresh J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.19
Nayan H. Patel	Relative Of Director	0.70	0.03	0.00	1.53	2.20
Nimesh D.Shah	Relative Of Director	0.00	1.57	0.00	0.00	0.00
Pinki G. Shah	Relative Of Director	0.00	0.00	0.00	0.16	0.25
Poonam A. Patel	Relative Of Director	1.56	0.07	0.51	2.19	2.66
Prashant G.Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.00
Pravin J. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.33
Premila L. Shah	Relative Of Director	0.00	0.00	0.00	1.70	2.51
Rajesh R. Shah	Relative Of Director	0.00	0.00	0.23	0.00	0.00

Rajesh R. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	1.27
R. A. Shah	Relative Of Director	0.00	0.00	0.00	1.16	1.62
R. A. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.88
Rekha A. Patel	Relative Of Director	1.67	0.10	0.00	2.49	2.94
Rupa J. Shah	Relative Of Director	0.00	0.00	0.00	0.38	0.90
Sangeeta R. Shah	Relative Of Director	0.00	0.00	0.00	0.19	0.19
Shobhna K. Patel	Relative Of Director	0.80	0.04	0.00	2.69	3.02
Tilokchand C. Shah (HUF)	Relative Of Director	0.00	0.00	0.00	0.00	0.77
Urmila M. Shah	Relative Of Director	0.00	0.00	0.00	0.34	0.00
Vaibhavi Kapil Patel	Relative Of Director	2.11	0.28	0.60	1.92	2.32
Varsha H. Patel	Relative Of Director	2.08	0.52	0.20	2.72	3.64
Vipul T. Shah	Relative Of Director	0.00	0.00	0.07	0.08	0.36
Animesh K. Patel	Director	0.48	0.25	0.00	1.01	1.71
Bhargav K. Patel	Director	0.44	0.25	0.00	1.13	0.00
Dineshkumar R. Shah	Director	0.00	0.06	0.23	1.70	2.68
Gambhirmal R. Shah	Director	0.00	0.23	0.26	0.03	0.00
Harakhchand R. Shah	Director	0.00	0.27	0.07	0.77	1.27
Jitendra K. Shah	Director	0.00	0.00	0.14	0.00	0.00
Kapil H. Patel	Director	0.44	0.25	0.00	0.00	0.00
Lalit T. Shah	Director	0.00	0.19	0.30	0.94	1.74
Mahendra M. Patel	Director	0.32	0.25	0.00	0.62	0.84
Mungiben J. Shah	Director	0.00	0.00	0.00	1.01	1.38
Naresh J. Shah	Director	0.00	0.27	0.29	1.00	1.63
Pravin J Shah	Director	0.00	0.14	0.31	0.03	0.16
Rajesh R. Shah	Director	0.00	0.21	0.00	0.00	0.00
Vimlaben T. Shah	Director	0.00	0.00	0.00	0.39	0.63
<b>Service Charge paid:</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	0.00	1.87
<b>Service Charges received:</b>						
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	1.15	0.00	0.00	0.00
<b>Loan Given :</b>						
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	417.37	174.37	242.65	175.93	204.90
Nenava Metal Corporation	Enterprise in which directors have significant influence	0.00	0.00	0.00	0.00	7.00
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	754.25	438.90	621.33	765.35	467.32

	significant influence					
<b>Loan received Back :</b>						
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	417.37	174.37	242.65	175.93	204.90
Nenava Metal Corporation	Enterprise in which directors have significant influence	0.00	0.00	0.00	0.00	7.00
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	754.25	438.90	621.33	765.35	466.90
<b>INTEREST INCOME:</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	27.32	1.27	2.08	28.12	0.00
Ambuja Solvex Pvt. Ltd.	Enterprise in which directors have significant influence	6.62	0.58	1.51	7.08	0.00
<b>(B) BALANCE AT THE YEAR END :</b>						
<b>Loan Given :</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence					0.42
<b>Loan Received :</b>						
Gambhirmal R. Shah	Director	5.75	0.00	0.00	0.00	1.00
Dineshkumar R. Shah	Director	4.00	0.00	0.00	0.00	16.00
Harakhchand R. Shah	Director	6.50	0.00	0.00	0.00	8.05
Mahendra M. Patel	Director	0.00	4.00	0.00	0.00	5.68
Animesh K. Patel	Director	0.00	4.00	0.00	0.00	9.50
Naresh J. Shah	Director	5.00	0.00	0.00	0.00	10.00
Lalit T. Shah	Director	6.80	0.00	0.00	0.00	9.50
Bhargav K Patel	Director	0.00	4.00	0.00	0.00	0.00
Pravin J Shah	Director	4.50	0.00	0.00	0.00	1.00
Kapil H Patel	Director	0.00	4.00	0.00	0.00	0.00
Rajesh R Shah	Director	4.30	0.00	0.00	0.00	0.00
Vimlaben T. Shah	Director	0.00	0.00	0.00	0.00	3.50
Mungiben J. Shah	Director	0.00	0.00	0.00	0.00	8.70
Varsha H. Patel	Relative Of Director	0.00	18.25	0.00	0.00	22.80
Aniruddh A. Patel	Relative Of Director	0.00	0.00	0.00	0.00	20.80
Arvind M. Patel	Relative Of Director	0.00	0.00	0.00	0.00	5.65
Bhargav K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	10.55
Chetna K. Patel	Relative Of Director	0.00	0.00	0.00	0.00	0.20
Falguni B. Patel	Relative Of Director	33.00	5.15	0.00	0.00	15.85



Harshad M. Patel	Relative Of Director	0.00	0.00	0.00	0.00	6.75
Hiral M. Patel	Relative Of Director	0.00	4.25	0.00	0.00	17.50
Kanta M. Patel	Relative Of Director	0.00	1.65	0.00	0.00	23.45
Kapil H. Patel	Relative Of Director	0.00	0.00	0.00	0.00	11.80
Kirit M. Patel	Relative Of Director	0.00	0.00	0.00	0.00	9.25
Nayan H. Patel	Relative Of Director	0.00	4.35	0.00	0.00	12.25
Poonam A. Patel	Relative Of Director	33.00	2.35	0.00	0.00	17.60
Rekha A. Patel	Relative Of Director	0.00	11.15	0.00	0.00	19.90
Shobhna K. Patel	Relative Of Director	0.00	2.25	0.00	0.00	21.20
Hiren M. Patel	Relative Of Director	0.00	11.15	0.00	0.00	19.00
Vaibhavi Kapil Patel	Relative Of Director	0.00	10.70	0.00	0.00	15.00
Jay Arvindbhai Patel	Relative Of Director	0.00	0.00	0.00	0.00	16.50
Badami G. Shah	Relative Of Director	0.00	0.00	0.00	0.00	9.00
Geeta P. Shah	Relative Of Director	0.00	0.00	0.00	0.00	7.00
Jayanti N. Shah	Relative Of Director	0.00	0.00	0.00	0.00	11.50
Jitendra K. Shah	Relative Of Director	0.00	0.00	0.00	0.00	0.50
Jivraj C. Shah	Relative Of Director	0.00	0.00	0.00	0.00	3.00
Kamla D. Shah	Relative Of Director	24.00	0.00	0.00	0.00	3.50
Keshi K. Shah	Relative Of Director	0.00	0.00	0.00	0.00	9.50
Meena H. Shah	Relative Of Director	26.60	0.00	0.00	0.00	14.00
Premila L. Shah	Relative Of Director	0.00	0.00	0.00	0.00	16.00
R. A. Shah	Relative Of Director	0.00	0.00	0.00	0.00	10.00
Rupa J. Shah	Relative Of Director	0.00	0.00	0.00	0.00	5.50
Sangeeta R. Shah	Relative Of Director	0.00	0.00	0.00	0.00	3.00
Vipul T. Shah	Relative Of Director	0.00	0.00	0.00	0.00	2.00
Bhavin D. Shah	Relative Of Director	2.00	0.00	0.00	0.00	0.40
Pinki G. Shah	Relative Of Director	0.00	0.00	0.00	0.00	1.40
Mamta B. Shah	Relative Of Director	0.00	0.00	0.00	0.00	6.75
<b>Outstanding Payable (Against Purchase ):</b>						
Ambuja Metal Industries. Pvt. Ltd.	Enterprise in which directors have significant influence	0.00	0.00	0.00	27.30	0.00

**Annexure-20****Qualification in Auditors Report**

Nature of Qualification	Year ended on				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Nil	Nil	Nil	Nil	Nil	Nil

**Annexure-21****Change in Significant Accounting Policies**

Nature of Change	Year ended on				
	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Nil	As per Note	Nil	Nil	Nil	Nil

*Note: During the F.Y. 2010-11 the method of valuation of Gratuity liability is changed to Actuary Valuation Method from Actual Calculation method.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements, including the notes thereto, and other financial data appearing elsewhere in this Draft Red Herring Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on pages 15 and 13 respectively, of this Draft Red Herring Prospectus which discuss a number of factors and contingencies that could affect our financial condition and results of operations.*

*The following discussion is based on our restated financial statements as of and for the years ended March 31, 2011, 2010, 2009, and 2008. Our audited and restated financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Our Company's Fiscal Year ends on March 31 of each year. Unless otherwise stated, "Fiscal Year" or "Fiscal" refers to the twelve month period ending March 31 of that year.*

### Business Overview

Our Company was established in 1988 with an objective of setting up a Dye-Intermediates manufacturing unit. We believe that we are one of the leading intermediates and specialties manufacturing company in Gujarat. We manufacture broad and innovative range of intermediates viz. naphthalene based intermediates, benzene based intermediates, dyestuffs, organic pigments, and specialty intermediates. Our products are used in various industries such as leather, textile, paper, electronics, plastics, polymer, and printing.

We have five manufacturing units in State of Gujarat, India. We have four manufacturing units spread over about 35 acres of land, near Ahmedabad at Village Rajpur (District – Mehsana) in North Gujarat and one manufacturing unit in Vatva – GIDC, Ahmedabad. We commenced our operations in 1988 with an installed capacity of 120 MTPA for manufacturing of dye intermediates. From time to time we have been increasing our installed capacity and also diversifying into manufacture of speciality chemicals, dyestuff and organic pigments. Currently our capacity stands at 6140 MTPA of speciality chemicals, dye and dye intermediates. As on August 31, 2011 we have more than 250 employees.

We provide custom made solutions to various multinational clients on regular basis. Our Custom Synthesis and Toll Manufacturing segments are growing consistently. These segments follow strict confidential arrangements to develop the product as per the prerequisites of the client and its operations are carried out on an exclusive basis. We believe that our experience to deal with multinational client across globe provides us the competitive edge..

We believe that our competency lies in Research & Development (R & D), which results in development and optimization of various products and processes, and continue to improve quality of our product. We have adopted a systematic approach to our research and development activities that are aimed at achieving both near-term manufacturing efficiency gains and long-term competitiveness by leveraging internal resources as well as third party collaborations. We believe that R & D plays vital role in reducing overall cost of manufacturing of our products. Our R & D Team plays an integral role in developing the product right from selection of raw material to the distribution of finished product. Our R & D team has indigenously developed catalytic hydrogenation plant. We believe that it is one of the biggest catalytic hydrogenation plants in Gujarat region and the technology used for this plant is unique. The plant is environment friendly and operates on the norms established by the Gujarat Government for environment. We have reduced iron waste output to almost zero with the functioning of this plant.

We are recognised as 'Two Star Export House' by the Government of India. In the last 23 years we have exported our products to more than 30 countries across globe. Revenue generated from sale from exports is approximately 60% of our total revenue.

We took over Ambuja Solvex Private Limited ("ASPL"), a Company owned and controlled by our Promoters and Promoter Group, in April 2011, by acquiring the entire shareholding of ASPL and it became a wholly owned subsidiary of our Company. ASPL was incorporated in the financial year 2004 and is one of the manufacturers of the cosmetic and pharmaceutical grade Castor Oil & Derivatives. Castor Oil and its derivatives manufacturing

facility of ASPL is spread over plot area of 12652 sq. mts. in Village Rajpur (District - Mehsana) in North Gujarat. . The manufacturing facility is connected to Ahmedabad which is about 30 miles and Mundra & Kandla Sea ports.

### **Competitive Strengths**

1. Green Technology / Environment friendly operations
2. Waste Management – Green Initiative
3. Efficient Cost Management with the help of Green Power
4. Commitment of our Promoters supported by a strong management team
5. Strong Research & Development Capabilities
6. Integrated facilities with location advantage

### **Significant Factors Affecting our Results of Operations**

We believe that the following factors have affected our results of operations in the past and may affect our results of operations in the future.

#### **Raw Material Costs**

Our results of operations may be adversely affected in the event of increases in the price of materials, fuel costs, labour or other manufacturing inputs. If we are unable to procure the requisite quantities of materials, our results of operations may be adversely affected.

#### **Labour Costs and Availability of Skilled Labour and Engineers**

The cost and timely availability of skilled labour and engineers can have a significant effect on our results of operations. In addition, our results of operations could be adversely affected by the events like labour disputes any such other event.

#### **Availability of Funds**

We have working capital requirements and require debt to partly finance our capital expenditure. If we experience insufficient cash flows or are unable to obtain the necessary funds to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations. In addition, fluctuations in market interest rates may affect the cost of our borrowings which will affect the bottom line of our Company.

#### **Changes in interest rates**

The interest rates on all of our borrowings may fluctuate. The interest rates on all of our borrowings are subject to adjustment based on the prime lending rate, the base rate or benchmark rate of the respective lenders. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase.

#### **Our Execution Capability and Our Ability to Manage Growth**

If we are unable to execute larger projects and effectively manage our growth it could disrupt our business and reduce our profitability.

#### **Competition**

We face significant competition. The competition for chemical business varies depending on the size and nature. Furthermore, an increase in competition arising from the entry of new competitors into any sector in which we compete may force us to reduce our bid prices, which in turn could affect our profitability.

#### **General Economic Conditions in India and Globally**

Our performance is highly correlated to general economic conditions in India, which are in turn influenced by global economic factors. Any event or trend resulting in a deterioration in whole or in part of the Indian or global economy may directly or indirectly affect our performance, including the quality and growth of our assets. Any volatility in global commodity prices could adversely affect our results of operations.

### **Compliance with environmental laws and regulations**

Our business requires compliance with various environmental statutes and regulations. These laws and regulations and any related investigations can cause project delays and may require a commitment of substantial management time, which could significantly add to the cost of a project. Moreover, these laws and regulations are becoming more stringent, and we expect them to be more stringently enforced in the future.

### **Regulatory environment in India**

Taxes and other levies imposed by the Government of India or state governments, as well as tax exemptions, financial policies, subsidies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

### **Recent Developments**

#### ***Significant developments after March 31, 2011 that may affect the future of our operations***

After the date of last balance sheet i.e. March 31, 2011, our Company has made a Bonus issue of 38,25,000 Equity Shares in the ratio of 9:20 on September 19, 2011. Further, our Company has acquired 7,50,000 equity shares of Ambuja Solvex Private Limited on April 1, 2011, pursuant to which 'Ambuja Solvex Private Limited' became a wholly owned subsidiary of our Company. For more details, please refer to section titled "History and Certain Corporate Affairs" beginning on page 117 of the Draft Red Herring Prospectus. Except as stated above, the Directors of our Company confirm that in their opinion, there have not been any significant developments.

**Significant Note:** Our Company manufactures several chemicals which produce hazardous wastes and hence are required to get the consent for operations, which need to be renewed continuously. Our consolidated consent is valid till 19-8-2012. These consents stipulate conditions which if not complied with may lead to closure of our operations. Due to the nature of the products manufactured by us, our effluent treatments facilities are continuously monitored by the Pollution Control Board which stipulate conditions before permitting us continue with our operations. In case we are unable to comply with the conditions Pollution Control may order closure of our operations which may lead to severe impact on our income and financial conditions. Currently vide order dated Sept 6, 2011 we have been permitted to carry on the operations with 50% of the consolidated consent quantity for a period of three months.

### **Critical Accounting Policies**

The critical accounting policies have been extracted from the significant accounting policies set forth in the restated financial statements of the Company.

#### **1. Method of Accounting**

The accounts have been prepared based on historical cost and on the basis of a going concern with revenues considered and expenses accounted wherever possible on their accrual including provisions / adjustments.

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

#### **2. Fixed Assets and Depreciation (As per AS-6 issued by ICAI)**

Fixed Assets are recorded at historical cost net of excise modvat availed and include allocated preoperative expenses less depreciation. Depreciation has been provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on leasehold land is provided over the useful life of land.

**3. Inventory Valuation (As per AS-2 issued by ICAI)**

Inventories of raw materials, stores & spares, work in process and finished goods are valued at lower of cost or net realisable value.

**4. Foreign Currency Transaction (As per AS-11 issued by ICAI)**

Foreign currency transactions are accounted at the rate prevailing on the day of transaction and the difference if any on realisation are recognized in Profit & Loss Account. Monetary foreign currency items at the period end are translated at the period end rates. In respect of transaction covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense/income over the life of contract. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognized in the profit and loss account. Any profit of loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

**5. Employees Benefits (As per AS-15 issued by ICAI)**

Short term employee benefits are recognized as an expense at the undiscounted amount in the P & L Account of the year in which the related service is rendered.

Post employment and other long term benefits are recognized as an expense in the P & L Account for the year in which the employee has rendered services. The expense is recognized at the value of the amount determined using actuary valuation method.

**6. Investments (As per AS-13 issued by ICAI)**

Trade Investments are valued at lower of cost or market price. Non-Trade (Long Term) Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary.

**7. Sales and Other Income**

Sales is accounted inclusive of excise duty, tax and export incentive. Export Incentive is accounted on accrual basis. Income from Windmill for captive use is accounted on the basis of units generated at the rate of G. E. B.

**8. Purchase and Excise Duty**

Purchase is inclusive of Custom Duty and other charges and net of Excise Duty, VAT credit availed and Discount.

**9. Provision for Taxation**

Provision for Current Tax is computed as per 'Total Income' returnable under the Income Tax, 1961 taking into account available deductions and exemptions. Deferred Tax is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**10. Earning Per Share (As per AS-20 issued by ICAI)**

Basic Earnings Per Share is computed by dividing the net profit after tax by the weighted average number of shares outstanding for the period.

### 11. Borrowing Cost (As per AS-16 issued by ICAI)

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

### 12. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 13. Provision, Contingent Liabilities & Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### Summary Results of Operations

The following table presents our restated consolidated statement of profit and loss data in lacs of Rupees and expressed as a percentage of total income for the Fiscal 2011, Fiscal 2010, Fiscal 2009 and Fiscal 2008.

(` in Lacs)

	Particulars	Fiscal 2011	% of Total Income	Fiscal 2010	% of Total Income	Fiscal 2009	% of Total Income	Fiscal 2008	% of Total Income
<b>A</b>	<b>INCOME:</b>								
	<b>Operating Income:</b>								
	Manufacturing Sales	8459.91	67.98	7585.15	69.69	6172.47	62.94	7702.89	68.49
	Trading Sales	3355.34	26.96	2620.65	24.08	2982.82	30.41	2870.20	25.52
	Export Incentives	245.32	1.97	223.00	2.05	244.55	2.49	341.94	3.04
	<b>Total Operating Income</b>	<b>12060.57</b>	<b>96.91</b>	<b>10428.80</b>	<b>95.82</b>	<b>9399.84</b>	<b>95.85</b>	<b>10915.03</b>	<b>97.05</b>
	Other Income	384.96	3.09	454.88	4.18	407.24	4.15	331.65	2.95
	Increase / Decrease in Inventories	(122.59)	-0.99	(158.03)	-1.45	68.52	0.70	137.36	1.22
	<b>TOTAL (A)</b>	<b>12322.94</b>	<b>99.01</b>	<b>10725.65</b>	<b>98.55</b>	<b>9875.60</b>	<b>100.70</b>	<b>11384.04</b>	<b>101.22</b>
<b>B</b>	<b>EXPENDITURE:</b>				0.00		0.00		0.00
	Raw Material Consumed	7872.54	63.26	6910.49	63.49	7164.89	73.06	7388.38	65.69
	Manufacturing Exp.	1883.49	15.13	1871.29	17.19	1434.34	14.63	1712.40	15.23
	Employee's Emoluments	531.72	4.27	352.51	3.24	353.93	3.61	460.88	4.10
	Administrative Expenses	134.31	1.08	93.63	0.86	99.42	1.01	137.89	1.23
	Selling & Distribution Expenses	542.65	4.36	407.74	3.75	236.91	2.42	295.27	2.63

	Misc. Expenses W/Off	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00
	<b>TOTAL (B)</b>	<b>10964.71</b>	88.10	<b>9635.66</b>	88.53	<b>9289.49</b>	94.72	<b>9994.88</b>	88.87
<b>C</b>	<b>PROFIT BEFORE INTEREST, TAX AND DEPRECIATION (A-B)</b>	<b>1358.23</b>	10.91	<b>1089.99</b>	10.01	<b>586.11</b>	5.98	<b>1389.16</b>	12.35
	Depreciation	357.01	2.87	361.20	3.32	375.94	3.83	289.75	2.58
<b>D</b>	<b>PROFIT BEFORE INTEREST AND TAXATION (C-D)</b>	<b>1001.22</b>	8.04	<b>728.79</b>	6.70	<b>210.17</b>	2.14	<b>1099.41</b>	9.78
	Financial Charges	409.68	3.29	378.97	3.48	395.94	4.04	314.89	2.80
<b>E</b>	<b>PROFIT BEFORE TAX (D-E)</b>	<b>591.54</b>	4.75	<b>349.83</b>	3.21	<b>(185.77)</b>	-1.89	<b>784.52</b>	6.98
	Provision for Taxation				0.00		0.00		0.00
	- Current Tax	205.37	1.65	96.41	0.89	3.50	0.04	200.92	1.79
	- Deferred Tax	(12.73)	-0.10	33.34	0.31	(59.44)	-0.61	26.58	0.24
<b>F</b>	<b>NET PROFIT AFTER TAX (E-F)</b>	<b>398.90</b>	3.21	<b>220.07</b>	2.02	<b>(129.83)</b>	-1.32	<b>557.02</b>	4.95

### Principal Components of our Profit and Loss Statement

#### Income

Our income mainly consists of sales, which includes both sale of products manufactured by our company and sale of products traded by our Company.

The break-up of our revenues into Domestic Sales and Export Sales is mentioned below:

(` in lacs, except percentages)

Particulars	Export Sales	Domestic Sales	Net Sales
Fiscal 2011	7097.14	4718.11	11815.25
% of Net Sales	60.07	39.93	100
Fiscal 2010	5699.95	4505.85	10205.80
% of Net Sales	55.85	44.15	100
Fiscal 2009	6212.37	2942.92	9155.29
% of Net Sales	67.86	32.14	100
Fiscal 2008	7404.12	3168.97	10573.09
% of Net Sales	70.03	29.97	100

The break-up of our revenues into manufacturing and trading turnover is as mentioned below:

(Rs in lacs, except percentages)

Particulars	Manufacturing Sales	Trading Sales	Net Sales
Fiscal 2011	8459.91	3355.34	11815.25
% of Net Sales	71.60	28.40	100



Fiscal 2010	7585.15	2620.65	10205.80
% of Net Sales	74.32	25.68	100
Fiscal 2009	6172.47	2982.82	9155.29
% of Net Sales	67.42	32.58	100
Fiscal 2008	7702.89	2870.20	10573.09
% of Net Sales	72.85	27.15	100

### Other Income

The following table sets out the principal components of our other income and their respective percentage of our total income for the periods indicated.

(` in lacs, except percentages)

Other Income	Fiscal 2011	% of Total Income	Fiscal 2010	% of Total Income	Fiscal 2009	% of Total Income	Fiscal 2008	% of Total Income
<b>Recurring Income :</b>								
Interest Received (Gross)	49.15	0.39	3.62	0.03	0	0.00	0.00	0
Commission Earned	0.04	0.00	0.29	0.00	1.9	0.02	2.65	0.02
Miscellaneous Receipts	0	0.00	0	0.00	0	0.00	0.20	0.00
Income from Windmill	318.67	2.56	425.44	3.91	405.34	4.13	328.80	2.92
<b>Non Recurring Income :</b>								0.00
Profit on sale of Assets	17.1	0.14	14.51	0.13	0	0.00	0.00	0.00
Profit on sale of Investments	0	0.00	11.02	0.10	0	0.00	0.00	0.00
<b>Total Amount</b>	<b>384.96</b>	<b>3.09</b>	<b>454.88</b>	<b>4.18</b>	<b>407.24</b>	<b>4.15</b>	<b>331.65</b>	<b>2.95</b>

### Expenditure

Our expenditures consist primarily of material consumed, purchase of traded goods, power & fuel, employee and administrative expenses, interest expense and depreciation among others.

The following table sets out the principal components of our expenditures and their respective percentage of our total operating expenditures for the periods indicated.

(` in lacs, except percentages)

EXPENDITURE:	Fiscal 2011	% of total expenditure	Fiscal 2010	% of total expenditure	Fiscal 2009	% of total expenditure	Fiscal 2008	% of total expenditure
Raw Material Consumed	7872.54	67.11	6910.49	66.60	7164.89	71.21	7388.38	69.70
Manufacturing Exp.	1883.49	16.06	1871.29	18.04	1434.34	14.26	1712.40	16.16
Employee's Emoluments	531.72	4.53	352.51	3.40	353.93	3.52	460.88	4.35
Administrative Expenses	134.31	1.14	93.63	0.90	99.42	0.99	137.89	1.30

Selling & Distribution Expenses	542.65	4.63	407.74	3.93	236.92	2.35	295.27	2.79
Depreciation	357.01	3.04	361.2	3.48	375.94	3.74	289.75	2.73
Financial Charges	409.68	3.49	378.97	3.65	395.94	3.94	314.89	2.97
Misc. Expenses W/Off	0	0	0	0	0	0	0.06	0.00
<b>TOTAL (B)</b>	<b>11731.4</b>	<b>100</b>	<b>10375.82</b>	<b>100</b>	<b>10061.4</b>	<b>100</b>	<b>10599.52</b>	<b>100.00</b>

## Results of Operations

### Fiscal 2011 Compared to Fiscal 2010

#### *Income*

Our total income in Fiscal 2011 is ` 12,445.53 lacs represented an increase of 14.35% over total income of ` 10883.68 lacs in Fiscal 2010. This increase decrease was primarily due to overall increase in operating income.

#### *Revenue from our Manufacturing and Trading Activity*

Net Sales in Fiscal 2011 of ` 11815.25 lacs increased 15.77% from net sales of ` 10205.80 lacs in Fiscal 2010. The increase in sales was for the reasons as mentioned below.

Net sales during Fiscal 2011 included sales of products manufactured by our Company of ` 8459.91 lacs and sales of products traded by our company of ` 3355.34 lacs. Net sales during Fiscal 2010 included sales of products manufactured by our Company of ` 7585.15 lacs and sales of products traded by our company of ` 2620.65 lacs. Sales of manufactured goods increased due to rise in demand of our various product and increase in price.

#### *Other income*

Other income in Fiscal 2011 amounted to ` 384.96 lacs, which represented a decrease of 15.37% over our other income of ` 454.88 lacs in Fiscal 2010. The decrease in other income is on account of reduction in our windmill income although there was rise in interest received.

#### *Expenditure*

Our total expenditure amounted to ` 11731.40 lacs in Fiscal 2011, an increase of 13.06% over total expenditure of ` 10,375.82 lacs in Fiscal 2010. Our total expenditure as a percentage of total income was 94.26% in Fiscal 2011 compared to 95.33% in Fiscal 2010. This increase as percentage of our total income was primarily due to overall increase in cost of raw material, manufacturing expenses, selling and distribution.

The breakdown of total expenditure before tax is summarized below:

#### *Raw Material Consumed*

Raw Material Consumed were ` 7872.54 lacs in the Fiscal 2011 showing a increase of 13.92% over the Fiscal 2010 figure of ` 6910.49 lacs. Raw Material Consumed constituted 63.26% of our total income and 67.11% of our total expenditure for Fiscal 2011. Raw Material Consumed constituted 63.49% of our total income and 66.60% of our total expenditure for Fiscal 2010. This increase is primarily due to increase in raw material prices and overall increase in our manufacturing turnover.

#### *Manufacturing Expenses*

Manufacturing expenses was ` 1883.49 lacs in the Fiscal 2011 showing marginal increase of 0.65% over the Fiscal 2010 cost of ` 1871.29 lacs. Cost of manufacturing expenses constituted 15.13% of our total income and 16.06% of

our total expenditure for Fiscal 2011. It constituted 17.19% of our total income and 18.04% of our total expenditure for Fiscal 2010. This marginal increase in manufacturing expenses is due to increase in manufacturing turnover.

#### ***Employee's Emoluments***

Employee's Emoluments was ` 531.72 lacs in the Fiscal 2011 showing an increase 50.84% over the Fiscal 2010 cost of ` 352.51 lacs. Employee's Emoluments constituted 4.27% of our total income and 4.53% of our total expenditure for Fiscal 2011. It constituted 3.24% of our total income and 3.40% of our total expenditure for Fiscal 2010. In addition to higher salaries, the increase in employee cost is also on account of increase in manpower.

#### ***Administrative Expenses***

Administrative Expenses was ` 134.31 lacs in the Fiscal 2011 showing an increase 43.45% over the Fiscal 2010 cost of ` 93.63 lacs. Administrative Expenses constituted 1.08% of our total income and 1.14% of our total expenditure for Fiscal 2011. It constituted 0.86% of our total income and 0.90% of our total expenditure for Fiscal 2010. Increase in overall sales has resulted in incremental administrative cost.

#### ***Selling & Distribution Expenses***

Selling and Distribution Expenses was ` 542.65 lacs in the Fiscal 2011 showing an increase of 33.09% over the Fiscal 2010 cost of ` 407.74 lacs. It constituted 4.36% of our total income and 4.63% of our total expenditure for Fiscal 2011. It constituted 3.75% of our total income and 3.93% of our total expenditure for Fiscal 2010. Significant increase in Selling and Distribution expenses was due to rise in promotional expenses, participation in trade fair organised in China and Europe, and overall increase in selling and distribution cost.

#### ***Financial Charges***

Financial Charges were ` 409.68 lacs in Fiscal 2011, an increase of 8.10% as compared to financial charges of ` 378.97 lacs in Fiscal 2010. This increase is mainly due to additional term loan facility availed from Bank of India which has resulted in overall increase in financial charges. It constituted 3.29% of our total income and 3.49% of our total expenditure for Fiscal 2011. It constituted 3.53% of our total income and 3.48% of our total expenditure for Fiscal 2010.

#### ***Depreciation***

Depreciation was ` 357.01 lacs in Fiscal 2011, a decrease of 1.16 % from depreciation of ` 361.2 lacs in Fiscal 2010. Decrease in depreciation is due to overall depletion of assets and no major capital expenditure.

#### ***Profit / (loss) before tax***

We had a profit before tax in Fiscal 2011 of ` 591.54 lacs, compared to a profit before tax of ` 349.84 lacs in Fiscal 2010. The increase in PBT was due to the reasons as discussed above.

#### ***Provision for tax***

We provided for ` 205.37 lacs of current tax in Fiscal 2011, compared to ` 96.41 lacs of current tax in Fiscal 2010.

#### ***Net profit /(loss) after tax***

As a result of the foregoing, we had a net profit after tax of ` 398.90 lacs in Fiscal 2011, compared to a net profit after tax of ` 220.07 lacs in Fiscal 2010. The net profit in Fiscal 2011 increased mainly due to increase in operations and reduction in cost for the reasons as detailed above. PAT margin stood at 3.21% of total income for Fiscal 2011 as compared to 2.02% for Fiscal 2010.

#### **Fiscal 2010 Compared to Fiscal 2009**

### ***Income***

Our total income in Fiscal 2010 is ` 10883.68 lacs represented an increase of 10.98% over total income of ` 9807.08 lacs in Fiscal 2009. This increase was primarily due to overall increase in operating income.

### ***Revenue from our Manufacturing and Trading Activity***

Net Sales in Fiscal 2010 of ` 10205.80 lacs increased 11.47% from net sales of ` 9155.29 lacs in Fiscal 2009. The increase in sales was due to overall increase in demand for our product and improvement in market condition. .

Net sales during Fiscal 2010 included sales of products manufactured by our Company of ` 7585.15 lacs and sales of products traded by our company of ` 2620.65 lacs. Net sales during Fiscal 2009 included sales of products manufactured by our Company of ` 6172.47 lacs and sales of products traded by our company of ` 2982.82 lacs. Our Manufacturing revenue was increased due to improvement in market condition and demand for our product.

### ***Other income***

Other income in Fiscal 2010 amounted to ` 454.88 lacs, which represented an increase of 11.70% over our other income of ` 407.24 lacs in Fiscal 2009. The increase in other income was on account of increase in windmill operations and interest received.

### ***Expenditure***

Our total expenditure amounted to ` 10375.83 lacs in Fiscal 2010, an increase of 3.13% over total expenditure of ` 10061.38 lacs in Fiscal 2009. Our total expenditure as a percentage of total income was 95.33% in Fiscal 2010 compared to 102.59% in Fiscal 2009. This increase was primarily due to overall increase in cost of raw material, manufacturing expenses, selling and distribution

The breakdown of total expenditure before tax is summarized below:

### ***Raw Material Consumed***

Raw Material Consumed were ` 6,910.49 lacs in the Fiscal 2010 showing a decrease of 3.55% over the Fiscal 2009 figure of ` 7164.89 lacs. Raw Material Consumed constituted 63.49% of our total income and 66.60% of our total expenditure for Fiscal 2010. Raw Material Consumed constituted 73.06% of our total income and 71.21% of our total expenditure for Fiscal 2009. Although our manufacturing turnover for fiscal 2010 has increased as compared to Fiscal 2009, our overall consumption of raw material has reduced due to optimum utilisation, reduction in cost of raw material and improvement in manufacturing process..

### ***Manufacturing Expenses***

Manufacturing expenses was ` 1871.29 lacs in the Fiscal 2010 showing an increase of 30.46% over the Fiscal 2009 cost of ` 1434.34 lacs. Cost of manufacturing Expenses constituted 17.45% of our total income and 18.04% of our total expenditure for Fiscal 2010. It constituted 14.63% of our total income and 14.26% of our total expenditure for Fiscal 2009. Increase in volume leads to increase in manufacturing cost.

### ***Employee's Emoluments***

Employee's Emoluments was ` 352.51 lacs in the Fiscal 2010 showing a decrease 0.40% over the Fiscal 2009 cost of ` 353.93 lacs. Employee's Emoluments constituted 3.24% of our total income and 3.40% of our total expenditure for Fiscal 2010. It constituted 3.61% of our total income and 3.52% of our total expenditure for Fiscal 2009. The decrease in employee's emoluments was due to reduction in wages and overallsalary of top management and also due to marginal reduction in cost of sales.

### ***Administrative Expenses***

Administrative Expenses was ` 93.63 lacs in the Fiscal 2010 showing a decrease of 5.82% over the Fiscal 2009 cost of ` 99.42 lacs. Administrative Expenses constituted 0.86% of our total income and 0.90% of our total expenditure for Fiscal 2010. It constituted 1.01% of our total income and 0.99% of our total expenditure for Fiscal 2009. Increase in overall sales has resulted in incremental administrative cost.

### ***Selling & Distribution Expenses***

Selling and Distribution Expenses was ` 407.74 lacs in the Fiscal 2010 showing an increase of 72.10% over the Fiscal 2009 cost of ` 236.91 lacs. It constituted 3.75% of our total income and 3.93% of our total expenditure for Fiscal 2010. It constituted 2.42% of our total income and 2.35% of our total expenditure for Fiscal 2009. Increase in transportation expenses, trade fair expenses, and increase in sales tax, cess, service tax has contributed to overall increase in selling and distribution expenses.

### ***Financial Charges***

Financial Charges were ` 378.97 lacs in Fiscal 2010, a decrease of 4.29% as compared to financial charges of ` 395.94 lacs of Fiscal 2009. The decrease is mainly due to reduction in overall interest rate and repayment of term loans. It constituted 3.48% of our total income and 3.65% of our total expenditure for Fiscal 2010. It constituted 4.04% of our total income and 3.94% of our total expenditure for Fiscal 2009.

### ***Depreciation***

Depreciation was ` 361.2 lacs in Fiscal 2010, a decrease of 3.92% from depreciation of ` 375.94 lacs in Fiscal 2009. Decrease in depreciation is on account of depletion of assets and no significant capital expenditure.

### ***Profit/(loss) before tax***

We had a profit before tax in Fiscal 2010 of ` 349.84 lacs, compared to a loss of ( ` 185.77 lacs) in Fiscal 2009. The reason for loss is as discussed above.

### ***Provision for tax***

We provided for ` 96.41 lacs of current tax in Fiscal 2010, compared to ` 3.50 lacs of current tax in Fiscal 2009.

### ***Net profit /(loss) after tax***

As a result of the foregoing, we had a net profit after tax of ` 220.07 lacs in Fiscal 2010, compared to a net loss of ( ` 129.83 lacs) in Fiscal 2009. The net profit in Fiscal 2010 increased mainly due to increase in operations and reduction in cost for the reasons as detailed above. PAT margin stood at 2.02% of total income for Fiscal 2010 as compared to (1.32)% in Fiscal 2009.

## **Fiscal 2009 Compared to Fiscal 2008**

### ***Income***

Our total income in Fiscal 2009 is ` 9807.08 lacs represented an increase of 12.80% compared to total income of ` 11246.68 lacs in Fiscal 2008. This increase was primarily due to overall increase in operating income due to market condition.

### ***Revenue from our Manufacturing and Trading Activity***

Net Sales in Fiscal 2009 of ` 9155.29 lacs decreased 13.41% from net sales of ` 10573.09 lacs in Fiscal 2008. The decrease in sales was due to reduction in demand for our product due to global meltdown and unfavourable economic condition.

Net sales during Fiscal 2009 included sales of products manufactured by our Company of ` 6172.47 lacs and sales of products traded by our company of ` 2982.82 lacs. Net sales during Fiscal 2008 included sales of products manufactured by our Company of `7702.89 lacs and sales of products traded by our company of `2870.2 lacs.

#### *Other income*

Other income in Fiscal 2009 amounted to ` 407.24 lacs, which represented an increase of 22.79% over our other income of ` 331.65 lacs in Fiscal 2008. The increase in other income was primarily due to increase in income from windmill although there was slight reduction in commission earned as compared to Fiscal 2008.

#### *Expenditure*

Our total expenditure amounted to ` 10061.38 lacs in Fiscal 2009, a decrease of 5.08 % over total expenditure of ` 10599.52 lacs in Fiscal 2008. Our total expenditure as a percentage of total income was 102.59% in Fiscal 2009 compared to 94.25% in Fiscal 2008. This decrease was primarily due to overall decrease in cost of raw material, manufacturing expenses, selling and distribution expenses.

The breakdown of total expenditure before tax is summarized below:

#### *Raw Material Consumed*

Raw Material Consumed were ` 7164.89 lacs in the Fiscal 2009 showing a decrease of 3.02% over the Fiscal 2008 figure of ` 7388.38 lacs. Raw Material Consumed constituted 73.06% of our total income and 71.21% of our total expenditure for Fiscal 2009. Raw Material Consumed constituted 65.69% of our total income and 69.70% of our total expenditure for Fiscal 2008.

#### *Manufacturing Expenses*

Manufacturing expenses was ` 1434.34 lacs in the Fiscal 2009 showing decrease of 16.24% over the Fiscal 2008 cost of ` 1712.4 lacs. Cost of manufacturing Expenses constituted 14.63% of our total income and 14.25 % of our total expenditure for Fiscal 2009. It constituted 15.23% of our total income and 16.16 % of our total expenditure for Fiscal 2008. Due to overall fall in demand of our product, there is reduction in total turnover which resulted in the decrease of manufacturing expenses.

#### *Employee's Emoluments*

Employee's Emoluments was ` 353.93 lacs in the Fiscal 2009 showing a decrease of 23.21% over the Fiscal 2008 cost of ` 460.88 lacs. Employee's Emoluments constituted 3.61% of our total income and 3.52% of our total expenditure for Fiscal 2009. It constituted 4.10% of our total income and 4.35% of our total expenditure for Fiscal 2008. This decrease was due to overall reduction in salary and wages of top management and no addition to manpower.

#### *Administrative Expenses*

Administrative Expenses was ` 99.42 lacs in the Fiscal 2009 showing a decrease of 27.90% over the Fiscal 2008 cost of ` 137.89 lacs. Administrative Expenses constituted 1.01% of our total income and 0.99% of our total expenditure for Fiscal 2009. It constituted 1.23% of our total income and 1.30% of our total expenditure for Fiscal 2008. Overall reductions in sales have resulted in reduction of our administrative expenditure.

#### *Selling & Distribution Expenses*

Selling and Distribution Expenses was ` 236.92 lacs in the Fiscal 2009 showing a decrease 19.76% over the Fiscal 2008 cost of ` 295.27 lacs. It constituted 2.42 % of our total income and 2.35% of our total expenditure for Fiscal 2009. It constituted 2.63% of our total income and 2.79% of our total expenditure for Fiscal 2008. Due to reduction of overall volume including our export volume, transportation cost and shipping expenses reduced significantly which has resulted in decrease of selling and distribution expenses.

### ***Financial Charges***

Financial Charges were ` 395.94 lacs in Fiscal 2009, an increase of 25.74% from Financial Charges of ` 314.89 lacs in Fiscal 2008. The increase is mainly due to increase in utilisation of working capital facility, which has resulted in incremental interest burden and financial expenditure. It constituted 4.04 % of our total income and 3.94% of our total expenditure for Fiscal 2009. It constituted 2.80 % of our total income and 2.97% of our total expenditure for Fiscal 2008.

### ***Depreciation***

Depreciation was ` 375.94 lacs in Fiscal 2009, an increase 29.75% from depreciation of ` 289.75 lacs for Fiscal 2008. The increase was due to increase in capital expenditure for setting up of Hydrogenation Facility amounting to ` 500 lacs.

### ***Profit/(loss) before tax***

We had a loss in Fiscal 2009 of ( ` 185.78 lacs), compared to a profit before tax of ` 784.52 lacs in Fiscal 2008. The increase in PBT was due to the reasons as discussed above.

### ***Provision for tax***

We provided for ` 3.5 lacs of current tax in Fiscal 2009, compared to ` 200.92 lacs of current tax in Fiscal 2008.

### ***Net profit /(loss) after tax***

As a result of the foregoing, we had a net loss of ` -129.83 lacs in Fiscal 2009, compared to a net profit after tax of ` 557.02 lacs in Fiscal 2008. The net profit in Fiscal 2009 increased mainly due to increase in operations and reduction in cost for the reasons as detailed above. PAT margin stood at -1.32% of total income for Fiscal 2009 as compared to 4.95% for Fiscal 2008.

### **Comparison of movement in our Cash flows and outflows**

#### **Net Cash Flows and Outflows**

The following table presents our consolidated cash flow data for the periods indicated:

<i>( ` in lacs)</i>			
<b>Cash flow from</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Net cash generated from/(used in)operating activities	758.23	(252.82)	813.63
Net cash generated from/(used in) investing activities	(429.96)	(124.78)	(387.30)
Net cash generated from/(used in)financing activities	(335.52)	388.40	(422.91)

#### **Net Cash from Operating Activities**

Net cash from or used in operating activities includes flows and outflows from changes in operating assets and liabilities, trade and other receivables and trade payables.

The working capital adjustments are as follows:

<i>( ` In lacs)</i>			
<b>Working Capital</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Changes in Inventories	43.55	(316.38)	223.89
Changes in Sundry Debtors	(207.22)	(1569.65)	671.57
Changes in Loans & Advances	216.50	(27.79)	188.01

Changes in Current Liabilities & Provisions	(464.68)	669.66	(700.85)
<b>Total Changes in Working Capital</b>	<b>(411.85)</b>	<b>(1244.16)</b>	<b>382.62</b>

### Net Cash from Investing Activities

Net cash used in investing activities includes funds paid in connection with our capital expenditures and net cash inflows and outflows from other investments. The breakup of the cash flow on account of fixed assets and sale/purchase of Investments are as follows;

(` In Lacs)			
<b>Investment Activity</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Purchase of Fixed Assets	(467.06)	(159.27)	(387.84)
Sale of Fixed Assets	37.47	21.02	1.29
(Purchase) / Sale of Investments	(0.37)	13.47	(0.75)
<b>Net Cash generated from / (used) in Investing Activities</b>	<b>(429.96)</b>	<b>(124.78)</b>	<b>(387.30)</b>

### Net Cash from Financing Activities

Net cash used in financing activities includes inflows and outflows from long term borrowings, unsecured loans, movement in working capital loans, repayment of unsecured loans and term loans, interest and payment of dividend and tax on dividend. The breakup of finance activity is as follows:

(` in Lacs)			
<b>Finance Activity</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Proceeds from Long Term Borrowings	270.96	0.00	784.77
Proceeds from unsecured loans	68.20	0.00	25.00
Increase in Working Capital loans	69.68	1263.77	(434.32)
Repayment of Term Loans	(281.33)	(337.30)	(313.21)
Repayment of unsecured loans	0.00	(62.75)	0.00
Interest Paid	(409.68)	(378.97)	(395.94)
Payment of Dividend & Tax on Dividend	(53.35)	(96.35)	(89.21)
<b>Net Cash generated from / (used) in Financing Activities</b>	<b>(335.52)</b>	<b>388.40</b>	<b>(422.91)</b>

### Contingent Liabilities

The following table provides our contingent liabilities as of the dates indicated:

(` in Lacs)		
<b>Particulars</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Letter of credit and Bank Guarantee issued by the Bank on behalf of the Company	268.62	538.22
<b><i>Sales Tax against which the company has preferred appeal</i></b>	42.69	15.24
Income Tax against which the Company has preferred the Appeals	0.51	76.32
Export obligation against advance for material purchase	2.37	-
<b>Total</b>	<b>314.18</b>	<b>629.78</b>

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet



arrangements.

### **Transactions with Related Parties**

Please refer to “Related Party Transaction” in the section titled “Financial Information of our Company” for the details of transaction entered with related parties on page no 181 of this DRHP.

### **Quantitative and Qualitative Disclosure about Market Risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign exchange risk, inflation and commodity risk. We are exposed to different degrees of these risks in the normal course of our business.

#### ***Interest Rate Risk***

We currently have floating rate indebtedness and also maintain deposits of cash and cash equivalents with banks and other financial institutions and thus are exposed to market risk as a result of changes in interest rates. Moreover, the interest rates on certain of our indebtedness are subject to periodic resets. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current Fiscal Year and in future periods our borrowings may raise depending upon our growth plans. We do not currently use any derivative instruments to modify the nature of our exposure to floating rate indebtedness or our deposits so as to manage interest rate risk.

#### ***Foreign Exchange Risk***

Since we intend to penetrate further in domestic and international market, it will increase our exposure to the risk of currency fluctuations in foreign jurisdictions. To the extent these currencies depreciate against the Indian Rupee, it would decrease our income reported in the Indian Rupee. The exchange rate between the Indian Rupee and the other foreign currencies such as the Euro and U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. While the understanding with our client provides us a natural hedge against fluctuations in the value of the Indian Rupee relative to other currencies and consequent impact on our income, cost of sales and services and operating margins, however, this may not eliminate our exposure to foreign exchange rate fluctuations and involves costs and risks of its own, such as ongoing management time and expertise, external costs to implement the strategy and potential accounting implications.

#### ***Credit Risk***

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write off such amounts. Our credit risk is affected by our intention to sell a portion of the power generated by us to state run utility companies.

#### ***Inflation***

Inflation and deflation in India has not had a material impact on our results of operations. With respect to the projects that we are developing or propose to develop, we are exposed to inflation. If the price of transportation, wages, raw materials or any of our other operation and maintenance expenses decrease, our financial condition and earnings could improve due to reduced development costs for projects that we have not yet completed. If any of these costs increase, our financial condition and earnings could be adversely affected due to increased development costs for the projects that we have not yet completed.

### **Analysis of Certain Changes**

#### ***Unusual or infrequent events or transactions***

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years other than as described herein.

### ***Significant economic changes***

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “*Factors affecting our Results of Operations*” and the uncertainties described in the section entitled “*Risk Factors*” beginning on page 15 of the Draft Red Herring Prospectus. To our knowledge, except as we have described in the Draft Red Herring Prospectus, there are no known factors which we expect to bring about significant economic changes.

### ***Known trends or uncertainties***

Our business has been affected, and we expect to continue to be affected, by the trends identified above in “*Factors affecting our Results of Operations*” and the uncertainties described in the section entitled “*Risk Factors*” beginning on page 15 of the Draft Red Herring Prospectus. To the best of our knowledge and belief, except as we have described in the Draft Red Herring Prospectus, there are no known material factors which we expect to have a material adverse impact on our revenues or income from continuing operations for the nine months ended March 31, 2011.

### ***Future relationship between expenditure and revenues***

Except as described in under section titled “*Risk Factors*” and chapters titled “*Our Business*” and “*Management Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 15, 93 and 193 of the Draft Red Herring Prospectus respectively, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

### ***Increase in our revenue***

We anticipate expanding our businesses with the upgradation of our existing facility and machinery, which will add to our ability to generate revenue. For more details please refer to the chapter titled “*Our Business*” beginning on page 93 of the Draft Red Herring Prospectus.

### ***Significant regulatory changes***

Except as described in the chapter titled “*Key Regulations and Policies*” beginning on page 108 of the Draft Red Herring Prospectus, there have been no significant regulatory changes that we expect could affect our income from continuing operations.

### ***Known Trends or Uncertainties***

Other than as described in the sections titled “*Risk Factors*”, and this section and elsewhere in this Draft Red Herring Prospectus, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

### ***New Product or Business Segment***

Other than as described in the section “*Our Business*” on page 93 to our knowledge, there are no new products or business segments.

### ***Seasonality of Business***

Our Company’s business is not seasonal in nature.

### ***Dependence on a Single or Few Suppliers/Customers***

### **Customers contribution:**

Particulars	Year ended March 31, 2011
Top 3 (%)	8.15
Top 5 (%)	29.32
Top 10 (%)	44.24

**Suppliers Contribution:**

Particulars	Year ended March 31, 2011
Top 3 (%)	10.25
Top 5 (%)	15.87
Top 10 (%)	27.36

***Competitive Conditions***

For further details, please refer to the discussions of our competition in the sections “Risk Factors” and “Our Business” on page 15 and 93, respectively.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or disputed tax liabilities against our Company, its Subsidiary, Directors, Promoters and Group Companies, whose outcome could have a material and adverse effect on our results of operations or financial position, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks or financial institutions, defaults in dues payable to holders of any debenture, bonds or fixed deposits and arrears of preference shares issue by our Company, its Subsidiary, Directors, Promoters and Group Companies, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company, Subsidiaries, Joint Ventures, Directors, Promoters and Group Companies and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Subsidiary, Directors, Promoters and the Group Companies.*

*Neither our Company nor our Promoters or Directors or group companies with which our Promoters were associated in the past but are no longer associated (in case our Promoters' names continues to be associated with the particular litigation), have been declared as wilful defaulters by the RBI, or any other Governmental authority other than as disclosed below and there are no violations of securities laws committed by them in the past or pending against them.*

#### I. Contingent liabilities as at March 31, 2011

(` in lakhs)

Particulars	March 31, 2011
Letter of credit and Bank Guarantee issued by the Bank on behalf of the Company	268.62
<b><i>Sales Tax against which the company has preferred appeal</i></b>	42.69
Income Tax against which the Company has preferred the Appeals	0.50
Export obligation against advance for material purchase	2.37
<b>Total</b>	314.18

For details of contingent liabilities of our Company and its Subsidiaries, please see “Financial Information” on page 163.

#### II. Cases filed against our Company;

Sr. No	Case No. and Nature of Dispute	Court/ Forum	Parties	Amount	Relief claimed	Status
1.	Reference- LCK No. 53 of 2010  The suit is filed by the one Mr. Narasinh Dabhi being the petitioner for reinstatement of employment and claim of salary from the date of removal i.e. 13/10/2009 to the date of joining. The petitioner has stated	Labour Court, Kalol	Narasinh Jasaji Dabhi  V.  Ambuja Intermediates Pvt. Ltd.		Suit is filed for reinstatement of employment and claim of salary and other benefits from the date of removal	Pending  <u>Next date of hearing:</u> <u>8.11.2011</u>

	that the salary payable to him is Rs. 3,900 per month.					
2.	<p>Recovery Application No.19 of 2011</p> <p>The suit is filed by one Mr. Satpal Khemsingh Rajput being the Petitioner for recovery of the salary, bonus, overtime and leave encashment.</p>	Labour Court, Kalol	<p>Satpal Khemsingh Rajput- Petitioner</p> <p>V.</p> <p>Ambuja Intermediates Pvt. Ltd.</p>	<p>Rs. 2,23,592/- Particulars:</p> <p>a) Overtime: ` 1,69,400/</p> <p>b) Leave encashment : ` 20,192/-</p> <p>c) Bonus: Rs. 42,000/-</p>	<p>Petitioner filed suit for recovery of ` 2,23,592/- along with interest @ 18% per annum and Rs. 5000/- for litigation costs.</p>	<p>Pending</p> <p><u>Next Date of hearing:</u> <u>29.11.2011.</u></p>
3.	<p>Reference- LCK No. 54 of 2011</p> <p>The petitioner being one Mr. Rajesh Baldev Bawa has filed the suit for reinstatement of job and claim of salary and other benefits from the date of removal to the date of joining. The petitioner claims that he was discharged from the service without any written notice and the respondent claims that he was fired because of professional misconduct.</p>	Labour Court, Kalol	<p>Rajesh Baldev Bawa</p> <p>V.</p> <p>Ambuja Intermediates Pvt. Ltd.</p>		<p>Suit was filed for reinstatement of job and claim of salary from the date of removal i.e. 15.01.2011 to the date of joining @ 18% per annum alongwith ` 5000/- incurred on account of litigation costs.</p>	<p>Pending</p> <p><u>Next Date of hearing:</u> <u>10.10.2011</u></p>
4.	<p>Permanent Settlement Commission Case No. 12/2011</p> <p>The case is filed by the Petitioner being one Mr. Pravin Pratap Singh Rathod for reinstatement of employment, claim for salary, gratuity and other benefits. However, the defendants in reply to the notice stated that the petitioner served his</p>	Permanent Settlement Commission	<p>Pravin Pratap Singh Rathod</p> <p>V.</p> <p>Ambuja Intermediates Pvt. Ltd.</p>		<p>Claim is for salary, gratuity and other benefits/reinstatement.</p>	<p>Pending-</p> <p><u>Next date of hearing:</u> <u>Due Course</u></p>

	resignation and gratuity and other benefits were already settled at the time of his resigning.					
5.	<p>Special Application No. 14126/2005</p> <p>The Petitioner being one Mr. Ghanshyambhai Narsinhbhai Siddhpura, an executive member of the labour union of Urmi Chemical Pvt Ltd. has filed the petition to set aside/quash the order dated 26.03.2003 passed in Recovery Application No. 22 of 2004, Recovery Application No. 23 of 2004 as it does not make the company liable to pay terminal benefits to the employees of Urmi Chemical Pvt Ltd. The order dated 26.03.2003 directed the Respondent No.1 therein being Urmi Chemical Pvt. Ltd. to make payments to its employees mentioned therein. Further, the order records that only Defendant No.1 being Urmi Chemical Pvt. Ltd. is liable to make payments and the company is not liable to make payments to the employees.</p>	Gujarat High Court	<p>Ghanshyambhai Narsinhbhai Siddhpura executive member of the labour union of Urmi Chemical Pvt Ltd.</p> <p>V.</p> <p>1. Directors, Urmi Chemicals Pvt. Ltd. 2. Ambuja Intermediates Pvt. Ltd.</p>		<p>The Petitioner has prayed for the order dated 26.03.2003 to be set aside/quashed in so far as it does not make the company liable to make payments to the employees of the respondent No.1 and the company be directed to deposit the entire amount in the Court to secure the dues of the workmen.</p>	<p>Pending</p> <p><u>Next date of hearing:</u> <u>Due Course</u></p>
6.	<p>Reference (LCA-D) No. 1 of 2005</p> <p>The Petitioner being the Gujarat Industrial</p>	Labour Court, Ahmedabad	<p>Gujarat Industrial Employee Union</p> <p>V. Urmi Chemicals Pvt.</p>		<p>The employee union wants continuation of jobs and other benefits</p>	<p>Pending</p> <p><u>Next Date of hearing:</u> <u>Due Course</u></p>

	Employee Union has filed the petition for continuation of jobs alongwith the benefits associated with it. The Petitioner has also filed an interim application for restraining the company from transferring the office premises and the land to a third party.		Ltd.  Ambuja Intermediates Pvt. Ltd.		associated with it.  <u>Interim Order:</u> The Hon'ble labour has passed an order dated 24.04.05 in the interim application directing that the office premises to continue in the name of Urmi Chemicals Pvt. Ltd.	
7.	Reference )LCA-D) No.16 of 2006  The Petitioner being the Gujarat Industrial Employee Union being, want continuation of jobs and other benefits associated with it. However, the company has contended that: a) the Petitioner is not a recognized / registered union and thus has no authority to demand; b) the employees are not part of the Petitioner union; and c) Industrial Dispute Act, 1947 would not apply to this matter.	Labour Court	Gujarat Industrial Employee Union  V. 1. Urmi Chemicals Pvt. Ltd.  2. Ambuja Intermediates Pvt. Ltd.		The employee union wants continuation of jobs and other benefits associated with it.	Pending  <u>Next Date of hearing:</u> <u>Due Course</u>
8.	Special Civil Application No. 12400 of 2008  The application has been filed by the Petitioner being one Jai Bharat Co-Operative Housing Society Ltd. on being aggrieved by the	High Court of Gujarat	Jai Bharat Co-Operative Housing Society Ltd. V. 1. State of Gujarat; 2. Additional Registrar; 3. District Registrar; 4. Madhavji H Gajera; 5. Gulabbhai Gajera;	For quasing the order dated 22.08.2008 passed by the deputy secretary Appeals, Agriculture and Co-operation department.	The Petitioner had filed an interim application, praying for the stay of the execution and implementation of the order dated 22.8.2008 passed in	Pending  <u>Next date of hearing:</u> <u>Due Course</u>

	order dated 22.08.2008 passed by the Deputy Secretary (Appeals), Agriculture and co-operation Department in revision Application 66/2008. The Petitioner by way of interim reliefs had prayed that the execution and implementation of the aforesaid order dated 22.8.2008 passed in Revision Application 66/2008 should be stayed.		6. Manjulaben Thakorprasad Vyas		Revision Application 66/2008.  <u>Order:</u> Vide its order dated 04.02.2009, the High Court has granted a stay on the execution and implementation of the order dated 22.8.2008 passed in Revision Application 66/2008.	
9.	<p>Show Cause Notice In 181 of 2004</p> <p>The City Civil Court, Ahmedabad has issued a Show Cause Notice to the Managing Director and the Secretary of Ambuja Intermediates Pvt. Ltd in Execution Application No. 25 of 2005 on the grounds that Manjulaben Thakorprasad Vyas, the purchasers of the property namely, Mr. Madhavjibhai Gajera and Mr. Gulabbhai Gajera and the company are liable for the breach of injunction granted in favour of R.K. Industries Pvt. Ltd in Suit No. 181/ 2005 and have transferred the property intentionally.</p>	City Civil Court	Ambuja Intermediates Pvt. Ltd.	--	Show cause notice has been issued under Order 39 Rule 2(a) of the Civil Procedure Code, 1905 against the company for the breach of injunction order which was passed in civil suit No. 181/04	Disposed off
10.	Notice No. GJ/PFC/SRO/VATVA/ Recovery/	Employees Provident Fund Organizatio		Dues of ` 702672/- alongwith interest of `	Recovery of Provident Fund dues of the employees of	Pending.  The principal



	<p>18169/56</p> <p>On receiving the Notice, the company informed the Regional Provident Fund Commissioner (“<b>R.P.F.C</b>”) vide its letter dated 14.09.2010 that it has paid its first installment of ` 50,000 by cheque no. 033557 towards the total amount of ` 702,672/- and the balance amount due was ` 6,52,672/-.</p> <p>Vide Its Letter dated 28.9.2010, the company informed R.P.F.C that it has paid a second installment of ` 1,02,672/- by cheque no. 055770 and the balance due after the second installment was ` 5,50,000/-.</p> <p>Vide its letter dated 20.12.2010, the company informed R.P.F.C that it has paid its third installment of ` 2,00,000/- by cheque No. 056166 and the balance amount due after the third installment was ` 3,50,000/-.</p> <p>Vide its letter dated 28.03.2011, the company informed R.P.F.C that it has paid its last and final installment of ` 3,50,000 by cheque no. 056786.</p>	n		3,15,195/-	Urmi Chemical Industries Pvt. Ltd. from the company.	amount of Rs. 7,02,672.- has been paid in totality. The dispute regarding the interest amount is still pending.
10.	<p>Income Tax Appeal No. 1101 of 2010</p> <p>The Appellant being the Commissioner of Income Tax, has</p>	Gujarat High Court	<p>Commissioner of Income Tax v.</p> <p>Ambuja Intermediates Pvt. Ltd.</p>		Appeal filed against the order of the Income Tax Appellate Tribunal in the matter of deduction under	<p>Pending</p> <p><u>Next Date of Hearing:</u> <u>Due Course</u></p>

	preferred an appeal against an order dated 16.11.2009 of the Income Tax Appellate Tribunal on the grounds that profit derived from export incentive of ` 39,66,545/- is not eligible for deduction under 80 HH and 80I of the Income Tax Act, 1961.				section 80 HHC and 80 I of the Income Tax Act, 1961 for the assessment year 1997-1998	
11.	<p>Income Tax Appeal No. 1396 of 10</p> <p>The Appellant being the Commissioner of Income Tax- Appellant has preferred an appeal against an order dated 18.12.2009 of the Income Tax Appellate Tribunal on the grounds relating to:</p> <p>a) exclusion of excise duty and sales tax from total turnover in computation of deduction under section 80 HHC of the Income Tax Act, 1961; and</p> <p>b) inclusion of amount of DEPB license for working of deduction under section 80 HHC of the Income Tax Act, 1961</p>	Gujarat High Court	<p>Commissioner of Income Tax v.</p> <p>Ambuja Intermediates Pvt. Ltd.</p>		Appeal filed against the order of the Income Tax Appellate Tribunal in the matter of deduction under section 80 HHC of the Income Tax act, 1961 for the assessment year 2001-2002	<p>Pending</p> <p><u>Next Date of Hearing:</u></p> <p><u>Due Course</u></p>

### III - FILED BY OUR COMPANY

Sr. No	Case No.	Court/Forum	Defendant	Amount	Relief claimed	Status
1.	Civil Suit No. 695 of 2005	City Civil Court, Ahmedabad	Ambuja Intermediates Pvt. Ltd.		The property situated at Vatva Unit in	Suit Pending. Notice of

	<p>Notice of Motion No. 593/2005 in Civil Suit No. 695 of 2005</p> <p>The Petitioner being the company has filed the petition for transfer of the property situated Vatva Unit in GIDC, Ahmedabad in the name of the company and the pending the final hearing of the suit, the company filed an interim application for restraining the defendant from transferring the property to any third party other than the company.</p> <p><u>Order dated 09.05.2005 passed in the interim application:</u> The notice of motion is rejected.</p>		<p>V.</p> <p>Gujarat Industrial Development Corporation</p>		<p>GIDC, Ahmedabad to be transferred in the name of the Company.</p>	<p>motion dismissed.</p> <p><u>Next Date of hearing: In Due Course</u></p>
2.	<p>C.M.A No. 770 of 2009 in execution Application No. 24 of 2005</p> <p>The Application is filed by the Company in objection of suit No. 24 of 2005. The Applicants object to the claim of the Petitioner that it has right title and interest over the properties of Urmi Chemicals</p>	City Civil Court	<p>R.K. Industries- Petitioners</p> <p>V.</p> <p>Urmi Chemicals Pvt. Ltd.</p> <p>Respondents</p> <p>Ambuja Intermediates Pvt. Ltd.- Applicants</p>		<p>The Applicant seeks to quash the order of City Civil Court granting an order of attachment of immovable properties under Order 21 rule 54 of the Civil Procedure Code, 1905 in favour of the Petitioners</p>	<p>Pending</p> <p><u>Next Date of hearing: 07. 10.2011</u></p>

	Pvt. Ltd when the Respondents had created an equitable mortgage over the properties of the Respondents, which forms the subject matter of the suit, on 04.06.2003.					
3.	Income Tax Appeal no.22  The Appellant being the company has preferred an appeal against the order of the Respondent under section 271(1)(c) of the Income Tax Act, 1961. The Appellant contends that the respondent has erred in law and on facts and has imposed the penalty wrongly.	Commissioner of Income Tax (Appeals)- VI, Ahmedabad	Ambuja Intermediates Pvt. Ltd.  V.  Assessing Officer	` 50,860/-	Company has preferred an appeal against the order of the Respondent under section 271(1)(c) of the Income Tax Act, 1961 for the assessment year 2005-2006.	Pending  <u>Next Date of Hearing: Due Course</u>
4.	Sales Tax Appeal dated 26.5.2011  The Appellant being the company has preferred an appeal against order dated 21.4.2011 passed by the Asst. Commissioner of Commercial Tax. The Respondent has been levied an interest of Rs. 4, 72,902/- and a 150% penalty has been imposed under section 34(7) of ` 15,00,407/- on the ground of ITC of ` 9,99,938/- which has been wrongly claimed.	Deputy Commissioner of Sales Tax (Appeals)	Ambuja Intermediates Pvt. Ltd.  V.  Assessing Officer	` 29,73,247/-	Company preferred an appeal against the assessing officer for the assessment year 2006-2007	Pending  <u>Next Date of Hearing: Due Course</u>
5.	Sales Tax Appeal dated 21.5.2011  The Appellant	Deputy Commissioner of Sales Tax	Ambuja Intermediates Pvt. Ltd.  V.	` 17,43,496/-	Company preferred an appeal against the assessing	Pending  <u>Next Date of Hearing: Due</u>

	being the company has preferred an appeal against order passed by the Asst. Commissioner of Commercial Tax. The Respondent has prayed that the Asst. Commissioner of Commercial Tax has erred in calculating the inter state sale on which tax is leviable in the State of Gujarat and therefore, the wrongly levied CST of ` 2,68,1800/- and the interest of ` 2,09,487/- should be deleted.	(Appeals)	Assessing Officer		officer for the assessment year 2006-2007	<u>Course</u>
6.	<p>Income Tax Appeal against order dated 30.11.2010 under section 143(3) of the Income Tax Act, 1961</p> <p>The Appellant being the company has preferred an appeal against the order of the Respondent on the ground that:</p> <ol style="list-style-type: none"> <li>1. the Respondent has erred in law and on facts in disallowing revenue expenditure of ` 21,00,000/- for contribution paid to Kalol GIDC Association;</li> <li>2. the Respondent has erred in law and on</li> </ol>	Commissioner of Income Tax (Appeals)- VI, Ahmedabad	<p>Ambuja Intermediates Pvt. Ltd.</p> <p>V.</p> <p>Assessing Officer</p>		Company has preferred an appeal against the order of the Respondent for the assessment year 2008-09 and has prayed for quashing of the penalty proceedings under section 271 (1) (c) of the Income Tax Act, 1961	<p>Pending</p> <p><u>Next Date of Hearing: Due Course</u></p>

	<p>facts in disallowing interest expense under section 40A(2)(b) of the Income Tax Act, 1961 amounting to ` 10,19,378/-;</p> <p>3. the Respondent has erred in law and on facts in not adjusting the closing WDV of the Plant and Machinery to be carried forward in the next year to the extent of disallowance of the additional depreciation of ` 7000/-;</p> <p>4. the Respondent has erred in charging interest of ` 11,55,017/- under section 234(B) of the Income Tax Act, 1961 and ` 4,40,651/- under section 234C of the Income Tax Act, 1961 though the company has not committed a default under section 207 to section 221 of the Income Tax Act, 1961; and</p> <p>5. the company has not concealed any income or</p>					
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	furnished inaccurate particulars of income.					
4.	<p>Sales Tax Appeal dated 26.4.2003- Form 46 under section 63 of the Gujarat Sales Tax act, 1969</p> <p>The Appellant being the company has preferred an appeal against order dated 24.3.2003. The company has prayed for a set off of 2% on the chemicals purchased as raw material as per the press note issued by the Government and the amendment in Sales Tax. Additionally, the company has prayed for waiver of interest charged as per section 47(4)( c) of the Central Sales Tax Act, 1956</p>	Deputy Commissioner of Sales Tax (Appeals)	<p>Ambuja Intermediates Pvt. Ltd. V.</p> <p>Assessing Officer-</p>		Company preferred an appeal against the assessing officer for the assessment year 1999-2000	<p>Pending</p> <p><u>Next Date of Hearing: Due Course</u></p>
5.	<p>Sales Tax Appeal No.</p> <p>Case Summary: Appeal not provided. Company to provide the same.</p>	Deputy Commissioner of Sales Tax (Appeals)	<p>Ambuja Intermediates Pvt. Ltd. V.</p> <p>Assessing Officer</p>	Rs. 14,42,634/-	Company preferred an appeal against the assessing officer for the assessment year 2002-2003	<p>Pending</p> <p><u>Next Date of Hearing: Due Course</u></p>

**Significant Note:** Our Company manufactures several chemicals which produce hazardous wastes and hence are required to get the consent for operations, which need to be renewed continuously. Our consolidated consent is valid till 19-8-2012. These consents stipulate conditions which if not complied with may lead to closure of our operations.

Due to the nature of the products manufactured by us, our effluent treatments facilities are continuously monitored by the Pollution Control Board which stipulate conditions before permitting us continue with our operations. In case we are unable to comply with the conditions Pollution Control may order closure of our operations which may lead to severe impact on our income and financial conditions. Currently vide order dated Sept 6, 2011 we have been permitted to carry on the operations with 50% of the consolidated consent quantity for a period of three months.

#### **IV - Litigation against our Subsidiary - Ambuja Solvex Pvt. Ltd. (Wholly owned subsidiary)**

1.	<p>Sales Tax Appeal No.</p> <p>The Appellant being Ambuja Solvex Pvt. Ltd. has filed an appeal against the order of the assessing officer on the ground that tax payable for the year 1.04.2005 to 31.03.2006 has been paid on 30.11.2008. The company prays that since the goods are sold and purchased in the state of Gujarat and the parties are also in the state of Gujarat, therefore only the Gujarat Sales Tax Act should be applicable. The company further prays that the penalty levied by the assessing officer is illegal and should be waived off.</p>	Deputy Commissioner of Sales Tax (Appeals)	<p>Ambuja Solvex Pvt. Ltd.</p> <p>V.</p> <p>Assessing Officer</p>		<p>Company preferred an appeal against the assessing officer for the assessment year 2005-2006.</p>	<p>Pending</p> <p><u>Next Date of Hearing: Due Course</u></p>
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#### **C. Details of past penalties imposed on our Company**

There are no past penalties imposed on our Company.

#### **D. Violations of Securities Laws**

There is no proceeding/ adverse finding in respect of the persons/entities connected with our Company as regards compliance with the securities laws.

#### **E. Potential Litigation against our Company**

There are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice except as disclosed above.

#### **F. Material Developments since the Last Balance Sheet Date**



Except as disclosed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 195, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its assets or its ability to pay its material liabilities within the next 12 months.

#### **G. Outstanding dues to small scale undertaking(s) or any other creditors**

There are no outstanding dues above Rs. 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days. For details please refer to the section titled Financial Information on page no. 163 of this DRHP.

#### **H. Outstanding Litigation against other companies whose outcome could have an adverse effect on Our Company**

There are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company.

### **III. Litigation against the Directors of our Company**

#### **A. Outstanding Litigation and Material Developments/Proceedings against our Directors**

There are no outstanding litigation involving our Directors including criminal prosecutions or civil proceedings involving our Directors, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

#### **B. Outstanding Litigation and Material Developments/Proceedings filed by our Directors**

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by the Directors.

#### **C. Proceedings initiated against the Directors for economic and civil offences**

There are no proceedings initiated against the Directors for any economic and civil offences.

#### **D. Details of past penalties imposed on our Directors**

There are no past penalties imposed on the Directors.

### **IV. Litigation involving our Subsidiary**

Except as mentioned above, there is no litigation involving our subsidiary.

#### **V. Outstanding Litigation and Material Developments/Proceedings involving our Promoters**

There is no outstanding litigation involving our Promoters, including criminal prosecutions or civil proceedings involving our Promoters, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by our Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

**A. Litigation involving Promoters****Outstanding Litigation and Material Developments/Proceedings against our Promoter**

There is no outstanding litigation against our Promoters.

**Outstanding Litigation and Material Developments/Proceedings filed by our Promoters**

There is no outstanding litigation initiated by our Promoters.

**B. Details of past penalties imposed on our Promoters**

There are no past penalties imposed on our Promoters.

**C. Proceedings initiated against our Promoters for economic offences or civil offences**

There are no proceedings initiated against our Promoters for any economic offences or civil offences.

**D. Disciplinary Action**

No disciplinary action has been taken against our Promoters by SEBI or any recognised stock Exchanges.

**E. Litigation/Defaults in respect of companies/firms/ventures with which our Promoters were associated in the Past**

There is no outstanding litigation/defaults in respect of Group Companies with which our Promoters were associated in the past (in case their name continues to be associated with the particular litigation).

**F. Violations of Securities Laws**

There is no proceeding/ adverse finding in respect of the persons/entities connected with our Promoters as regards compliance with the securities laws.

**VI. Litigation involving our Group Companies and entities**

There is no litigation involving our Group Companies and entities.

## GOVERNMENT AND OTHER APPROVALS

*In view of the approvals listed below, our Company can undertake this Issue and our current business activities and 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. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.*

### **A. Approvals in relation to the Issue**

1. Our Board of Directors have, pursuant to resolution passed at its meeting held on September 17, 2011 authorised the Issue, subject to the approval by the shareholders of the Company under section 81(1A) of the Companies Act.
2. Our shareholders have, pursuant to a resolution passed at the EGM held on September 19, 2011 authorised the Issue, under section 81(1A) of the Companies Act.
3. In - principle approval from NSE dated [ ].
4. In - principle approval from BSE dated [ ].

### **B. Approvals in relation to incorporation and to carry on business**

#### **I. Our Company**

1. Certificate of Incorporation dated August 10, 1988 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli in the name of Ambuja Intermediate Products Private Limited.
2. Fresh certificate of incorporation consequent upon conversion of the Company change of name from Ambuja Intermediates Products Private Limited to Ambuja Intermediates Products Limited dated September 06, 1999 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The Company was converted from private limited company to public company.
3. The name of the Company was changed from Ambuja Intermediate Products Limited to Ambuja Intermediates Limited by resolution dated October 18, 1999, w.e.f. October 18, 1999 as is evidenced by the Certificate of Change of Name bearing No. 04-11091 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on October 22, 1999.
4. Ambuja Intermediates Limited was converted into a private company by resolution dated June 25, 2005 and accordingly its name was changed to Ambuja Intermediates Private Limited w.e.f. July 25, 2005 as evidenced by the Certificate of Change of Name bearing No. 04-11091 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 25, 2005.
5. Ambuja Intermediates Limited was converted into a public company by resolution dated September 9, 2011 and accordingly its name was changed to Ambuja Intermediates Limited w.e.f. September 19, 2011 as evidenced by the Certificate of Change of Name bearing No. 04-11091 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
6. The permanent account number of our Company is AACCA1236B.
7. The tax deduction account number of our Company is AHMA02216E.
8. The Service tax registration of our Company is AACCA1236BST003.
9. The professional tax employer certificate number of our Company R-12231875.

10. The central sales tax registration number is 24540900452.

11. The value added tax number is 24040900452.

12. Our Import Export Code number is 0891004289.

13. The central excise registration number is AACCA1236BXM001.

14. The energy service connection number is 19682 & 19772.

15. The Employees' Provident Fund Organisation Account number of our Company is GJ/AHD/0023742/000/0000111.

Our Company applies for approvals, licenses and registrations at the appropriate stage of development of each project and the same may be granted by these authorities subject to compliance with the requirements of local laws.

***Other Approvals for our business and manufacturing plant;***

Sr. No.	Description	Authority	Date of Approval	Valid till
1.	1. Item of Manufacture – 4'4 DIAMINO SULPHANILIDE / 2'2, 5'5 TETRA CHLOROBENZEDENE/K ACID / PARA AMINO BENZAMIDE/META UREIDO ANILINE/BRONNERS ACID  2. H ACID/SULPHO GAMMA ACID / GAMMA ACID/ PARA AMINO AZO / BENZENE 4 SULPHONIC ACID (PAABSA) / SULPHO C ACID / N PHENYL J ACID  3. VINYL SULPHONE  4. N METHYL J ACID  5. ACETANILIDE  6. 1 BROMO 4 CYCLO HEXYL AMINE ANTHRAQUINONE  7. ACID BLACK 210  8. SULPHO TOBIAS ACID / N METHYL GAMMA ACID / 6 NITRO 2 AMINO PHENOL 4 SULPHONIC ACID / EUROPEAN K ACID / VINYL SULPHONE ESTER OTRHO ANISIDINE / DI J ACID	Public Relation & Complaints Section, Secretariat for Industrial Assistance, Ministry of Commerce and Industry Government of India	3869/SIA/IMO/2008 December 19, 2008	One time approval

Sr. No.	Description	Authority	Date of Approval	Valid till
1	Registration cum Membership Certificate  Goods registered: Dyes and Dye Intermediates, Alcohol & Coaltar Chemicals	Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council [CHEMEXCIL] – (Set-up by Ministry of Commerce, Government of India) RCMC No. – CHEM/AHD/A-308/P-I/11-12/6411	April 6, 2011	March 31, 2016
2	Registration cum Membership Certificate  Goods registered: Dyes and Dye Intermediates	Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council [CHEMEXCIL] – (Set-up by Ministry of Commerce, Government of India) RCMC No. – CHEM/AHD/A-271/ME/10-11/13019	April 06, 2010	March 31, 2015
4	Registration cum Membership Certificate  Goods registered: Drug Intermediates, Herbal Products	Pharmaceuticals Export Promotion Council  RCMC No.: 4211	June 15, 2009	March 31, 2014
5	Star Export House Certificate	Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India  Certificate No. A-2447	April 01, 2009	March 31, 2014

#### Certificate for the use of a Boiler

Sr. No.	Description	Authority	Date of Approval	Valid from	Valid till
1	GT – 4554 [Boiler Rating – 285.00 MT]	Gujarat Boiler Inspection Department	August 31, 2008	August 10, 2010	August 29, 2012
2	GT – 3550 [Boiler Rating – 85.00 MT]	Gujarat Boiler Inspection Department	July 21, 2011	April 05, 2011	April 04, 2012
3	GT – 4141 [Boiler Rating – 260.00 MT]	Gujarat Boiler Inspection Department	February 23, 2010	February 16, 2010	February 15, 2011
4	GT – 5832 [Boiler Rating – 530.00 MT]	Gujarat Boiler Inspection Department	April 25, 2011	September 21, 2010	September 19, 2012

Sr. No.	Description	Authority	Date of Approval	Valid till
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1	Registration of Generator Set bearing number 01-0485-001-07855 under Bombay Electricity Duty Act, 1958, date of commissioning of Generator Set is March 01, 1994 having capacity of <b>125 KVA</b>	Chief Auditor, for Collector of Electricity Duty, Gandhinagar	September 01, 2008	Till contract Demand with Gujarat Electricity Board remains 400 KVA or more
2	Consent for Installation of Diesel Generator Sets of <b>625 KVA</b> capacity, Make-Cater Pillar, Model-PN5026, Type-3412 TTA bearing serial number 38501951 and Alternator-Cater Pillar, model-589 bearing serial number 6FA09016	Gujarat Electricity Board	June 07, 2001	Till contract Demand with Gujarat Electricity Board remains 400 KVA or more
3	Certificate of Inspection of Diesel Generator Set of 625 KVA bearing engine Number 5N-5026, Make-Cater Pillar	Electrical Inspector, Mehsana	November 06, 2001	N.A.

Sr. No.	Description	Authority	Date of Approval	Valid till
1	Purchase, use and storage of Methyl Alcohol	Government of Gujarat under Bombay Prohibition Act 1948	April 1, 2011	March 31, 2012

Sr. No.	Description	Authority	Date of Approval	Valid till
1	Petroleum Class A in bulk – 17 KL License No.: P/HQ/GJ/15/4841 (P166879)	Government of India – Ministry of Commerce & Industry – Petroleum and Explosives Safety Organisation (PESO)	October 16, 2009	December 31, 2012

Sr. No.	Description	Authority	Date of Approval	Valid till
1	Licence under Factories Act for the plant located at Chatral, Mehsana.	Government of Gujarat	March 9, 1990	December 31, 2011.
2	Certificate of Stability-Form No.1 (A) as prescribed under Rule-3C	Issued by Pranav Parikh, Chartered Engineer	October 14, 2009	October 13, 2014  This certificate is valid for a period of 5 years subject to no extension, alteration, repairs, addition, or machinery, plants, etc. as mentioned in Rule 3C of the Gujarat Factories Rules, 1963)

Sr. No.	Description	Authority	Date of Approval	Valid till
1	For discharge of Trade effluent and emission due to operation of industrial plant for manufacture of various product listed.	Gujarat Pollution Control Board	March 24, 2011	August 19, 2012

Sr. No.	Description	Authority	Date of Approval	Valid till
1	Certificate for the use of Light Diesel Oil bearing number 3/2009	Mamlatdaar, Taluka- Kadi	March 25, 2009	March 24, 2010
2	License under Clause 3 of Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobiles) Order, 2000	City Magistrate, Mahesana	March 15, 2010	February 12, 2011

*Approvals in respect of which application has been made by our Company and is pending:*

Sr. No.	Description	Authority	Date of Application
2.	Trade mark application for 'Ambuja' (italics), type of trademark-BRAND NAME WITH LOGO of class 2  Provisional No 2201434.	Trademarks Registry, Government of India	September 07, 2011
3.	Application for Approval of plan for factory situated at Vatva (after which an application is to be made for getting the Stability Certificate from the chartered engineer)	Industrial Safety and Health Department, Ahmedabad	September 02, 2011

*Other Certificates*

Sr. No.	Description	Authority	Date of Approval	Valid From	Valid Till
4.	ISO Certificate of Registration- for exporters of quality Intermediates, Dyes, Pigments, Speciality Chemicals Quality Standard: ISO 9001:2008  Certificate ID: I0001323-4	Orion Registrar, Inc., USA	September 17, 2010	September 09, 2010	September 08, 2013
5.	Certificate for further treatment and disposal of 900 tones/month spent acid	Issued by Novel Spent Acid Management	February 07, 2011	-	-
6.	Approval for storage of Petroleum Class 'C' (Furnace Oil/LDO) of 17 KL which shall not exceed 45 KL at any time, in which case the company will have to apply for a license.	Issued by Department of Explosives, Ministry of Commerce and Industry	February 27, 2006	-	-
7.	Registration cum Membership Certificate	Federation of Indian Export Organisations	July 27, 2011	April 01, 2009	March 31, 2014

Sr. No.	Description	Authority	Date of Approval	Valid From	Valid Till
	No.: 359/2011-2012				
8.	Registration under Mumbai Shops and Establishments Act, 1948 under Rule 6 and 8 bearing registration no. PII/EL/00/0008313	Deputy Municipal Commissioner , Ahmedabad	Nil	March 16, 1998	2013
9.	License under section 31 of the Gujarat Sales Tax Act, 1969 Manyata Patra No.: N5M (G.L.)157	Issued by Assistant Sales Tax Commissioner, Kadi, district Mehsana, North Gujarat	October 22, 1999	-	-
10.	License under section 32 of the Gujarat Sales Tax Act, 1969 Manyata Patra No.: N5M (R)83	Issued by Sales Tax Officer, Division 1, Kadi, North Gujarat	October 22, 1999	-	-
11.	Commissioning Certificate for setting up of 1.50 MW Wind Farm at Suthri, Ta:- Abdasa, Kutch District, Gujarat bearing certificate reference number: GEDA/PWF/SGWPL-AIPL/Abdasa/2006-07/216.	Gujarat Energy Development Agency	April 17, 2007	N.A.	N.A.
12.	Commissioning Certificate for setting up of 1.250 MW Wind Farm at Lamba, Ta: Kalyanpur, Jamnagar District Gujarat bearing. certificate reference no.: GEDA/PWF/SEL-AIL/LAM/547	Gujarat Energy Development Agency	May 12, 2005	N.A.	N.A.
13.	Commissioning Certificate for setting up of 1.250 MW Wind Farm at Navadara, Ta:-Kalyanpur, District Jamnagar, Gujarat-certificate reference no.: GEDA/SGPL-AIL/NAV-COM/2004-05/2383	Gujarat Energy Development Agency	September 16, 2004	N.A.	N.A.



#### Electricity Permission

I. The Company has entered into an wheeling agreement (the “Wheeling Agreement”), dated 27th December, 2007, with Gujarat Energy Transmission Corporation Limited (“GETCO”) for obtaining permission for set up a wind farm of 1.25 MW capacities in accordance with the provisions of Wind Power Generation Policy, 2002 and to use the energy generated at the wind farm to its own manufacturing unit (i.e. M/s Ambuja Intermediates Private Limited, Consumer No. 19682 located at Survey No. 1152, near Milton Laminates) under the following terms and condition.

- (a) The validity of the Agreement will be 20 years from the date of commencement of operation by the Wind farm or life span thereof, whichever is earlier, for the purpose of availing the benefits on account of wheeling of power, banking of power, exemption from payment of electricity duty, Demand Cut etc.
- (b) The Company will compensate GETCO for such wheeling of power by 4% in the form of energy for wheeling of power from the Wind Farm to the Company.
- (c) The Company will be exempted from the payment of electricity duty on the quantum of energy wheeled.
- (d) The Company will be allowed exemption from imposition of demand cut to the extent of 30% of the installed capacity of the wind farm.
- (e) The Wheeling Agreement shall be governed by the provision of Open Access Regulation determined by GERC from time to time as per power conferred to GERC under the Electricity Act, 2003.
- (f) The energy generated by the wind farm will be metered and measured by GETCO and GEDA on monthly basis at sending end sub-station of the wind farm. The qualifying energy to be wheeled or sold (as the case may be) will be computed on the basis of this measurement. The cost of metering will be borne by the Company.

Under this Agreement either party can pre-matured terminate the contract by mutual consent only by giving a written notice to other party. The notice period will be three months from the date of issue of the notice and neither party will owe any liability to other party on this account. The Agreement is properly executed by all the party and the Company has paid Rs.100/- towards stamp duty for the Agreement. This Agreement is in super session of the Agreement dated June 13, 2005.

## II. Wheeling Agreement with Gujarat Electricity Board:

The Company has entered into an wheeling agreement (the “Wheeling Agreement”), dated 27th September, 2004, with Gujarat Electricity Board (“GEB”) for obtaining permission for set up a wind farm of 1.25 MW capacities in accordance with the provisions of Wind Power Generation Policy, 2002 and to use the energy generated at the wind farm to its own manufacturing unit (i.e. M/s Ambuja Intermediates Private Limited, Consumer No. 19682 located at Survey No. 1152, near Milton Laminates) under the terms and conditions as mentioned in the Application form and also on the following terms and condition:

- (a) The validity of the Agreement will be 20 years from the date of commencement of operation by the Wind farm or life span thereof, whichever is earlier, for the purpose of availing the benefits on account of wheeling of power, banking of power, exemption from payment of electricity duty, Demand Cut etc.
- (b) The Company will compensate GEB for such wheeling of power by 4% in the form of energy for wheeling of power from the Wind Farm to the Company.
- (c) The Company will be exempted from the payment of electricity duty on the quantum of energy wheeled.
- (d) The Company will be allowed exemption from imposition of demand cut to the extent of 30% of the installed capacity of the wind farm.
- (e) The Wheeling Agreement shall be governed by the provision of Open Access Regulation determined by GERC from time to time as per power conferred to GERC under the Electricity Act, 2003.
- (f) The energy generated by the wind farm will be metered and measured by GEB and GEDA on monthly basis at sending end sub-station of the wind farm. The qualifying energy to be wheeled or sold (as the case may be) will be computed on the basis of this measurement. The cost of metering will be borne by the Company.

Under this Agreement either party can pre-matured terminate the contract by mutual consent only by giving a written notice to other party. The notice period will be three months from the date of issue of the notice and neither party will owe any liability to other party on this account. The Agreement is properly executed by all the party and the Company has paid Rs.50/- towards stamp duty for the Agreement

### III. Wheeling Agreement with Gujarat Energy Transmission Corporation Limited:

The Company has entered into an wheeling agreement (the “Wheeling Agreement”), dated 2nd June, 2007, with Gujarat Energy Transmission Corporation Limited (“GETCO”) for obtaining permission for set up a wind farm of 1.5 MW capacities in accordance with the provisions of Wind Power Generation Policy, 2002 and to use the energy generated at the wind farm to its own manufacturing unit (i.e. M/s Ambuja Intermediates Private Limited, Consumer No. 19772 located at Survey No. 1152, near Milton Laminates) under the terms and conditions as mentioned in the Application form and also on the following terms and condition:

- a) The validity of the Agreement will be 20 years from the date of commencement of operation by the Wind farm or life span thereof, whichever is earlier, for the purpose of availing the benefits on account of wheeling of power, banking of power, exemption from payment of electricity duty, Demand Cut etc.
- b) The Company will compensate GETCO for such wheeling of power by 4% in the form of energy for wheeling of power from the Wind Farm to the Company.
- c) The Company will be exempted from the payment of electricity duty on the quantum of energy wheeled.
- d) The Company will be allowed exemption from imposition of demand cut to the extent of 30% of the installed capacity of the wind farm.
- e) The Wheeling Agreement shall be governed by the provision of Open Access Regulation determined by GERC from time to time as per power conferred to GERC under the Electricity Act, 2003.
- f) The energy generated by the wind farm will be metered and measured by GETCO and GEDA on monthly basis at sending end sub-station of the wind farm. The qualifying energy to be wheeled or sold (as the case may be) will be computed on the basis of this measurement. The cost of metering will be borne by the Company.

Under this Agreement either party can pre-matured terminate the contract by mutual consent only by giving a written notice to other party. The notice period will be three months from the date of issue of the notice and neither party will owe any liability to other party on this account. The Agreement is properly executed by all the party and the Company has paid Rs. 100/- towards stamp duty for the Agreement.

Sr. No.	Description	Authority	Date of Approval	Valid From	Valid Till
14.	Certificate of Registration of Trade Mark, Section 23 (2), Rule 62(I) bearing no. 313572 of the name ‘AMBUJA’. Trade Mark No. 983751	Trademarks Registry, Government of India	December 20, 2010	January 15, 2011	January 14, 2021
15.	The Logo of the Company is registered bearing number 525896 and Trade Mark No. 983750	Trademarks Registry, Government of India	December 20, 2010	January 15, 2011	January 14, 2021

***Licenses/Approvals Pertaining to Unit at Vatva***

<b>Sr. No.</b>	<b>Description</b>	<b>Authority</b>	<b>Date of Approval</b>	<b>Valid till</b>
1.	Licence under Factories Act, 1948 under Form 4 for the plant located at Vatva bearing License No. 016289	Government of Gujarat	August 07, 2006	December 31, 2012. (Renewed annually)
2.	Certificate of Stability-Form No.1 (A) as prescribed under Rule-3C of the Gujarat Factories Rules, 1963	Issued by Pranav Parikh, Chartered Engineer	March 18, 2006	March 17, 2011
3.	Consent Order bearing number AWH-41371 for use of outlet for the discharge of trade effluent and emission due to operation of industrial plant for manufacturing of Reactive Acid and Direct Dyes as mentioned therein	Gujarat Pollution Control Board	March 30, 2011	January 16, 2016
4.	Professional Tax Registration bearing No. PE/C013180752 under Form 4 given to Praveen Kumar Jivrajibhai Shah on behalf of Ambuja Intermediates Private Limited	Assistant Manager, Professional Tax SWM, S&E (South Zone), Ahmedabad Municipal Corporation	February 10, 2009	N.A.
5.	Service Tax Code (Registration Number) AACCA1236BST004 under Form ST-2 under Section 69 of the Finance Act, 1994 (32 of 1994)	Deputy Commissioner of Service Tax, Division-1, Excise Bhavan, Ahmedabad-380015	February 26, 2009	N.A.
6.	Share Certificate bearing number 341 for 50 held by the Company bearing distinctive number from 17301 to 17350 which was transferred from Urmi Chemical Industries Private Limited	Green Environment Services Co-Operative Society Limited	January 24, 2006	N.A.
7.	Membership Certificate of C.E.T.P.	Green Environment Services Co-Operative Society Limited	July 22, 2006	N.A.
8.	Proposed item of Manufacture: S O Dyes (excluding item reserved for SSI) of Manufacture with proposed capacity 1440 M.T.  Certificate No. 7/SIA/IMO/2006	Public Relation & Complaints Section, Secretariat for Industrial Assistance, Ministry of Commerce and Industry Government of India	January 02, 2006	One time approval
9.	Report of Examination or Test of Pressure Vessel or Plant bearing Report no. 01 under Form No. 11 (Rule 61) of the Factories Act, 1948 of the Baby Boiler	Issued by D.K. Engineers (Industrial Testing, Safety Utility, Competent Person, Gujarat State)	June 06, 2011	N.A.
10.	Report of Examination or Test of Pressure Vessel or Plant bearing Report no. 02 under Form No. 11 (Rule 61) of the Factories Act, 1948 of the Horizontal Air Receiver bearing serial number SHI243	Issued by D.K. Engineers (Industrial Testing, Safety Utility, Competent Person, Gujarat State)	June 06, 2011	N.A.

11.	Report of Examination or Test of Pressure Vessel or Plant bearing Report no. 03 under Form No. 11 (Rule 61) of the Factories Act, 1948 of the Baby Boiler having Capacity-800 and bearing serial number 1008006	Issued by D.K. Engineers (Industrial Testing, Safety Utility, Competent Person, Gujarat State)	June 06, 2011	N.A.
12.	Prescribed for Report of examination of Hoist or Lift bearing Report No. 04 under Form No.9 (Rule 58) of the Factories Act, 1948 of the Cage Hoist having capacity of 01 Ton (Make-Gurukripa Engineering, Ahmedabad)	Issued by D.K. Engineers (Industrial Testing, Safety Utility, Competent Person, Gujarat State)	June 06, 2011	N.A.

***Licenses/Approvals pertaining to our Subsidiary Ambuja Solvex Private Limited***

**I Incorporation and Other Statutory Compliances:**

**Certificate of Incorporation:**

Certificate of Incorporation No. dated 10<sup>th</sup> day of June, 2004 from the Registrar of Companies, Gujarat, Dadra & Nagar Haveli bearing No. U15141GJ2004PTC44285.

**Importer-Exporter Code (IEC):**

The Company has been allotted Importer-Exporter Code (IEC) No.0805006141 on 27<sup>th</sup> July, 2005 from the Office of the Jt. Director of Foreign Trade, Ministry of Commerce, Ahmedabad, issued from file No. 08/04/130/00624/AM06 dated 27<sup>th</sup> July, 2005. The certificate is issued on January 13, 2010.

**Permanent Account Number:**

The Income Tax Department has allotted PAN: AAECA8048D to the Company.

**Tax Deduction Account Number:**

Income Tax Department, Government of India, has allotted Tax Deduction Account Number (TAN) number AHMA04591G to the Company.

**Value Added Tax:**

Gujarat Sales Tax Registration Number of the Company, required under Rule 9 of the Gujarat Sales Tax Rules, 1969, is 24040901296, issued by the Office of Sales Tax- Division- I, Mehasana, Rajpur dated October 14, 2004 and is effective from September 8, 2004.

(Type of Business: Manufacturer, Reseller, Exporter, Local Consignment Agent)

**Central Sales Tax Number:**

The Company has been registered as a dealer under Rule 5(1) of the Central Sales Tax Registration and Turnover Rules, 1957 bearing no. 24540901296 and this Certificate is valid from July 29, 2004.

**Central Excise Registration:**

The Company has been issued a Central Excise Registration Certificate under Rule 9 of the Central Excise Rules, 2002. The Registration Number of the Company with respect to plant at Rajpur, Pansar is AAECA8048DXM001 and evidenced by the Central Excise Registration Certificates dated 15<sup>th</sup> September, 2004 issued by Office of the Deputy Assistant Commissioner, Central Excise- Division- II.

**Registered with Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council ("BCPC"):**

The Company is registered as Member Exporter, bearing the registration number RCMC: No. CHEM/AHD/A-307/P-IV/11-12/492, with **BCPC** (which is a set-up by Ministry of Commerce, Government of India). The Certificate is valid and renewed on 31<sup>st</sup> March every year against payment of the subscription for that period. The registration is valid upto March 31, 2016. The branch office of Bombay is also added in the registration and the same is also notified to the Joint DGFT.

**Profession Tax Number:**

We have been registered as an employer under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 and our Profession Tax Number is PEC015170805.

**Service Tax Code:**

The Company has been granted a Certificate of Registration, dated May 29, 2008, in “Form ST-2” under section 69 of the Finance Act, 1994 and allotted service tax code AAECA804 to the Company by the office of the Deputy Commissioner of Central Excise.

**Employees Provident Fund Organisation**

By a letter dated July 6, 2010 bearing reference no. GJ/AHD/56090/ENF/334 the Employees Provident Fund Organisation has intimated to the Company that the Company has been allotted with the Code No. GJ/AHD/56090

**ISO certification and other certification:**

1. The Company has obtained the ISO 9001:2008 certification, dated 18th October, 2010 bearing the certificate no. 01100075541, from TUV Rheinland for Design & Development, Manufacture of Castrol Oil and its Derivatives. The ISO certificate is valid from 18th October, 2010 to 7th October, 2013.
2. The Company has obtained the ISO 14001:2004 certification, dated 18th October, 2010 bearing the certificate no. 01104075541, from TUV Rheinland for Design & Development, Manufacture of Castrol Oil and its Derivatives. The ISO certificate is valid from 18th October, 2010 to 7th October, 2013

**Manufacturing Enterprise Acknowledgement:**

The Company has filed memorandum with District Industries Center, Mehsana, for the purpose of manufacturing Castor Oil, Groundnut Non- edible oil, Cotton Wash oil, Mustard oil, Sesame oil and other Natural /Inedible Oil with capacity per annum of 2800 Ton at the address of Survey No. 1159, Village – Rajpur, Taluka – Kadi. The Joint Industrial Commissioner & General Manager of District Industries Center, Mehsana has, vide letter dated 10<sup>th</sup> May, 2007, issued acknowledgement to the Company.

**Factory Licenses:**

The Company has been granted a license to work a factory, situated at Survey No. 1159, Rajpur Village, Talika Kadi, Mehsana bearing the license number 019721 and reference number 15142191024/2(M)(I), dated February 10, 2005, by the Industries Main Supervisors, District - Gujarat. The Factory License is valid up to December 31, 2011.

**Environment:**

(a) The Gujarat Pollution Control Board has issued “Consent to Establish” (NOC) dated February 8, 2010 bearing reference no. GPCB/ID26640//CTE/MH/NOC-2036 to Ambuja Solvex Private Limited under section 25 of Water Act, 1974 and Section 21 of the Air Act, 1981. The order is valid for the period of 5 years from the date of issuance on the terms and conditions as mentioned therein.

(b) The Gujarat Pollution Control Board issued an amendment to the consolidated consent order no. 50 dated 7<sup>th</sup> April, 2005, issued vide letter no. GPCB/RO-MH/TECH/CCA- MH- 319/882 dated 13<sup>th</sup> April, 2005 under the

Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989 as amended up to the year 2003 framed under the Environment (Protection) Act, 1986 whereby consent was amended and was valid till 28<sup>th</sup> February, 2010, authorizing it to use the outlet for the discharge of trade effluent and emission due to operation of industrial plant for manufacture of the items mentioned in the letter dated February 29, 2008 and other conditions as mentioned in the consent order subject to the terms and conditions stipulated mentioned therein . As per the amended order the quantity of the sewage effluent from the Company shall not exceed 300 ltr/ day. The Environmental Audit shall be carried out yearly and the environmental statements shall be submitted to the State Board latest by September 30 every year and such other conditions as mentioned in the said letter dated February 29, 2008.

(c) The Gujarat Pollution Control Board by its letter dated October 22, 2010 bearing reference no. GPCB/RO-MH/TECH/MH- 319/600 in exercise to the power conferred under section 25 of the water (Prevention & Control of Pollution) Act, 1974, under Section 21 Of the Air (Prevention & Control) Act, 1981 and Authorisation under rule 3(c) & 5(5) of the Hazardous Waste (Management and Handling) Rules, 1989, amended rules, 2000, amended rules, 2003 framed under E(P) Act, 1986 validated the consents under Water Act, 1974 and Air Act, 1981 till August 17, 2015. In the said letter it is stated that the Board had received the consolidated consent application no. nil dated August 18, 2010 for the renewal of consolidated consent and authorization (CC & A) by the Board. Consent Order No. WH 11394 was issued on September 4, 2010.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue of Equity Shares has been authorised by the resolution of the Board of Directors at their meeting held on September 17, 2011. The shareholders of our Company have, by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the Annual General Meeting of our Company held on September 19, 2011, approved the Issue.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have given in-principle approval for the Issue pursuant to letters dated [ ] and [ ] respectively, and [ ] shall be the Designated Stock Exchange.

### Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoters, the Promoter Group, Group Entities or the person (s) in control of our Company have not been debarred from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been debarred from accessing the capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by Stock Exchange(s) for more than 3 months during the five years prior to the date of filing the Draft Red Herring Prospectus or (b) delisted from the Stock Exchange(s).

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Our Company, our Directors, our Promoters and the relatives of the Promoters (as defined under the Companies Act) and our Group Entities have not been identified as wilful defaulters by RBI or any other government authorities. Our Promoters and the Group Entities of our Promoters have further confirmed that there are no violations of securities laws committed by them in the past or currently pending against them.

### Eligibility for this Issue

Our Company is an “unlisted issuer” in terms of the SEBI ICDR Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI ICDR Regulations. Our Company is eligible to make the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations.

Regulation 26(1) of the SEBI (ICDR) Regulations states as follows:

*“26.(1) An unlisted company may make an initial public offering (IPO) of equity shares only if it meets all the following conditions:*

- (a) The company has net tangible assets of at least ` 300 lacs in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:*

*Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;*

- (b) The company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;*



Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of section 205 of Companies Act, 1956;

- (c) The company has a net worth of at least ` 100 lacs in each of the preceding 3 full years (of 12 months each);
- (d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity indicated by the new name; and
- (e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)”

Our Company's net tangible assets, monetary assets, net profit and net worth derived from the Auditor's Report included in the Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2011 are set forth below:

(` in Lacs)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net Tangible Assets <sup>1</sup>	7461.30	7000.97	5926.66	6114.24	5535.99
Monetary Assets <sup>2</sup>	85.05	92.30	81.47	78.04	92.66
Monetary Assets as a % of Net Tangible Assets	1.14	1.32	1.37	1.28	1.67
Net Worth <sup>3</sup>	2938.92	2593.37	2416.12	2606.50	2125.39
Distributable Profits <sup>4</sup>	398.90	220.07	(129.83)	557.02	990.27

<sup>1</sup>“Net Tangible Assets” are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities) excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

<sup>2</sup>Monetary Assets are defined as the sum of cash & bank balances.

<sup>3</sup>Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

<sup>4</sup>The Distributable profits of the Company is as per Section 205 of the Companies Act, 1956

For a complete explanation of the above figures please refer to the chapter titled “Financial Information” beginning on page 163 of the Draft Red Herring Prospectus.

Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + Promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

There has been a change in the name of our Company in the preceding one year. However, the change in the name of our Company does not indicate any change in its business activities.

This Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Our Company shall ensure that the number of Allottees shall be not less than 1,000 otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs” and such portion the “QIB Portion”). Our Company, in consultation with the BRLM, may consider participation by Anchor Investors in the Net Issue for upto 30% of the QIB Portion in accordance with the applicable SEBI ICDR Regulations (“Anchor Investor Portion”), out of which at least one-third will be available for allocation to domestic Mutual Funds only (“Mutual Fund Portion”). In the event of under-

subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares available for allocation in the Anchor Investor Portion shall be added to the remaining QIB Portion ("Net QIB Portion"). Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and be available for allocation on a proportionate basis to the QIBs, subject to valid Bids being received from them at or above the Issue Price.

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 from them at or above the Issue Price.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please refer to the chapter titled '*Issue Procedure*' beginning on page 258 of the Draft Red Herring Prospectus.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2011 WHICH READS AS FOLLOWS:**

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE**

**JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
  - 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS- NOTED FOR COMPLIANCE.**
  - 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
  - 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
  - 7) WE CERTIFY THAT EXISTING SHAREHOLDING OF THE PROMOTERS ADEQUATELY COMPLIES WITH SEBI (ICDR) REGULATIONS, 2009 PERTAINING TO THE MINIMUM PROMOTERS' CONTRIBUTION AND NO ADDITIONAL SHARES ARE PROPOSED TO BE SUBSCRIBED BY AND ALLOTTED TO THE PROMOTERS. HENCE SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE NOT APPLICABLE.**
  - 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION- NOTED FOR COMPLIANCE.
- 10) WE CERTIFY THAT THE SHARES PROPOSED TO BE ISSUED UNDER THE CAPTIONED ISSUE WILL BE ISSUED ONLY IN DEMAT MODE AND A DISCLOSURE TO THIS EFFECT HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- 12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
- a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- 14) WE ENCLOSE A “NOTE” EXPLAINING HOW THE PROCESS OF DUE DILIGENCE IN BUSINESS ACTIVITIES OF THE ISSUER, PROPOSED ISSUE, RISK FACTORS, PROMOTERS EXPERIENCE ETC.
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- 16) THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

**Note:**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Ahmedabad, in terms of section 60B of the Companies Act. All legal

requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Ahmedabad, in terms of sections 56, 60 and 60B of the Companies Act.

#### **Disclaimer Statement of our Company and the BRLM**

Our Company and the BRLM accept no responsibility for statements made, otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website [www.ambujaindia.com](http://www.ambujaindia.com) would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Neither our Company, nor its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

#### **Caution**

**Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.**

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Ahmedabad, Gujarat, India.

#### **Disclaimer in respect of jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorised under their constitution to hold and invest in Equity Shares) public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ` 2,500 Lacs, pension funds with a minimum corpus of ` 2,500 Lacs, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, and to permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, and other eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold the Equity Shares. The Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to

subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to, observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Ahmedabad, Gujarat, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to the date of the Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

#### **Disclaimer Clause of the BSE**

Disclaimer clause as intimated by BSE to us, shall be included in the Red Herring Prospectus prior to ROC filing.

#### **Disclaimer Clause of the NSE**

Disclaimer clause as intimated by BSE to us, shall be included in the Red Herring Prospectus prior to ROC filing.

#### **Disclaimer Clause of the IPO Grading Agency**

[ ]

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Unit No.: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad – 380 009.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies at Registrar of Companies, Delhi & Haryana, 4th floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019, India.

#### **Listing**

The Equity Shares Allotted pursuant to this Issue are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. [ ] shall be the Designated Stock Exchange with which the basis of allotment shall be finalised.

In case the permission to deal in, and for an official quotation of, the Equity Shares are not granted by any of the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) days after the day from which the Issuer becomes liable to repay it then our Company, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight (8) days, be jointly and severally liable

to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve (12) Working Days of Bid/ Issue Closing Date.

### **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

***“Any person who-***

- (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

### **Consents**

Consents in writing of our Directors, our Company Secretary and Compliance Officer, the Statutory Auditors, the Legal Advisor to the Issue, the Bankers to our Company, the BRLM, the Registrar to the Issue, the Syndicate Members\*, the Escrow Collection Banks\*, Refunds Bank(s)\* and the IPO Grading Agency\* to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and such consents will not be withdrawn upto the time of delivery of the Prospectus for registration, as required under Section 60 and 60B of the Companies Act.

*\*these will be appointed prior to filing of the Red Herring Prospectus with the RoC and their consents as above would also be obtained prior to the filing of the Red Herring Prospectus with the RoC*

M/s. Shah Kantilal & Co., Chartered Accountants, our Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus with the RoC for registration.

[ ], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [ ] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn until the time of delivery of the Prospectus with the RoC for registration.

### **Expert Opinion**

Except for the report of [ ] in respect of the IPO Grading of this Issue furnishing the rationale for its grading which will be provided to the Designated Stock Exchange (a copy of which will be annexed to the Red Herring Prospectus as Annexure I) and the reports of the Statutory Auditors, M/s. Shah Kantilal & Co., Chartered Accountants, in respect information contained in the chapters titled “Financial Information” and “Statement of Tax Benefits” beginning on page 163 and 79 respectively, of the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

### **Expenses of the Issue**

The total expenses of the Issue are estimated to be approximately ` [ ] Lacs. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the BRLM and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

( ` in Lacs)			
Activity	Amount* ( ` lacs)	% of Issue Size*	% of Issue expenses*
Lead management, Syndicate fees, underwriting and selling commission	[ ]	[ ]	[ ]
Advertisement and marketing expenses	[ ]	[ ]	[ ]
Printing and stationery (including expenses on transportation of the material)	[ ]	[ ]	[ ]
Others (Filing Fees with SEBI, BSE and NSE, Registrar's fees, legal fees, IPO Grading, listing fees, travelling and other miscellaneous expenses etc.)	[ ]	[ ]	[ ]
<b>Total</b>	[ ]	[ ]	[ ]

\*Will be incorporated at the time of filing of the Prospectus.

## Details of Fees Payable

### Fees payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as stated in the engagement letter signed and executed between our Company and the Book Running Lead Manager, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm on all Working Days during the Bid/Issue Period.

### Underwriting Commission, Brokerage and Selling Commission

The selling commission for this Issue will be as set out in the Syndicate Agreement to be entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into between our Company and the BRLM based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission shall be in accordance with applicable laws.

### Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue for processing of application, data entry, refund order, if required, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated September 29, 2011, signed and executed between our Company and the Registrar to the Issue, a copy of which will be available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds in any of the modes described in the Red Herring Prospectus and the Prospectus or send allotment advice by registered post / speed post.

### Previous public or rights issues

Our Company has not made any public or rights issue since its incorporation.

### Previous issue of Equity Shares otherwise than for cash

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

Date Allotment	Of	Number of Equity Shares	of	Face Value (Rs).	Reason	Benefits accrued to the issuer
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June 30, 1999	2,83,500	10	Amalgamation of erstwhile Ambuja Organic Private Limited (AOPL) with Amubuja Intermediates Private Limited	The entire undertakings of AOPL got transferred to our Company
March 30, 2011	30,50,000	10	Bonus	
September 19, 2011	38,25,000	10	Bonus	

For more details, please refer to the chapter titled '*Capital Structure*' beginning on page 51 of the Draft Red Herring Prospectus.

#### **Commission or brokerage on previous issues**

Since this is an initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

#### **Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any public or rights issue during the last three years.**

Our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the stock exchanges and has not made any public/ rights issue during the past three years.

#### **Performance *vis-a-vis* Objects – Previous issues of our Company and our Group Entities**

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group Entities has made any public issues in the past ten years.

#### **Outstanding debentures or bond issues**

As on the date of the Draft Red Herring Prospectus, our Company does not have any outstanding debentures or bonds.

#### **Outstanding preference shares**

As on the date of the Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

#### **Stock Market Data**

Our Company is an "unlisted issuer" in terms of the SEBI ICDR Regulations, and this being the "Initial Public Offering" in terms of the SEBI ICDR Regulations no stock market data is available for the Equity Shares of our Company.

#### **Disclosure on Investor Grievances and Redressal System**

The Agreement signed between the Registrar to the Issue and our Company entered into on September 29, 2011 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment or refund orders, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

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

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

The Registrar to the Issue shall act as a nodal agency for redressing complaints of ASBA and non-ASBA investors including providing guidance to ASBA investors regarding approaching the SCSBs concerned.

### **Disposal of Investor Grievances by our Company**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have also constituted Shareholders/Investors Grievance Committee of the Board of Directors *vide* resolution passed at the Board Meeting held on September 20, 2011, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer to the chapter titled '*Our Management*' beginning on page 124 of the Draft Red Herring Prospectus.

Our Company has appointed Ms. Samita K. Arora as the Compliance Officer for this Issue and she may be contacted for redressal of any complaints at:

**Ms. Samita K. Arora**  
**Ambuja Intermediates Limited**  
A/901, Nar Narayan Complex,  
Near Navrangpura Bus Stop,  
Off C.G Road, Navrangpura,  
Ahmedabad – 380 009  
Gujarat  
**Tel:** +91-79-26427576/7666  
**Fax:** +91-79-2642 6694  
**Email:** ipo@ambujaindia.com

Investors can also contact the Registrar to the Issue for redressal of any complaints relating to the Issue at the following address:

**Link Intime India Private Limited**  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400 078  
**Tel :**+91-22- 2596 0320; **Fax :**+91-22- 2596 0329; **Toll Free:** 1-800-22-0320  
**E-mail:** ail.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact person:** Mr. Sachin Achar  
**SEBI Registration Number:** INR000004058

### **Disposal of Investor Grievances by our listed Group Entities**

None of our Group Entities are listed companies/entities. For more information on our Group Entities, please refer to the chapter titled '*Our Group Entities*' beginning on page 152 of the Draft Red Herring Prospectus.

**Changes in the auditors during last three years and reasons thereof**

There have been no changes in our auditors in the last three years.

**Capitalisation of reserves or profits during the last five years**

During the last five years, our Company has, issued bonus shares out of capitalisation of general reserves, as under:

1. 30,50,000 fully paid-up Equity Shares of ` 10 each as bonus shares to the existing shareholders, as on March 30, 2011 in the ratio of one Equity Share for each Equity Share held by them by utilising ` 3,05,00,000 out of the general reserves of our Company.
2. 38,25,000 fully paid-up Equity Shares of ` 10 each as bonus shares to the existing shareholders, as on September 19, 2011 in the ratio of 9 Equity Shares for every 20 Equity Shares held by them by utilising ` 3,82,50,000 out of the general reserves of our Company.

For more details, please refer to the chapter titled '*Capital Structure*' beginning on page 51 of the Draft Red Herring Prospectus.

**Revaluation of assets during the last five years**

Our Company has not revalued its assets for a period of five years prior to the date of the Draft Red Herring Prospectus.

## SECTION VII – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Public Issue of [ ] Equity Shares of ` 10/- each for cash at a price of ` [ ] per Equity Share, including a share premium of ` [ ] per Equity Share, aggregating ` 6,500 Lacs. The Issue of Equity Shares will constitute [ ]% of the fully diluted post issue paid up capital our Company.

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation*	Not more than [ ] Equity Shares	Not less than [ ] Equity Shares or Equity Shares available for allocation to Public less allocation to QIB Bidders and Retail Individual Bidders	Not less than [ ] Equity Shares or Equity Shares available for allocation to Public less allocation to QIB Bidders and Non-Individual Bidders
Percentage of the Issue Size available for allocation	<p>Not more than 50% of Issue Size shall be allocated to QIBs.</p> <p>However, not less than 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.</p> <p>Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.</p> <p>The unsubscribed portion in the Mutual Fund reservation will be available to QIBs<sup>#</sup></p> <p>Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds<sup>##</sup></p>	Not less than 15% of the Issue to the public or Issue size less allocation to QIB Bidders and retail individual bidders.*	Not less than 35% of the Issue to the public or Issue size less allocation to QIB Bidders and non institutional bidders.*
Basis of allocation, if respective category is oversubscribed	<p>(a) upto [ ] Equity Shares for allocation to Anchor Investor on a discretionary basis, out of which one third shall be available for allocation to domestic Mutual Funds only</p> <p>(b) [ ] Equity Shares, aggregating to ` [ ] Lacs</p>	Proportionate	Proportionate

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	constituting 5% of the Net QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds;		
	(c) <input type="checkbox"/> Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (b) above		
Minimum Bid	Such number of Equity Shares in multiples of <input type="checkbox"/> Equity Shares so that the Bid Amount exceeds ` 2,00,000	Such number of Equity Shares in multiples of <input type="checkbox"/> Equity Shares so that the Bid Amount exceeds ` 2,00,000	<input type="checkbox"/> Equity Shares and in multiples of <input checked="" type="checkbox"/> Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiple of <input type="checkbox"/> Equity Shares, so that Bid does not exceed the Issue subject to limits applicable to the Bidder.	Such number of Equity Shares in multiple of <input type="checkbox"/> Equity Shares, so that Bid does not exceed the Issue subject to limits applicable to the Bidder.	Such number of Equity Shares in multiple of <input type="checkbox"/> Equity Shares, so as to ensure that the Bid Amount does not exceed ` 2,00,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	<input type="checkbox"/> Equity Shares in multiples of <input type="checkbox"/> Equity Shares.	<input type="checkbox"/> Equity Shares in multiples of <input type="checkbox"/> Equity Shares.	<input type="checkbox"/> Equity Shares in multiples of <input type="checkbox"/> Equity Shares.
Allotment Lot	<input type="checkbox"/> Equity Shares in multiples of one Equity Shares.	<input type="checkbox"/> Equity Shares in multiples of one Equity Shares.	<input type="checkbox"/> Equity Shares in multiples of one Equity Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company	Resident Indian individuals, eligible NRIs, HUF (applying through the Karta), minors (applying through their natural guardian), companies, corporate bodies, scientific institutions, societies, trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, HUF (applying through the Karta), minors (applying through their natural guardian), eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ` 200,000 in value.

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	registered with IRDA, provident fund with minimum corpus of ` 2,500 lacs, pension fund with minimum corpus of ` 2,500 Lacs and National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India.		
Terms of Payment***	Full Bid Amount shall be payable at the time of submission of the ASBA Bid cum Application Form <sup>@</sup>  Anchor Investors shall pay the entire amount at the time of submission of the Anchor Investor Bid. In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date.	Full Bid Amount shall be payable at the time of submission of the ASBA Bid cum Application Form <sup>@</sup>	Amount shall be payable at the time of submission of (1) Bid-cum-Application Form to the Member of Syndicate or (2) submission of ASBA form to SCSB.
Margin Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

- \* *The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs” and such portion the “QIB Portion”). Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs. If the aggregate demand by Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and be available for allocation on a proportionate basis to the QIBs. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders. Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines. All the above allocations to QIBs (including Mutual Funds), Non Institutional Bidders and Retail Individual Bidders shall be subject to valid bids being received at or above the Issue Price.*

- # *If the aggregate demand by Mutual Funds is less than [ ] Equity Shares aggregating to ` [ ] Lacs, 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.*
- ## *Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on discretionary basis. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two, where the allocation under the Anchor Investor Portion is upto ` 25,000 Lacs. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ` 1,000 Lacs.*
- \*\* *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*
- \*\*\* *In case of ASBA Bidders, submission of ASBA Bid cum Application Form may be done to the Syndicate / Sub – Syndicate members. The ASBA facility through Syndicate / Sub – Syndicate members is currently available for Bidders in the following cities: Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat. The Syndicate / Sub – Syndicate members procuring the ASBA forms shall be responsible for uploading the Bid and other details of such ASBA Forms in the bidding platform and thereafter forward the ASBA forms to the SCSBs. The SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*
- @ *Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors (excluding Anchor Investors) are mandatorily required to utilise the ASBA process to participate in the Issue.*

## **TERMS OF THE ISSUE**

### ***Principal terms and conditions of the Issue***

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, including ASBA forms, the Confirmation of Allocation Note, Listing Agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC, FIPB and / or other authorities, as in force on the date of the Issue and to the extent applicable.

### ***Ranking of Equity Shares***

The Equity Shares being offered shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section “*Main Provisions of Articles of Association*” beginning on page 288 of this Draft Red Herring Prospectus.

### ***Mode of payment of dividend***

We shall pay dividend to our shareholders as per the provisions of the Companies Act as recommended by the Board of Directors and approved by the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements, overall financial condition and restrictive covenants in our loan agreement and overall financial condition of our Company. For further details on the restrictive covenants in our loan agreements, please refer to the chapter titled “*Financial Information*” beginning on page 163 of this Draft Red Herring Prospectus.

### ***Face Value and Price Band***

The face value of each Equity Share is ` 10. The Floor Price of Equity Shares is ` [ ] per Equity Share and the Cap Price is ` [ ] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the Book Running Lead Manager and advertised in all editions of one English, one Hindi daily national newspaper and one regional daily newspaper (place at which the registered office of the Company is situated), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building

### ***Compliance with SEBI ICDR Regulations***

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

### ***Rights of the Equity Shareholder***

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

- Right to receive dividend, if declared;



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

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page 290 of this Draft Red Herring Prospectus.

### ***Market Lot and Trading Lot***

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

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [ ] Equity Shares. For details of allocation and allotment, please refer to the section titled “*Issue Procedure*” beginning on page 258 of this Draft Red Herring Prospectus.

### ***Joint Holders***

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

### ***Jurisdiction***

The jurisdiction for the purpose of this issue is with competent courts/authorities in Gujarat, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of 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 being only offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

### ***Nomination Facility to the Investor***

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death

during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or to our Registrar and Transfer Agent.

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

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

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### ***Bid/Issue Program***

<b>Categories of Investors</b>	<b>Bid Opens On*</b>	<b>Bid Closes on**</b>	<b>Bid Acceptance timing on all days except last day</b>	<b>Bid Acceptance time on the last day</b>
For QIBs	[•]	[•]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Non Institutional Bidders	[•]	[•]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Retail Individual Bidders	[•]	[•]	10. a.m. – 5 p.m.	10 a.m. – 4 p.m.

*\*Our Company in consultation with the BRLM, may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

*\*\* Our Company, in consultation with the BRLM, may decide to close the Bid/Issue Period for QIBs one Working day prior to the Bid/Issue Closing Date.*

**Bids and any revision in Bids shall be accepted only during the Bid/Issue Period at the Bidding Centers mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, by the member of the syndicate or the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date:**

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

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

the BRLM to the Stock Exchange within half an hour of such closure.

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

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the stock exchanges.

### ***Minimum Subscription***

If we do not receive the minimum subscription of 90% of the Issue through this Draft Red Herring Prospectus including devolvement of Underwriters, if any, within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

### ***Arrangement for disposal of odd lots***

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

### ***Restriction on transfer and transmission of Equity Shares***

Except for lock-in as detailed in “Capital Structure” beginning on page 51 of this Draft Red Herring Prospectus, except as provided in our Articles of Association and except to the extent of any restriction under FEMA, SEBI Act, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to section titled “Main Provisions of Articles of Association” beginning on page 288 of this Draft Red Herring Prospectus.

### **Option to subscribe for and receive Equity Shares in Dematerialized Form**

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

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that all Bidders, other than Anchor Investors, can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all Non-Institutional Bidders and QIBs are mandatorily required to utilise the ASBA facility to participate in the Issue. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders (other than ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.*

*The information presented below is given for the benefit of the Bidders. Our Company, the BRLM and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Draft Red Herring Prospectus and the Prospectus.*

### **Book Building Procedure**

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, not less than 15% of the Issue would be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Any under-subscription in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLM and the Designated Stock Exchange.

Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Non-Institutional Bidders and QIBs who wish to participate in this Issue/Bid shall do so only through the ASBA process. All ASBA Bidders can submit their Bids through the Syndicate (at ASBA Bidding Locations). Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members shall then upload the Bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward such ASBA Forms to the SCSBs.

**Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, excluding Bid submitted on behalf of the Central Government or the State Government or**

**officials appointed by a court and Bidders resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. 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 applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.**

Further, pursuant to the notification (no. LAD-NRO/GN/2010-11/03/1104) dated April 13, 2010, SEBI has provided that Anchor Investors shall pay, on application, the same amount, as is payable by other Bidders, and the balance, if any in case the Issue Price is more than the Anchor Investor Issue Price, within two Working Days of the Bid/Issue Closing Date.

### **Bid cum Application Form or ASBA Bid cum Application Form**

Retail Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Non- retail Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being “ASBA” obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA Bidding Locations). Such Bidders (other than ASBA Bidders) shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders including QIBs (other than Anchor Investors) and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB or to a member of the Syndicate (at ASBA Bidding Locations) (Syndicate / Sub – syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors, upload the bid and details of ASBA Bid cum Application Form in the bidding platform and thereafter forward the ASBA Bid cum Application Form to disposal SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). SCSBs shall carry out further action for the ASBA Bid cum Application Forms such as signature verification, blocking of funds that available in the banks specified in the ASBA Bid cum Application Form and forward the ASBA Bid cum Application Forms to the Registrar to the Issue. The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM, and the SCSBs will provide the hyperlink to BSE or NSE on their websites. Only QIBs can participate in the Anchor Investor Portion and such Anchor Investors cannot submit their Bids through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate (at ASBA Bidding Locations) or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid-cum-Application Form including ASBA Bid cum Application Form**
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Bidders)	[ ]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Bidders)	[ ]
Anchor Investors (non ASBA)*	[ ]

\* *Bid cum Application forms for Anchor Investors shall be made available at our registered office and with the BRLM.*

\*\* *Excluding electronic ASBA Bid cum Application Form.*

### Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. 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 the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
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. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of ` 2500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
14. Pension funds a with minimum corpus of ` 2500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India;
17. Insurance funds set up and managed by the Department of Posts, India;
18. 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 respective constitutions to hold and invest in equity shares;
19. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
20. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
21. Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares; and
22. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

**As per the existing regulations, OCBs are not eligible to participate in this Issue.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

#### **Participation by associates and affiliates of the BRLM and other Syndicate Members**

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the Net QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

The BRLM and any persons related to the BRLM, the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

#### **Participation by eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals**

Eligible / permitted Sub-Accounts which are foreign corporates or foreign individuals may Bid in the Non-Institutional Portion, subject to receipt of appropriate approvals from applicable regulatory authorities.

#### **Bids by Mutual Funds**

*As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:*

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [ ] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. In the event of under-subscription or non-allocation in the Mutual Fund Portion, the balance Equity Shares shall be added to the remaining QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion.

*As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:*

**No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue. 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 NRIs**

Bid cum Application forms have been made available for Eligible NRIs applying on a repatriation basis at the Registered Office of our Company, the offices of the BRLM, Syndicate / Sub - Syndicate Members. ASBA Bid cum Application Forms will also be available with SCSBs and Members of the Syndicate in ASBA Bidding Centers.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non-repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians ([●] in colour) and shall not use the forms meant for Eligible NRIs ([●] in colour). All instruments accompanying Bids shall be payable in Mumbai only. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI.

Non Resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category.

### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The Issue of Equity Shares to a single FII should not exceed 10% of the total post Issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total post Issue paid-up capital of our Company or 5% of our total post Issue paid-up capital in case such sub-account is a foreign corporate or foreign individual.

As of now, in accordance with the foreign investment limits applicable to us and pursuant to the resolution passed by our Shareholders in the Extraordinary General Meeting held on September 19, 2011 the total foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue paid-up capital).

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the “SEBI FII Regulations”), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the, BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

### **Bids 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 *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.



Pursuant to the SEBI (ICDR) Regulations, the shareholding of SEBI registered VCF and FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the Draft Red Herring Prospectus with SEBI.

**Bidders may please note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) the industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ` 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

#### **Bids under the Anchor Investor Portion**

Our Company may, in consultation with the BRLM, consider participation by Anchor Investors on discretionary basis in the Issue for upto [ ] Equity Shares in accordance with the applicable SEBI ICDR Regulations. The QIB Portion shall be reduced in proportion to the Allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs as defined in the SEBI ICDR Regulations;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ` 1,000 Lacs and in multiples of [ ] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ` 1000 Lacs
- c. One-third of the Anchor Investor Portion (i.e., [ ] Equity Shares) shall be reserved for allocation to domestic Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
  - two, where the allocation under Anchor Investor Portion is upto ` 25,000 Lacs.; and
  - five, where the allocation under Anchor Investor Portion is more than Rs 25,000 Lacs.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor category only on the Anchor Investor Bidding Date (i.e., one Working Day prior to the Bid / Issue Opening Date). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
- f. Our Company shall, in consultation with the BRLM, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- g. Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM, before opening of Bidding on the Bid/ Issue Opening Date.
- i. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice, which shall be a date no later than 2 days from the Bid / Issue Closing Date.. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of thirty days from the date of Allotment in the Issue.
- k. Neither the BRLM, nor any person related to the BRLM, our Promoter, members of our Promoter Group or Group Companies, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “Escrow Account – [ ] Public Issue – Anchor Investor – R”;
  - In case of Non-Resident Anchor Investor: “Escrow Account – [ ] Public Issue – Anchor Investor – NR”;

**Anchor Investors are advised to note that Anchor Investors cannot Bid using ASBA process.**

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid / Issue Opening Date.

### **Bids under Power of Attorney**

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ` 2,500 Lacs (subject to applicable law) and pension funds with a minimum corpus of ` 2,500 Lacs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities, failing which, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

- (a) With respect to Bids by FIIs, FVCIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ` 2,500 Lacs (subject to applicable law) and pension funds with a minimum corpus of ` 2,500 Lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit. Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids and revision of Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis.**

Bids and revision to Bids must be made in the following manner:

- 1. On the prescribed Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- 2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
- 3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ` 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ` 200,000 would be considered under Non- Institutional Portion for the purposes of allocation

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**Maximum and Minimum Bid Size**

**For Retail Individual Bidders:** The Bid must be for a minimum of [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ` 200,000.00. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ` 200,000.00. Where the Bid Amount is over ` 200,000.00 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

**For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds `200,000.00 and in multiples of [ ] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the QIB Bid / Issue Closing Date, as applicable and each QIB Bidder is required to pay the entire Bid Amount upon submission of Bid. QIBs are not allowed to withdraw their Bids after [ ], i.e., the QIB Bid / Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ` 200,000.00 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to `200,000.00 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion and, applications by Bidders who are not eligible for allocation in the Retail Portion shall be rejected. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-off Price.

### **Information for Bidders**

1. Our Company in consultation with the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date (and the date on which our Company may decide to close the Bids for the QIBs) in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid / Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form / ASBA Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The BRLM or Registrar will inform each SCSB to upload the abridged prospectus on its respective website.
4. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form or ASBA Bid cum Application Form can obtain the same from our Registered Office or from the members of the Syndicate or the SCSBs.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs and by Members of the Syndicate in ASBA Bidding Centres, in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

### **Method and Process of Bidding**

- a. Our Company in consultation with the BRLM, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/ Issue Opening Date. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM, including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid / Issue Period. ASBA Bids can be submitted to SCSBs and Member of the Syndicate in ASBA Bidding Centres during the Bid / Issue Period.

- b. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate.
- c. Each Bid cum Application Form / ASBA Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” 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/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d. A Bidder cannot Bid on another Bid cum Application Form / ASBA Bid cum Application Form after his or her Bids on one Bid cum Application Form / ASBA Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form / ASBA Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “*Build up of the Book and Revision of Bids*”. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
- e. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction registration Slip, (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
- f. The BRLM shall accept Bids from the Anchor Investors during the Anchor Investor Bidding Date i.e. one Working Day prior to the Bid/ Issue Opening Date. Our Company shall inform the Stock Exchanges of the Anchor Investors Price on or prior to the Bid/Issue opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.
- g. During the Bid/ Issue Period, non-ASBA Bidders, who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. ASBA Bidders who are interested in subscribing to the Equity Shares may approach the SCSBs or Members of the Syndicate in ASBA Bidding Centres. All non- Retail Investors (excluding Anchor Investors) are compulsorily required to make use of the ASBA facility to submit their Bids. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to whet the Bids in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted to register their Bids.
- h. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled ‘*Payment Instructions*’ of the Red Herring Prospectus.
- i. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. In cases where the ASBA Bidder submits a Bid to a Member of the Syndicate, the Member of

the Syndicate shall upload the Bid on the terminals of the Stock Exchanges and then forward it to the Syndicate ASBA Branches for blocking the Bid Amount.

- j. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and such Bids shall not be uploaded with the Stock Exchanges.
- k. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- l. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **Built up of Book, Bids at Different Price Levels and Revision of Bids**

The Bidders can Bid at any price within the Price Band, in multiples of Re.1. Bidders should ensure that the Bid is made only in the prescribed Bid cum Application Form or Revision Form, as applicable. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLM, and advertised in three daily newspapers (one in English, one in Hindi, and in one regional daily newspaper, with wide circulation, where the Registered Office of our Company is situated,) at least two Working Days prior to the Bid/ Issue Opening Date.

- 1. Bids must be 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. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms;
- 2. Bid must contain 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.
- 3. In accordance with SEBI ICDR Regulations, our Company, in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
- 4. Our Company in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- 5. Our Company, in consultation with the BRLM, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
- 6. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ` 200,000.00 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

7. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
8. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
9. The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/ Issue Period.
10. 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.
11. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
12. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
13. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band, (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ` 200,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ` 200,000.00, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
14. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.
15. 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases,

the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

16. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
17. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ` 5,000 to ` 7,000.
18. The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.

**IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALISED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE. AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED 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.**

#### **Escrow Mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, please refer to "*Issue Procedure*" on page 258 of this Draft Red Herring Prospectus.

#### **Electronic Registration of Bids**

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches 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 members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM at the end of the Bid/Issue Period . Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).



- (c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (d) At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
- Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
  - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
  - Numbers of Equity Shares Bid for;
  - Bid Amount;
  - Price option;
  - Cheque Amount;
  - Cheque Number;
  - Bid cum Application Form number;
  - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
  - PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
- ASBA Bid cum Application Form Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:

Retail	Non-institutional	QIBs
(No sub category)	-Individual	- Mutual Funds
	- Corporate	- Financial Institutions
	- Other	- Insurance companies
		- Foreign Institutional Investors other than corporate and individual
		- Sub- accounts
		- Others

- DP ID and client identification number
  - Quantity
  - Price
  - Bank Account Number
  - Cheque Number
  - Cheque Amount
- (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 request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLM or the Syndicate Member or our Company.

- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.
- (i) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of BSE and NSE.

### **Price Discovery and Allocation**

After the Bid/ Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with the BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

- (a) Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
- (b) Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (c) Under-subscription, if any, in any category, would be allowed to be met with spillover from any of the other categories or a combination of categories, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [ ] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.
- (d) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.
- (e) Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.

- (f) Our Company reserves the right to cancel the Issue any time after the Bid/ Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/ Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.
- (g) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and Allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company and the BRLM would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

### **Filing with the RoC**

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language newspaper with wide circulation, where the Registered Office of our Company is situated.

### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after filing of the Prospectus with the RoC in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation, where the Registered Office of our Company is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

### **Issuance of Allotment Advice**

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Members of the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

The Issuance of CAN is subject to “*Notice to Anchor Investors - Allotment Reconciliation and Revised CANs*” as set forth below.

### **Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

A physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and the BRLM, select Anchor Investors may be sent an Anchor Investor Allocation Notice, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice, which shall be a date no later than 2 days from the Bid / Issue Closing Date. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

#### **Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs**

QIBs bidding in the Net QIB Portion will be sent an Allotment Advise, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The Allotment Advise will constitute the valid, binding and irrevocable contract. Any revised Allotment Advise, if issued, will supersede in its entirety the earlier Allotment Advise.

#### **Designated Date and Allotment of Equity Shares**

Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.**

#### **General Instructions**

##### **Do's:**

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the Bid cum Application Form;
- c) Ensure that if you are a Non- Retail Bidder (excluding an Anchor Investor), Bids are submitted through the ASBA facility only;
- d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB or the Member of the Syndicate in an ASBA Bidding Centre, as the case may be, where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- f) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;

- g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB or the Member of the Syndicate in ASBA Bidding Centre;
- h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs or the Member of the Syndicate in ASBA Bidding Centres to whom the ASBA Bid has been submitted;
- j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- k) Ensure that the Bid is within the Price Band;
- l) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects; and
- m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- n) Please ensure that in the event an ASBA Bid cum Application form is submitted to a Member of the Syndicate and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at the bidding centre as notified by SEBI. Presently such facility is available at ASBA Bidding Centres.

#### **Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
- d) Do not pay the Bid amount in cash, by money order or by postal order;
- e) Do not provide your GIR number instead of your PAN number;
- f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- g) Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);
- h) Do not Bid for a Bid Amount exceeding ` 200,000.00 (for Bids by Retail Individual Bidders);
- i) Do not submit a Non- ASBA Bid (in case of QIBs (except Anchor Investors) and Non Institutional Bidders);
- j) Do not fill up the Bid cum Application Form / ASBA Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- k) Do not submit Bid accompanied with Stock invest;
- l) Do not submit the Bid without the full Bid Amount;
- m) If you are an ASBA Bidder, do not Bid on another Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB;
- n) Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- o) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- p) Do not Bid for allotment of Equity Shares in physical form;
- q) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
- r) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
- s) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise;
- t) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions.

#### **Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of the Permanent Account Number of the Sole/ First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the**

**Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, or the Registrar to the Issue or Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allotment Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form / ASBA Bid cum Application Form, 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 orders (where refunds are not being made electronically)/ Allotment Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA 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 Bidder's sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

#### **Payment Instructions**

##### **Escrow Mechanism for Retail Individual Bidders other than ASBA Bidders**

Our Company, the Syndicate Members, the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the GC-BRLM, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies represented by Allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue along with the BRLM to facilitate collection from the Bidders.

##### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The relevant SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in

the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

**Payment into Escrow Account for Bidders other than ASBA Bidders:**

Please note that non – Retail Bidders i.e. Non – Institutional Bidders and QIB Bidders (excluding Anchor Investors), must compulsorily utilise the ASBA facility to submit their Bids.

Each Bidder shall draw a cheque or demand draft or for Anchor Investor Bidders to remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. Retail Individual Bidders who do not utilise the ASBA facility shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the Anchor Investor Issue Price and the Issue Price. If the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
3. The payment instructions for payment into the Escrow Account should be made in favor of:
  - (a) In case of Resident Anchor Investors: **“Escrow Account – [—] Public Issue – Anchor Investor – R”;**
  - (b) In case of Non-Resident Anchor Investor: **“Escrow Account – [—] Public Issue – Anchor Investor – NR”;**
  - (c) In case of Resident Retail Bidders: **“Escrow Account – [—] Public Issue - R”;**
  - (d) In case of Non Resident Retail Bidders: **“Escrow Account – [—] Public Issue - NR”;**
4. In case of bids by NRIs applying on a 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account ‘SPNR’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account ‘SPNR’.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
9. 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 with the Banker to the Issue.
10. No later than 12 Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.
11. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

#### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through Stock invest would not be accepted in this Issue.

#### **Payment by cash / money order**

Payment through cash/ money order shall not be accepted in this Issue.

#### **Other Instructions**

##### *Multiple Bids*

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges or submitted to a Member of the Syndicate, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Build Up of the Book and Revision of Bids" below.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.



Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

### **Right to Reject Bids**

In case of QIB Bidders, bidding under the Net QIB Portion, our Company, in consultation with the BRLM may reject Bids prior to such Bids being uploaded, provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. With respect to ASBA Bids, the Designated Branches of the SCSBs, shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids may be liable to be rejected among others on the following technical grounds:

- 1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) the First Bidder being a minor;
- 5) PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 6) Bids for lower number of Equity Shares than specified for that category of Investors;
- 7) Bids at a price less than the Floor Price;
- 8) Bids at a price more than the Cap Price;

- 9) Submission of more than five ASBA Bid cum Application forms per bank account;
- 10) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 11) Bids for number of Equity Shares which are not in multiples of [ ];
- 12) Category not ticked;
- 13) Multiple bids as defined in the Red Herring Prospectus;
- 14) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15) Bids accompanied by Stock invest/ money order/ postal order/ cash;
- 16) Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 17) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
- 18) ASBA Bid cum Application Form, other than an ASBA Bid cum Application Form downloaded from the websites of the Stock Exchanges, does not have the stamp of the SCSB. In the case of ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, the ASBA Bid Cum Application Forms does not bear an unique application number;
- 19) Bids by QIBs (excluding Anchor Investors) not submitted through the ASBA facility;
- 20) ASBA Bids submitted to Member of the Syndicate in non- ASBA Bidding Centres;
- 21) Bid cum Application Form does not have Bidder's depository account details;
- 22) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
- 23) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 24) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 25) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 26) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- 27) Bids by persons in the United States;
- 28) Bids by any person outside India, if not in compliance with applicable foreign and Indian Laws;
- 29) Bids not uploaded on the terminals of the Stock Exchanges;
- 30) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 31) Bids by OCBs;

- 32) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
- 33) ASBA Bid cum Application Forms made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- 34) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ` 200,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
- 35) Bids by NRIs not disclosing their residential status;
- 36) Submission of Bids by Anchor Investors through ASBA process.

### **Basis of Allotment or Allocation**

#### **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 category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. The Issue less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [—] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
4. If the aggregate demand in this category is greater than [—] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis not less than [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

#### **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 category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [—] Equity Shares at or above the Issue Price, full Allotment 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 [—] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis not less than [ ] Equity Shares and in multiples of [ ] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

#### **For Qualified Institutional Bidders in the Net QIB Portion**

1. Bids received from the QIB Bidders bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The Net QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
  - (a) In the first instance, allocation to Mutual Funds for upto 5% of the Net QIB Portion shall be determined as follows:
    - In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the Net QIB Portion.
    - In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
    - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs bidding in the Net QIB portion shall be determined as follows:
    - Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
    - In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the Net QIB Portion.
    - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

The aggregate Allotment available for allocation to QIB Bidders bidding in the Net QIB Portion shall not be more than [ ] Equity Shares.

#### **For Anchor Investor Portion**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:
  - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
  - allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto ` 2,5000 Lacs. and minimum number of five Anchor Investors for allocation more than ` 2,5000 Lacs.
- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid / Issue Opening Date by intimating the Stock Exchanges.

#### **Method of proportionate Basis of Allotment in the Issue**

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other

senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders will be categorised according to the number of Equity Shares applied for;
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate Allotment is less than [ ] Equity Shares per Bidder, the Allotment shall be made as follows:
  - i. Each successful Bidder shall be allotted a minimum of [ ] Equity Shares; and
  - ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e. If the proportionate Allotment to a Bidder is a number that is more than [ ] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLM.

#### **Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the Net QIB Portion**

##### ***A. Issue Details***

<b>Sr. No.</b>	<b>Particulars</b>	<b>Issue Details</b>
1.	Issue size	2,000 Lacs equity shares
2.	Allocation to QIB (50%)	1,000 Lacs equity shares
3.	Anchor Investor Portion	300 Lacs equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	700 Lacs equity shares
	Of which:	
	(a) Allocation to MF (5%)	35 Lacs equity shares
	(b) Balance for all QIBs including MFs	665 Lacs equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	5,000 Lacs equity shares

### B. Details of QIB Bids

Sr. No.	Type of QIB Bidders#	No. of shares bid for (in Lacs)
	A1	500
	A2	200
	A3	1,300
	A4	500
	A5	500
	MF1	400
	MF2	400
	MF3	800
	MF4	200
	MF5	200
	<b>Total</b>	<b>5,000</b>

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

### C. Details of Allotment to QIB Bidders/ Applicants

(No of shares in Lacs)				
Type of QIB Bidders	Shares Bid for	Allocation of 35 Lacs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 6650 lakh Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	66.97	0
A2	200	0	26.79	0
A3	1300	0	174.12	0
A4	500	0	66.97	0
A5	500	0	66.97	0
MF1	400	7.00	52.64	59.64
MF2	400	7.00	52.64	59.64
MF3	800	14.00	105.27	119.27
MF4	200	3.50	26.32	29.82
MF5	200	3.50	26.32	29.82
	<b>5000</b>	<b>35.00</b>	<b>665.00</b>	<b>298.19</b>

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled 'Issue Structure' beginning on page number 250 of this Draft Red Herring Prospectus
- Out of 700 Lacs Equity Shares allocated to QIBs, 35 Lacs (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 2,000 shares in QIB category.
- The balance 665.0 Lacs Equity Shares (i.e. 700 – 35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5,000 Equity Shares (including 5 MF applicants who applied for 2,000 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 665.0 lakh Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5) = No. of shares Bid for (i.e. in column II) X 6650 / 49650
  - For Mutual Funds (MF1 to MF5) = [(No. of shares Bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X 6650 / 49650

- The numerator and denominator for arriving at allocation of 665 Lacs shares to the 10 QIBs are reduced by 35 Lacs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

### **Equity Shares in Dematerialized 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 dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a. a tripartite agreement dated [—] with NSDL, our Company and Registrar to the Issue; and
- b. a tripartite agreement dated [—] with CDSL, our Company and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (c) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

### **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 or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs or the Member of the Syndicate in ASBA Bidding Centres to whom the ASBA Bid has been submitted, the Bidders can contact the entity to whom the Bid has been submitted.**

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or
  - (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,
- shall be punishable with imprisonment for a term which may extend to five years”.

### **PAYMENT OF REFUND**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. Direct Credit – Applicants having bank accounts with the Refund Bank (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.
2. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ` 2,00,000 has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post at Bidders sole risk. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 days of the Bid/ Issue Closing Date.



## **Disposal of Applications and Application Monies**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid/ Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of amounts in the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/ Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 12 Working Days from the Bid/ Issue Closing Date as mentioned above or beyond 8 days from the day on which our Company becomes liable to repay, whichever is earlier, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within eight days from the day our Company becomes liable to repay (i.e. 12 Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

## **Letters of Allotment or Refund Orders or instructions to the SCSBs**

We shall give credit to the beneficiary account with Depository Participants within 12 Working Days from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within ten days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days from the Bid / Issue Closing Date.

**Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue**

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 12 Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner or instructions to SCSBs to unblock funds in the ASBA Accounts have not been given within 12 Working Days from the Bid/ Issue Closing Date or within eight Working Days of the date on which our Company becomes liable to repay, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

**Undertaking by our Company**

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working days of the Bid/ Issue Closing Date;
3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working days of the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/ Issue Closing Date.
6. That the instruction for electronic credit of Equity Shares/ refund orders/ intimation about the refund to non-resident Indians shall be completed within the specified time;
7. That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
8. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

**Withdrawal of the Issue**

After the Bid/Issue Opening Date, our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime during the Bid/Issue Period and upto a period of two days after the Bid/ Issue Closing Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of Bidding and later proposes to make an initial public offering of its securities, our Company shall be required to file a fresh Draft Red Herring Prospectus with SEBI.

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

### **Utilization of the Issue proceeds**

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

## SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The Authorised capital of our Company is ` 20,00,00,000 divided into 2,00,00,000 Equity shares of ` 10 each.

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2.		<b>INTERPRETATION</b>
	<b>Interpretation.</b>	In the interpretation of these Articles the following expressions shall have the following meanings, unless repugnant to the subject or context:
	<b>"The Act"</b>	"The Act" - means the Companies Act, 1956 (Act I of 1956) or any statutory modification or re-enactment thereof for the time being in force.
	<b>"Auditors"</b>	"Auditors" - means and includes those persons appointed as such for the time being of the Company.
	<b>"Beneficial Owner"</b>	"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of the sub-section (1) of Section 2 of the Depositories Act, 1996.
	<b>"Board of Directors"</b>	"Board" or "Board of Directors" - means a meeting of the Directors or a Committee thereof duly called and constituted, or as the case may be, the Directors assembled at a Board or the requisite number of Directors entitled to pass a Circular Resolution in accordance with these Articles, or acting by Circular Resolution under the Articles.
	<b>"Capital"</b>	"Capital" - means the capital for the time being raised for the purposes of the Company
	<b>"Chairman"</b>	"Chairman" - means the Chairman of the Board of Directors for the time being of the Company.
	<b>"The Company" or "This Company"</b>	"The Company" or "This Company" - means <b>AMBUJA INTERMEDIATES LIMITED.</b>
	<b>"Debenture"</b>	"Debenture" - means and includes the Debenture Stock.
	<b>"Depository"</b>	"Depository" means a company formed and registered under the Companies Act, 1956 and/or which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.
	<b>"Directors"</b>	"Directors" - means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a Board, or acting under a Circular Resolution under the Articles.
	<b>"Dividend"</b>	"Dividend" means and includes bonus unless otherwise specified.
	<b>"Documents"</b>	"Documents" - means and includes summons, notice, requisition, other legal process and registers, whether issued, sent, delivered or kept in pursuance of the Act or any other Act or otherwise.

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	<b>“Executor or Administrator”</b>	“Executor” or “Administrator” - means a person who has obtained probate or letters of administration, as the case may be from a competent Court.
	<b>“Gender”</b>	“Gender” - Words importing the masculine gender also include the feminine gender.
	<b>“In writing” and “Written”</b>	“In writing” and “Written” shall mean and include the lithography and other modes of representing or reproducing words in a visible form, including telex and telegram.
	<b>“Marginal Notes”</b>	The Marginal Notes hereto shall not affect the construction hereof.
	<b>“General Meeting”</b>	“General Meeting” means a General Meeting of the Members.
	<b>“Annual General Meeting”</b>	“Annual General Meeting” means a General Meeting of the members held in accordance with the provisions of Section 166 of the Act.
	<b>“Extraordinary General Meeting”</b>	“Extraordinary General Meeting” means an Extraordinary General Meeting of the members duly called and constituted and any adjourned holding thereof.
	<b>“Month”</b>	“Month” - means a Calendar month
	<b>“Office”</b>	“Office” - means the Registered Office for the time being of the Company.
	<b>“Ordinary Resolution”</b>	“Ordinary Resolution” - shall have the meaning assigned to it by Section 189 of the Act.
	<b>“Paid-up”</b>	“Paid-up” includes credited as paid.
	<b>“Persons”</b>	“Persons” - includes individuals, any company or association or body of individuals whether incorporated or not.
	<b>“Proxy”</b>	“Proxy” - means an instrument whereby any person is authorised to vote for a Member at the General Meeting or Poll.
	<b>“The Register of Members”</b>	“The Register of Members” - means the Register of Members to be kept pursuant to Section 150 of the Act.
	<b>“The Registrar”</b>	“The Registrar” - means The Registrar of Companies, Maharashtra.
	<b>“The Company’s Regulations”</b>	“The Company’s Regulations” - means the regulations for the time being for the management of the Company.
	<b>“Seal”</b>	“Seal” - means the Common Seal for the time being of the Company.
	<b>“SEBI”</b>	“SEBI” means The Securities and Exchange Board of India.
	<b>“Secretary”</b>	“Secretary” - means and includes a temporary or Assistant Secretary and any person or persons appointed by the Board to perform any of

Article Number	Title of the Article	Contents
		the duties of the Secretary.
	“Securities”	“Security” means such security as may be specified by SEBI from time to time.
	“Shares”	“Shares” - means the shares or stocks into which the capital of Company is divided and the interest corresponding with such shares or stocks except where a distinction between stocks and shares is expressed or implied.
	“Singular Number”	Words importing the singular number include where the context admits or requires, the plural number and vice versa.
	“Special Resolution”	“Special Resolution” - shall have the meaning assigned thereto by Section 189 of the Act.
	“The Statutes”	“The Statutes” - means the Companies Act, 1956, and every other Act for the time being in force affecting the Company.
	“Year”	“Year” - means the calendar year and “Financial Year” - shall have the meaning assigned thereto by Section 2 (17) of the Act.
	<b>Expressions in the Act to bear the same meaning in Articles.</b>	Unless the context otherwise requires, words and expressions contained in these Articles shall bear the same meaning as in the Act or any Statutory modifications thereof for the time being in force.
		<b>CAPITAL</b>
3.	<b>Authorised Capital</b>	The Authorised Share Capital of the Company is as mentioned in Clause V of Memorandum of Association of the Company.
4.	<b>Increase of capital by the company and how carried into effect</b>	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.
5.	<b>New Capital same as existing capital</b>	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

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		installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6.	<b>Redeemable preference shares</b>	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.
8.	<b>Purchase of Own Shares</b>	<p>(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.</p> <p>(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.</p>
9.	<b>Reduction of Capital</b>	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.
		<b>FURTHER ISSUE OF SHARES</b>
10.	<b>Shares to be offered to the existing Shareholders</b>	<p>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:</p> <p>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;</p> <p>ii The aforesaid offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen (15) days from the date of offer within which the offer if not accepted will be deemed to have been declined;</p> <p>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</p>

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		<p>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.</p> <p>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.</p>
11.	<b>Offering of Shares to persons other than existing Shareholders</b>	<p>Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person (whether or not those person include the person referred to in clause (a) of sub- clause (1) thereof) in any manner whatsoever.</p> <p>a) If a special resolution to that effect is passed by the company in general meeting, or</p> <p>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.</p>
12.	<b>Time limit for acceptance or renunciation of the offer of shares</b>	<p>Nothing in sub-clause (iii) of Article (10) hereof shall be deemed:</p> <p>a) To extend the time within which the offer should be accepted; or</p> <p>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.</p> <p>Nothing in this clause 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:</p> <p>a) To convert such debentures or loans into shares in the Company, or</p> <p>b) To subscribe for shares in the Company.</p> <p>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</p> <p>a) either has been approved by the 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 Government in this behalf; and</p>



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		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 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.
		<b>MODIFICATION OF CLASS RIGHTS</b>
<b>14.</b>	<b>Modification of rights</b>	(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>15</b>	<b>Shares under control of Directors</b>	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 allot or otherwise dispose of the same 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 with 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 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.
<b>16.</b>	<b>Power to issue shares</b>	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

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		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.
18.	<b>Acceptance of Shares</b>	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.
20.	<b>Deposit and call etc. to be a debt payable Immediately</b>	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 a be paid by him, accordingly.
21.	<b>Liability of Members</b>	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.
		<b>CERTIFICATES</b>
23.	<b>Share Certificates</b>	<p>(a) Every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.</p>

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		<p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>
	<p><b>Time limit within which certificates may be issued</b></p>	<p>(b) The Company shall, within three (3) months after the allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of the application for registration of transfer, transmission, sub-division, consolidation or renewal of any of the shares, as the case may be deliver the certificate of all the shares and debenture so allotted and transferred.</p>
<p><b>25.</b></p>	<p><b>Issue of new certificates in place of those defaced, lost or destroyed</b></p>	<p>(a) No certificate/s of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement or those which are defaced, to torn or old, decrepit, worn out, or where the cages on the reverse for recording transfer have been duly utilised, unless the certificates in lieu of which they are issued are produced and surrendered to the Company.</p> <p>(b) Provided that no fee shall be charged for issue of new certificates in replacement of those which are defaced, torn or old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised.</p> <p>(c) Provided further that no fee shall be charged for split, or consolidation of Share Certificates into denomination corresponding with the market unit or trading on the Stock Exchange.</p> <p>(d) Provided further that in case any share certificate being lost or destroyed the Company may issue a duplicate certificate in place of the certificate so lost or destroyed on such terms, as to evidence, out of pocket expenses regard to investigation of such evidence and indemnity as the Board may determine.</p> <p>(e) Any renewed certificate shall be marked as such.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in the behalf.</p> <p>(f) The provisions of this Article shall mutatis mutandis apply to debentures of the Company</p>

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26.	<b>Joint holder deemed sole holder</b>	(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.
27.	<b>Company not bound to recognize any Interest in share other than that of registered holders</b>	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
		<b>DEMATERIALIZATION OF SHARES</b>
29.	<b>Dematerialisation of Shares</b>	<p><b>(i) Dematerialisation of Securities</b></p> <p>Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.</p> <p><b>(ii) Option for investors</b></p> <p>Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the depository. Such a person who is beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities. If a person opts to hold his security with a depository the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.</p> <p><b>(iii) Securities in depositories to be in fungible form</b></p> <p>All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.</p>

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		<p><b>(iv) Rights of depositories and beneficial owners</b></p> <p>a) Notwithstanding anything contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.</p> <p><b>(v) Service of documents</b></p> <p>Notwithstanding anything contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.</p> <p><b>(vi) Transfer of Securities</b></p> <p>Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p><b>(vii) Allotment of securities dealt with by a depository</b></p> <p>Notwithstanding anything in the Act or these Articles, where the securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.</p> <p><b>(viii) Distinctive numbers of securities held in a depository</b></p> <p>Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.</p> <p><b>(ix) Register and Index of the beneficial owners</b></p> <p>The Register and Index of the beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of the Members and Security holders for the purpose of these Articles.</p>

<b>Article Number</b>	<b>Title of the Article</b>	<b>Contents</b>
<b>30.</b>	<b>Application of premium received on shares</b>	<p>(1) Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "THE SHARE PREMIUM ACCOUNT" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.</p> <p>(2) The Share Premium Account may, notwithstanding clause (1) hereof be applied by the Company :</p> <p>(a) in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares;</p> <p>(b) in writing off the preliminary expenses of the Company;</p> <p>(c) in writing off the expenses of, or the commission paid or discount allowed, on any issue of shares or debentures of the Company; or</p> <p>(d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p> <p>(e) buy back of its securities</p>
<b>31.</b>	<b>Shares at a discount</b>	<p>The Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled, namely:-</p> <p>(i) the issue of the shares at a discount is authorised by a resolution passed by the Company in General Meeting and sanctioned by the Company Law Board;</p> <p>(ii) the resolution specifying the maximum rate of discount (not exceeding ten per cent or such higher percentage as the Central Government may permit in any special case) at which the shares are to be issued; and</p> <p>(iii) the shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</p>
		<b>UNDERWRITING AND BROKERAGE</b>
<b>33.</b>	<b>Commission may be paid</b>	<p>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</p>

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		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.
<b>34.</b>	<b>Brokerage</b>	The Company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.
		<b>INTEREST OUT OF CAPITAL</b>
<b>35.</b>	<b>Interest out of capital</b>	The Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital
		<b>CALLS</b>
<b>36.</b>	<b>Directors may make calls</b>	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 installments. A call may be postponed or revoked as the Board may determine.
<b>37.</b>	<b>Notice of calls</b>	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.
<b>38.</b>	<b>Calls to date from Resolution</b>	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.
<b>40.</b>	<b>Directors may extend time</b>	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.
<b>41.</b>	<b>Amount payable at fixed time or by installments</b>	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on



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	<b>to be treated as calls</b>	account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
<b>42.</b>	<b>When Interest on call or installments payable</b>	If the sum payable in respect of any call or installment 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 installment 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.
<b>43.</b>	<b>Evidence in actions by Company Against share holders</b>	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 in 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.
<b>44.</b>	<b>Partial payment not to preclude forfeiture</b>	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.
<b>45.</b>	<b>Payment in Anticipation of calls may carry interest</b>	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



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		<p>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 not shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(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.</p> <p>(c) The provision of these Articles shall apply mutatis mutandis apply to calls on the debenture of the Company.</p>
		<b>LIEN</b>
<b>46.</b>	<b>Company to have lien on shares</b>	<p>The Company shall have a first and paramount lien upon all shares other than fully paid-up shares 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, to or with the Company/the Exchange/the Designated Clearing House (Whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures</p> <p>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.</p>
<b>47.</b>	<b>As to enforcing lien by sale</b>	<p>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 -:</p> <p>a) unless a sum in respect of which the lien exists is presently payable; or</p> <p>(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.</p>
<b>49.</b>	<b>Application of proceeds of sale</b>	<p>(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</p>

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		(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).
		<b>FORFEITURE OF SHARES</b>
<b>50.</b>	<b>If money payable on share not paid notice to be given to member</b>	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.
<b>51.</b>	<b>Sum payable on allotment to be deemed to be a call</b>	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.
<b>52.</b>	<b>Form of notice</b>	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.
<b>53.</b>	<b>In default of payment shares to be forfeited</b>	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.
<b>54.</b>	<b>Notice of forfeiture to a members</b>	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.
<b>55.</b>	<b>Forfeited share to be the property of the Company and may be sold etc.</b>	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.
<b>56.</b>	<b>Member still liable to pay money owing at the time of forfeiture and interest</b>	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such

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		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.
<b>57.</b>	<b>Effect of forfeiture</b>	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.
<b>58.</b>	<b>Power to annual forfeiture</b>	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.
<b>59.</b>	<b>Validity of forfeiture</b>	<p>(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;</p> <p>(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;</p> <p>(3) The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the shares;</p> <p>(4) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, installments, 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;</p> <p>(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.</p>
<b>60.</b>	<b>Provision of These Articles as to forfeiture to apply in case of non-payment of any sum</b>	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.
<b>61.</b>	<b>Cancellation of share certificates in respect of forfeited shares</b>	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

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		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.
<b>62.</b>	<b>Surrender of shares</b>	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.
		<b>TRANSFER AND TRANSMISSION OF SHARES</b>
<b>64.</b>	<b>Form of Transfer</b>	The instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 108 of the Act.
<b>65.</b>	<b>Application for transfer</b>	<p>(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;</p> <p>(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;</p> <p>(3) For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is dispatched 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.</p>
<b>66.</b>	<b>To be executed by Transferor and Transferee</b>	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.
<b>67.</b>	<b>Transfer by legal representative</b>	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.
<b>68.</b>	<b>Transfer Books when closed</b>	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.
<b>69.</b>	<b>Directors may refuse to register transfer</b>	(a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares

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		<p>whether fully paid or not and the right of refusal, shall not be affected by circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on the shares. Transfer of shares/ debentures in whatever lot shall not be refused.</p> <p>(b) No share shall in any circumstances be transferred to any insolvent or person of unsound mind.</p> <p>(c) No partly paid share shall be transferred to a minor. PROVIDED THAT 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.</p>
70.	<b>Notice of refund to be given to Transferor and transferee</b>	If the Company refuses to register the transfer of any shares or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.
71.	<b>Death of one or more joint holders of shares</b>	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.
72.	<b>Title to shares of deceased member</b>	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.

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		<b>NOMINATION</b>
<b>73.</b>	<b>Nomination</b>	<p>(i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his shares or debentures shall vest in the event of his death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.</p> <p>(ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956.</p> <p>(iii) The Company shall not be in any way responsible for transferring the shares and/ or debentures consequent upon such nomination.</p> <p>(iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>
<b>74.</b>	<b>Registration of persons entitled to shares otherwise than by transfer (Transmission clause)</b>	Subject to the provisions of Articles 68 and 69 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board of Directors (which it shall not be under obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as a member in respect of such shares provided, nevertheless, that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of such shares. This clause is herein referred to as "The Transmission Clause".
<b>75.</b>	<b>Refusal to register nominee</b>	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
<b>76.</b>	<b>Directors entitled to refuse to register more than four joint holders</b>	The Company shall be entitled to decline to register more than four persons as the holders of any share.
<b>77.</b>	<b>Persons entitled may receive dividend without being registered as Members</b>	A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other money payable in respect of the share.

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<b>78.</b>	<b>Conditions of registration of transfer</b>	Prior to the registration of a transfer, the certificates or certificate of the share or shares to be transferred, and if no such certificate is in existence, the Letters of Allotment of the shares, must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer, with the date of presentation of the instrument to the proper authorities duly engrossed thereon.
<b>79.</b>	<b>No fee on transfer or transmission</b>	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letter of Administration, Certificates of Death or Marriage, Power-of-Agency or similar other documents.
<b>80.</b>	<b>The Company not liable for disregard of a notice prohibiting registration of a transfer</b>	The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company and, the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.
<b>81.</b>	<b>When transfer instruments are to be retained</b>	All instruments of transfer which have been registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand, be returned to the person depositing the same. The Directors may, however, cause to be destroyed all transfer deeds lying with the Company after such period not being less than 5 years as they may determine.
		<b>CONVERSION OF SHARES INTO STOCK</b>
<b>82.</b>	<b>Conversion of shares into stock or reconversion</b>	The Company may, by ordinary resolution in General Meeting: a) convert any fully paid-up shares into stock; and b) re-convert any stock into fully paid-up shares of any denomination.
<b>83.</b>	<b>Transfer of stock</b>	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.



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<b>84.</b>	<b>Rights of stock holders</b>	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they held the shares for which the stock arose; but no such privileges or advantages (except dividends, participation in profits by an amount of stock) which would not, if existing in shares, have conferred that privilege or advantage.
<b>85.</b>	<b>Regulations</b>	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.
		<b>BORROWING POWERS</b>
<b>86.</b>	<b>Power to borrow</b>	Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles, the Board of Directors, may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company from any source. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
<b>87.</b>	<b>The payment or re-payment of moneys borrowed</b>	The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being; and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
<b>88.</b>	<b>Terms of issue of debentures</b>	Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of directors, and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the general meeting by way of special resolution.



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<b>89.</b>	<b>Mortgage of uncalled capital</b>	If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
<b>90.</b>	<b>Bonds, Debentures etc. to be under the control of the Directors</b>	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
		<b>MEETINGS OF MEMBERS</b>
<b>95.</b>	<b>Annual General Meeting</b>	<p>(1) The Company shall, in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it. Except in the case where the Registrar has given an extension of time for holding any Annual General Meeting and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Provided that if the Registrar shall have extended the time within which any Annual General Meeting shall be held, such Annual General Meeting may be held within the additional time;</p> <p>(2) Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situate for the time being;</p> <p>(3) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as auditor.</p>
<b>96.</b>	<b>Report, Statement and Registers to be laid before the Annual General Meeting</b>	At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies, and the Register of Directors' shareholdings.
<b>97.</b>	<b>Extraordinary General Meeting</b>	All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting.
<b>99.</b>	<b>Circulation of Members' Resolution</b>	(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the Annual General Meeting otherwise resolves) at the expense of the Requisitionists.

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		<p>a) give to the members of the Company entitled to receive a notice of any resolution which may properly be moved and is intended to be moved at that meeting; and</p> <p>b) circulate to members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p> <p>(2) The number of members necessary for requisition under clause (1) hereof shall be –</p> <p>(a) such member or members as represent not less than one-twentieth of the total voting power of all the members having at the date of the requisition a right to vote on the resolution or business to which the requisition relates; or</p> <p>(b) not less than one hundred members having the right aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lac in all.</p> <p>(3) Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner, and so far as practicable, at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.</p> <p>(4) The Company shall not be bound under this article to give notice of any resolution or to circulate any statement unless :-</p> <p>(a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p>(i) in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting, and</p> <p>(ii) in the case of any other requisition, not less than two weeks before the meeting, and</p> <p>(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto. PROVIDED that if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited the copy although not deposited within the time required by this clause, shall, be deemed to have been</p>

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		<p>properly deposited for the purpose thereof.</p> <p>(5) The Company shall not also be bound under this article to circulate any statement, if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this clause are being either to secure needless publicity for defamatory matter.</p> <p>(6) Notwithstanding anything in these Articles contained, the business which may be dealt with at an Annual General Meeting shall include a resolution of which notice is given in accordance with this Article and for the purpose of this Clause notice shall be deemed to have been so given notwithstanding the accidental omission in giving it, to one or more members.</p>
<b>100.</b>	<b>Extraordinary General Meeting by Board and by requisition</b>	<p>The Directors may, whenever they think fit convene an Extraordinary General Meeting and they shall on requisition of the members as hereinafter provided, forthwith proceed to convene Extraordinary General Meeting of the Company.</p>
<b>101.</b>	<b>Contents of requisition and numbers of requisitionists required and the conduct of meeting</b>	<p>In case of requisition the following provision shall have effect.</p> <p>(1) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(2) The requisition may consist of several documents in like form, each signed by one or more requisitionists.</p> <p>(3) The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carries the right of voting in regard to that matter.</p> <p>(4) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition, shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(5) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called—</p> <p>(a) by the requisitionists themselves, or</p> <p>(b) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of the paid-up share capital of the Company as is referred to in sub-clause (3) whichever is less.</p>

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		<p>PROVIDED that for the purpose of this sub-clause the Board shall, in the case of a meeting at which a resolution is to be proposed as a special resolution be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(6) A meeting called under Clause (5) by the requisitionists or any of them</p> <p>(a) shall be called in the same manner, as nearly possible, as that in which meeting is to be called by the Board, but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED that nothing in sub clause (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.</p> <p>(7) Where two or more persons hold any shares in the Company jointly, a requisition, or a notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.</p> <p>(8) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company, and any sums so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
102.	<b>Length of notice of meeting</b>	<p>(1) A General Meeting of the Company may be called by giving not less than twenty-one days' notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in Clause (1) hereof if consent is accorded thereto -:</p> <p>(i) in the case of an Annual General Meeting, by all the members entitled to vote thereat; and</p> <p>(ii) in the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting; PROVIDED that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the latter.</p>
103.	<b>Contents and manner of service of notice</b>	<p>(1) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act, notice of every General Meeting shall be given —</p> <p>(a) to every member of the Company in the manner authorised by sub-</p>

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		<p>sections (1) to (4) of Section 53 of the Act;</p> <p>(b) to the persons entitled to a share in consequence of the death, or insolvency of a member, by sending it through the post in a pre-paid letter addressed to them by name, or by title of representatives of the deceased or assignee of the insolvent, or by like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been if the death or insolvency had not occurred; and</p> <p>(c) to the Auditors or Auditor for the time being of the Company, in any manner authorised by Section 53 of the Act in the case of any member of the Company. PROVIDED that where the notice of meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.</p> <p>(3) Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote and attend instead of himself and that a proxy need not be a member of the Company.</p>
104.	<b>Special and Ordinary business and explanatory statement</b>	<p>(1) (a) in case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to-</p> <p>(i) The consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors;</p> <p>(ii) The declaration of dividend;</p> <p>(iii) The appointment of Directors in the place of those retiring; and</p> <p>(iv) The appointment of and the fixing of the remuneration of the Auditors.</p> <p>(b) In the case of any other meeting, all business shall be deemed special.</p> <p>(2) Where any item of business to be transacted at the meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director. PROVIDED THAT where any item of special business at the meeting of the Company relates to or affects, any other company the extent of shareholding interest in that other company of every Director shall be set out in the statement, if the extent of such shareholding interest is not less than 20% of the paid up share capital of that other company.</p>

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		(3) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement as aforesaid.
<b>105.</b>	<b>Omission to given notice not to invalidate a resolution passed</b>	The accidental omission to give any such notice as aforesaid to or the non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.
<b>106.</b>	<b>Notice of business to be given</b>	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.
<b>107.</b>	<b>Quorum</b>	Five members entitled to vote and present in person shall be quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act.
<b>108.</b>	<b>Presence of Quorum</b>	If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present the meeting if called by or upon the requisition of members shall stand dissolved and in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place, or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting the member present shall be a quorum, and may transact the business for which the meeting was called.
<b>109.</b>	<b>Resolution passed at adjourned meeting</b>	Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
<b>110.</b>	<b>Chairman of General Meeting</b>	The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or shall decline to take the Chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the Chair, then the members present shall elect one of their numbers to be the chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected as a result of the poll he shall be the Chairman for the rest of the meeting.
<b>112.</b>	<b>Chairman may</b>	(1) The Chairman may, with the consent of any meeting at which a

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	<b>adjourn meeting</b>	<p>quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and from place to place.</p> <p>(2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>(3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>(4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.</p>
<b>114.</b>	<b>Chairman's Declaration of result of voting on show of hands</b>	A declaration by the Chairman that in pursuance of Article 115 on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favour or against such resolution.
<b>115.</b>	<b>Demand for poll</b>	<p>(1) Before, or on the declaration of the result of the voting on any resolution on show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say by any member or members present in person or by proxy and holding shares in the company</p> <p>i) which confer power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution; or</p> <p>ii) on which an aggregate sum of not less than fifty thousand rupees has been paid up.</p> <p>(2) The demand for a poll may be withdrawn at any time by the person or persons, who made the demand.</p>
<b>116.</b>	<b>Time of taking poll</b>	A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question (not being relating to the election of a chairman which is provided for in Article 109 shall be taken at such time not being later than forty-eight hours from the time when the demand was made in such manner and place as the Chairman of the meeting may direct.
<b>117.</b>	<b>Chairman's casting Vote</b>	In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled to as a member.
<b>118.</b>	<b>Scrutineers at poll</b>	Where a poll is to be taken, the Chairman of the meeting shall appoint two Scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill



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		vacancy in the office of the scrutineer arising from such removal or from any other cause.
<b>120.</b>	<b>Special notice</b>	Where by any provision contained in the Act or in these articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.
<b>121.</b>	<b>Resolutions requiring special notice</b>	<p>The following resolutions shall require special notice to</p> <p>(1) Resolution under Section 225 of the Act at an Annual General Meeting appointing as Auditor a person other than a retiring Auditor or providing expressly that a retiring Auditor shall not be reappointed;</p> <p>(2) Resolution under Section 284 of the Act removing a Director before the expiry of his period of office; and</p> <p>(3) Resolution under Section 284 of the Act appointing a Director in place of the Director so removed.</p>
<b>122.</b>	<b>Registration of documents with the Registrar</b>	<p>A copy of each of the following resolutions (together with a copy of the statement of material facts annexed under Section 173 of the Act to the notice of the meeting in which such resolution has been passed) or agreement shall, within thirty days after the passing or making thereof be printed or typewritten and duly certified under the signature of Officer of the Company and filed with the Registrar :-</p> <p>(a) Every Special Resolution;</p> <p>(b) Every resolution which has been agreed to by all the members of the Company, but which, if not so agreed to would not have been effective for the purpose unless it has been passed as a Special Resolution;</p> <p>(c) Every resolution of the Board of Directors or agreement executed by the Company relating to the appointment, re-appointment or renewal or appointment or variation in the terms of appointment of a Managing Director;</p> <p>(d) Every resolution or agreement which has been agreed to by all the members of any class of shareholders but which if not so agreed to, would not have been effective for the purpose unless it had been passed by some particular majority required by the Act or by these articles and every resolution or agreement which effectively binds all the members or any class of shareholders though not agreed to by all of them;</p>



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		<p>(e) Every resolution passed by the Company :</p> <p>(i) According consent to the exercise by the Board of Directors of any of the powers under clause (a), (d) and (e) of sub-section (1) of Section 293 of the Act;</p> <p>(ii) Approving the appointment of sole selling agents under Sections 294, 294A of the Act.</p> <p>(f) A resolution for voluntary winding up of the Company; and</p> <p>(g) Copies of the terms and conditions of appointment of a sole selling agent appointed under Section 294 or of a sole selling agent or other person appointed under Section 294AA.</p> <p>A copy of every such resolution or agreement for the time being in force shall also be embodied in or annexed to, every copy of these Articles issued after the passing of the resolution or the making of the agreement.</p>
		<b>VOTES OF MEMBERS</b>
<b>123.</b>	<b>Members paying money in advance not to be entitled to vote in respect thereof</b>	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.
<b>124.</b>	<b>Restriction on exercise of voting rights of members who have not paid calls</b>	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 an right of lien.
<b>125.</b>	<b>Number of Votes to which member entitled</b>	Subject to the provisions of Articles 121 and 122 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.
<b>126.</b>	<b>Vote of Member of unsound mind</b>	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

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		and any such Committee or Guardian may on a poll vote by proxy.
<b>127.</b>	<b>Votes of Joint Members</b>	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 this article be deemed joint holders thereof.
<b>128.</b>	<b>Representation of Body Corporate, President of India, Governor of State</b>	<p>(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.</p> <p>(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.</p>
<b>129.</b>	<b>Votes in respect of Shares of deceased or insolvent member</b>	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.
<b>130.</b>	<b>Voting in person or by proxy</b>	Subject to the provisions of these Articles vote may be given either personally or by proxy.

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<b>131.</b>	<b>Rights of Members to use his votes differently</b>	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.
<b>132.</b>	<b>Proxies</b>	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.
<b>133.</b>	<b>Proxy either for specified meeting or for a period</b>	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.
<b>134.</b>	<b>No proxy to vote on a show of hands</b>	No Member present only by proxy shall be entitled to vote on a show of hands
<b>135.</b>	<b>Deposit of Instrument of appointment</b>	The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially 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.
<b>136.</b>	<b>Form of proxy</b>	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.
<b>137.</b>	<b>Inspection of proxies</b>	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.
<b>138.</b>	<b>Validity of votes given by proxy</b>	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the

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	<b>notwithstanding revocation of authority</b>	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.
<b>139.</b>	<b>Time for objections to vote</b>	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.
<b>140.</b>	<b>Chairman of any meeting to be the judge of validity of any vote</b>	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.
<b>141.</b>	<b>Custody of instrument</b>	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.
		<b>POSTAL BALLOT</b>
<b>142.</b>	<b>Postal Ballot</b>	Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the rules made thereunder, the Company may, and in case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company.
		<b>DIRECTORS</b>
<b>143.</b>	<b>Number of Directors</b>	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.
<b>145.</b>	<b>Debenture Directors</b>	Any Trust Deed for securing debentures or debenture-stock, may, if so agreed, provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company, and may empower such Trustees or holders of debentures or debenture stocks, from time to time, to remove and re-appoint any Director to appointed The Director appointed under this Article is hereinafter referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director

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		shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
146.	<b>Nominee Director</b>	<p>(a) Subject to the provisions of the Companies Act, 1956 and notwithstanding anything to the contrary contained in these Articles, any Financing Company or Body Corporate or Bank or Insurance Corporation (hereinafter referred to as “the Financial Institution”) shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as the “Nominee Director”) on the Board of the Company, so long as any moneys remain owing to them or any of them, by the Company, out of any Financial assistance granted by them or any of them to the Company by way of loan and/or by holding debentures and/or share in the Company and/or a result of underwriting or direct subscription and/or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid Article 144(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of a financial institution the sitting fees in relation to such nominee Directors shall accrue to the said financial institution The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>
147.	<b>Special Directors</b>	In connection with any collaboration arrangement with any Company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the Directors may authorise such company, corporation, firm or person hereinafter in this Article referred to as “Collaborator” to appoint from time to time any person as the Director of the Company (hereinafter referred to as “Special Director”) and may agree that such Special Director shall not be liable to retire by rotation, so however that such Special Director shall hold office, so long as such collaboration arrangement remains in force, unless otherwise agreed between the Company and such collaborator under the collaboration arrangements or at any time thereafter. The Collaborator may at any time and from time to time remove such Special Director appointed by it and may at any time of such removal

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		and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or his authorised representative and shall be delivered to the Company at its Registered Office. It is clarified that every Collaborator entitled to appoint a Director under this Article may appoint one such person as a Director and so that if more than one Collaborator is so entitled there may be at any time as many Special Directors as the number of Collaborators eligible to make the appointment.
<b>148.</b>	<b>Limit of number of retiring Directors</b>	The provisions of Articles 145, 146, 147 and 148 are subject to the provisions of Section 255 of the Act and the number of such Directors appointed under Articles 145, 146, 147 and 148, shall not exceed in the aggregate one-third of the total number of Directors for the time being in office The remaining Directors shall be appointed by the Company in General Meeting.
<b>149.</b>	<b>Appointment of alternate Directors</b>	The Board may appoint an Alternate Director (hereinafter called the "Alternate Director") to act for a period of not less than three months during the absence of the original Director from the State of Maharashtra. Every such Alternate Director, shall subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meeting to have an exercise of all the powers and duties and authorities of the original Director. The Alternate Director appointed under this article shall vacate office as and when original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.
<b>150.</b>	<b>Directors may Fill vacancies</b>	The Directors shall have power at any time and from time to time to appoint any qualified person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall retain his office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.
<b>151.</b>	<b>Additional Directors</b>	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.
<b>152.</b>	<b>Qualification of Director</b>	A Director shall not be required to hold any qualification share.

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<b>156.</b>	<b>Directors may not act notwithstanding vacancy</b>	The continuing Directors may act notwithstanding any vacancy in their body, but if and as long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.
<b>157.</b>	<b>Disqualification of Directors</b>	<p>A person shall not be capable of being appointed Director of the Company, if —</p> <p>(a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;</p> <p>(b) he is an undischarged insolvent;</p> <p>(c) he has applied to be adjudged an insolvent and his application is pending;</p> <p>(d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;</p> <p>(e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or</p> <p>(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</p> <p>(g) he is a director of a public company which —</p> <p>i. has not filed the annual accounts and annual return for any continuous three financial years commencing on and after the first day of April, 1999 or</p> <p>ii. has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more provided that such person shall not be eligible to be appointed as a director of any other public company for a period of five years from the date on which such public company, in which he is a director failed to file annual accounts and annual returns under sub-clause (i) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (ii).</p>
<b>158.</b>	<b>Vacation of Office by Directors</b>	<p>(1) The Office of a Director shall become vacant if —</p> <p>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or</p>



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		<p>(b) he applies to be adjudged an insolvent; or</p> <p>(c) he is adjudged an insolvent; or</p> <p>(d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or</p> <p>(e) he fails to pay call in respect of shares of the Company held by him, whether-alone or jointly with others, within six months from the last date for the payment of the call, unless the Central Government has by a notification, removed the disqualification incurred by such failure; or</p> <p>(f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or</p> <p>(h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</p> <p>(i) he becomes disqualified by an Order of the Court under Section 203 of the Act; or</p> <p>(j) he is removed by an ordinary resolution of the Company before the expiry of his period of Office; or</p> <p>(k) it by notice in writing to the Company, he resigns his Office; or</p> <p>(l) having been appointed a Director by virtue of his holding Office or other employment in the Company, he ceases to hold such Office or other employment in the Company.</p> <p>(2) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of clause (1) hereof, the disqualification referred to in these clauses shall not take effect</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred, within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order, until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or</p>



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		petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed would result in the removal of the disqualification, until such further appeal or petition is disposed of.
159.	<b>Removal of Directors</b>	<p>(a) The Company may (subject to the provisions of Section 284 and other application provisions of the Act and these Articles) by ordinary resolution remove any Director before the expiry of his period of office.</p> <p>(b) Special notice as provided by Article 118 or Section 190 of the Act shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.</p> <p>(c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.</p> <p>(d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and request their notification to members of the Company, the Company shall, unless the representations are received by it too late for it to do so (a) in the notice of the resolution given to members of the Company state the fact of the representations having been made and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 148 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed; Provided special notice of the intended appointment has been given under sub-clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(f) If the vacancy is not filled under sub-clause (c), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable, of Article 148 or Section 262 of the Act, and all the</p>

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		<p>provisions of that Article and Section shall apply accordingly.</p> <p>(g) the Board of Directors may remove a director from office if the majority of the directors attending a meeting of the Board convened for the purpose assent to the resolution .</p>
161.	<b>Disclosure of Director's interest</b>	<p>(1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors, in the manner provided in Section 299 (2) of the Act.</p> <p>(2) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested. (b) in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.</p> <p>(3) (a) For the purposes of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member or a specified body corporate or is a member or a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notices, entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.</p> <p>(b) Any such general notice, shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of financial year in which it would otherwise expire.</p> <p>(c) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p> <p>(d) Nothing in this Article shall apply to any contract or arrangement entered into between the Company and any other company where any one or two or more of Directors together holds or hold not more than two per cent of the paid up share capital in the other company.</p>
162.	<b>Board resolution necessary for certain contracts</b>	<p>(1) Except with the Consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative if partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company —</p>

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		<p>(a) for the sale, purchase or supply of any goods, materials or services; or</p> <p>(b) for underwriting the subscription of any share in or debentures of the Company.</p> <p>(2) Nothing contained in sub-clause (a) of clause (1) shall affect —</p> <p>(a) the purchase of goods and materials from the Company or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</p> <p>(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private Company on the other for sale, purchase or supply of any goods, materials, and services in which either the Company or Director, relative, firm, partner or private company as the case may be, regularly trades or does business, PROVIDED that such contract or contracts do not relate to goods and materials the value of which or services the cost of which exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts; or</p> <p>(3) Notwithstanding anything contained in clauses (1) and (2) a Director, relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity enter, without obtaining the consent of the Board, into any contract with the Company for the sale purchase of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting three months of the date on which the contract was entered into.</p> <p>(4) Every consent of the Board required under this Article shall be accorded by a resolution of the Board and the consent required under Clause (1) shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.</p> <p>(5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be voidable at the option of the Board.</p>
165.	<b>Loans to Director etc.</b>	<p>The Company shall not without obtaining the previous approval of the Central Government in that behalf, directly or indirectly make any loan to or give any guarantee or provide any security in connection with loan made by my other person to, or any other person by —</p> <p>(a) any Director of the Company or any partner or relative of any such Director;</p> <p>(b) any firm in which any such Director or relative is a partner;</p>

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		<p>(c) any private company of which any such Director is a Director or member;</p> <p>(d) any body corporate at a general meeting of which not less than twenty-five per cent of the total voting power may be exercised or controlled by any such Director, or by two or more such Directors together; or</p> <p>(e) any body corporate, the Board of Directors, Managing Director or Manager whereof, is accustomed to act in accordance with the directions or instructions of the Board, or of any Director or Directors of the Company.</p>
<b>166.</b>	<b>Loans etc. to Companies</b>	The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the Companies or bodies corporate under the same management as provided in Section 372A of the Act.
<b>167.</b>	<b>Interested Director not to participate or vote in Board's proceedings</b>	<p>No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote it shall be void; PROVIDED THAT the Board of Directors or any of its number may vote on any contract of indemnity against any loss which it or any one or more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public company or a private company, which is a subsidiary of a public company in which the interest of the Director aforesaid consists solely —</p> <p>(1) in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for the appointment as a Director thereof, he having been nominated as such Directors by the Company.</p> <p>(2) in his being a member holding not more than two per cent of its paid up share capital.</p> <p>This Article is subject to the provisions of sub-section (2) of Section 300 of the Act.</p>
		<b>ROTATION AND APPOINTMENT OF DIRECTORS</b>
<b>170.</b>	<b>Rotation of Directors</b>	Not less than two-thirds of the total number of Directors shall (a) be persons whose period of the office is liable to determination by retirement of Directors by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
<b>171.</b>	<b>Retirement of Directors</b>	Subject to the provisions of Section 256 of the Act and Articles 143, 144 and 145, at every Annual General Meeting of the Company, one-third of such of the Directors for the time-being as are liable to retire

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		by rotation or if their number is not three or in multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Special Directors, and subject to Article 180 Managing Director or whole time Director if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these articles a “Retiring Director” means a Director retiring by rotation. PROVIDED HOWEVER and notwithstanding anything hereinafter contained in Article 180, in the event of the number of non-rotating directors other than a Government Director, Debenture Director, Nominee Directors, and a Special Director being reduced below two-third the Managing or whole-time Director shall retire by rotation so as to comply with the requirements of Section 255 of the Act.
<b>172.</b>	<b>Ascertainment of Directors retiring by rotation and filling of vacancies</b>	The Directors to retire by rotation under Article 169 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between those who become directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.
<b>173.</b>	<b>Eligibility for re-election</b>	A retiring Director shall be eligible for re-election.
<b>174.</b>	<b>Company to fill vacancies</b>	Subject to Sections 258, 259, and 284 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.
<b>175.</b>	<b>Provisions in default of appointment</b>	<p>(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless —</p> <p>(i) at that meeting or the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost;</p> <p>(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed;</p> <p>(iii) he is not qualified or is disqualified for appointment;</p> <p>(iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act; or</p> <p>(v) the proviso to sub-section (2) of Section 263 of the Act is</p>

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		applicable to the case.
<b>176.</b>	<b>Company may increase or reduce the number of Directors or remove any Director</b>	Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors, and may prescribe or alter qualifications.
<b>177.</b>	<b>Appointment of Directors to be voted individually</b>	<p>(1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless resolution that it shall be so made, has been first agreed to by the meeting without any vote being given against it.</p> <p>(2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring Director in default of mother appointment as hereinbefore provided shall apply.</p> <p>(3) For the purpose of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.</p>
<b>179.</b>	<b>Register of Directors etc. and notification of change to Registrar</b>  <b>Register of Directors' Share holding</b>	<p>(1) The Company shall keep at its Registered Office a Register containing the particulars of its Directors and other persons mentioned in Section 303 of the Act and shall send to the Registrar a Return containing the particulars specified in such Register, and shall otherwise comply with the provisions of the said Section in all respects.</p> <p>(2) The Company shall keep at its Registered Office a Register showing as respects each Director of the Company the number, description, and amount of any shares in or debentures of the Company or any other body corporate being the Company's subsidiary or holding company or a subsidiary of the Company's holding company which are held by him or in trust for him or of which he has any right to become the holder whether on payment or not, as required by Section 307 of the Act. Such Register shall be kept open for inspection by any member or debenture-holder of the Company as required by Section 307(5) of the Act.</p>
<b>180.</b>	<b>Disclosure by Director of appointment to any other body corporate</b>	Every Director (including a person deemed to be a Director of the Company by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company who is appointed to or relinquishes office of Director, Managing Director, Manager or Secretary of any other body corporate shall within thirty days of his appointment to, or as the case may be, relinquishment of such office, disclose to the Company the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
<b>181.</b>	<b>Disclosure by Directors of their holdings of shares and debentures of</b>	Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may

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	<b>the Company</b>	be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
		<b>MANAGING DIRECTOR - WHOLE TIME DIRECTOR</b>
<b>182.</b>	<b>Board may appoint Managing Directors or whole time Directors</b>	Subject to the provisions of Section 269 and other applicable provisions of the Act and these Articles, the Directors shall have power to appoint and remove from time to time one or, more Managing Director or Managing Directors or Whole-Time Director or Whole-Time Directors of the Company for such terms not exceeding five years at a time as they may think fit, to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
<b>183.</b>	<b>What provisions they will be subject to</b>	Subject to the provisions of the Act and these Articles, the Managing Director or the Whole Time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 169 but same as provided in Article 169 he shall be subject to the provisions of any contract between him and the Company, be subject to the same provisions as the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole Time Director if he ceases to hold the office of Director from any cause provided that if at any time the number of Directors (including Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director or Whole-Time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Article 169 to the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.
<b>185.</b>	<b>Power and duties of Managing and/ or Wholetime Director/s</b>	Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director/s and or Whole-Time Director/s, if any, with Power to the Board to distribute such day to day management functions among such Director/s, in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole-Time Director or Whole-Time Directors such of the power vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.



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		<b>POWERS OF THE BOARD</b>
<b>196.</b>	<b>Power of Directors</b>	<p>The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other Acts or by the Memorandum or by the Articles of the Company required to be exercised by the Company in general meeting, subject nevertheless in these Articles, to the provisions of the Act, or any other Act and to such regulation (being not inconsistent with the aforesaid regulations or provisions), as may be prescribed by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior other act of the Board which would have been valid if that regulation had not been made, PROVIDED that the Board shall not, except with the consent of the Company in general meeting:</p> <p>(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking,</p> <p>(b) remit, or give time for the payment of any debt due by a Director;</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises of properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or</p> <p>(e) Contribute to charitable and other funds not directly relating to the business of the, Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater:</p> <p>(i) Provided that in respect of the matter referred to in clauses (d) or (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other fund in any financial year under clause (e);</p>



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		<p>(ii) Provided further that the expression “temporary loans” in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term, cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature;</p> <p>(iii) Provided that the Company in general meeting or the Board shall not contribute any amount to any political party or for any political purpose to any individual or body so long as it is prohibited by law.</p>
197.	<b>Certain powers to be exercised by the Board only at Meetings</b>	<p>(1) Without derogating from the powers vested in the Board of Directors under these Articles the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meetings of the Board :</p> <p>(a) The power to make calls on shareholders in respect of money unpaid on their shares;</p> <p>(b) The power to issue debentures;</p> <p>(c) The power to borrow moneys otherwise than on debentures;</p> <p>(d) The power to invest the funds of the Company;</p> <p>(e) The power to make loans; Provided that the Board may by resolution passed at a meeting delegate to any committee of Directors, Managing Director or any other principal officer of the Company or in the case of a Branch Office, a principal officer of the Branch Office the powers specified in (c), (d) and (e) of this clause to the extent specified in the following sub-articles.</p> <p>(2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p>(3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made, by the delegate.</p> <p>(4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</p> <p>(5) Nothing in these Article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on exercise by the Board of any of the powers referred to in sub-clause (a), (b), (c), (d) and (e) of clause (1) above.</p>
198.	<b>Certain powers of the Board</b>	Without prejudice to the general powers conferred by the last preceding article and so as not in any way to limit or restrict those

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		<p>powers and without prejudice to the last preceding article it is hereby declared that the Directors shall have the following powers, that is to say, power—</p> <p>(1) to pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company;</p> <p>(2) To pay and charge to the capital account of the Company any commission or interest, lawfully payable thereout under the provisions of Sections 76 and 208 of the Act;</p> <p>(3) Subject to Sections 202 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;</p> <p>(4) at their discretion and subject to the provisions of the Act to pay for any property rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;</p> <p>(5) to secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;</p> <p>(6) to accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;</p> <p>(7) to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purposes and to execute and do all such deeds and things as maybe required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;</p> <p>(8) to institute, conduct, defend, compound, or abandon any legal proceeding by or against the Company or its officer, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge and award made therein;</p>

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		<p>(9) to act on behalf of the Company in all matters relating to bankrupts and insolvents;</p> <p>(10) to make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands in the Company's own name;</p> <p>(11) subject to the provisions of Section 292, 293(1), 295, 372A and 373 of the Act to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;</p> <p>(12) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may Contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;</p> <p>(13) to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;</p> <p>(14) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any offices or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as a part of working expenses of the Company;</p> <p>(15) to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and wives, widows, and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to the provisions of Section 293(1) (c) of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support of aid by the Company either by reason of locality of operation, or of public and general utility or otherwise;</p> <p>(16) before recommending any divided, subject to the provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the</p>

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		<p>depreciation fund, or to insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their, absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit; with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund and/or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in purchase or repayment of debentures or debenture stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine per cent per annum;</p> <p>(17) to appoint and at their discretion remove or suspend such directors , general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, emoluments or remuneration, and to require security in such instances and to such amounts as they may think fit, and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provision contained in the next following sub-clauses shall be without prejudice to the general powers conferred by this sub clause;</p> <p>(18) to comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;</p> <p>(19) from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards, and to fix their remuneration;</p> <p>(20) subject to Section 292 of the Act, from time to time, and at anytime to delegate to any persons so appointed any of the powers, authorities, and discretions for the time being vested in the Board,</p>

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		<p>other than their power to make calls or to make loans or borrow moneys; and to authorise the member for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation;</p> <p>(21) at any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointments may (if the Board thinks fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company, or the shareholder, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorneys may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;</p> <p>(22) subject to Section 294, 297, 299 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;</p> <p>(23) from time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.</p>
		<b>THE SECRETARY</b>
204.	Secretary	<p>a. Subject to the provisions of the Act in this behalf, the Board of Directors may from time to time appoint and/or remove any qualified individual, as the wholtime Secretary of the Company to perform duties which may be performed by a Secretary under the Act and any other purely ministerial and administrative duties as the Board of Directors may from time to time assign to the Secretary including the duty to keep the register required to be kept under the Act.</p> <p>b. The Board of Directors may at any time appoint and/or remove a temporary qualified substitute for whole time secretary who shall for the purpose of the Articles be deemed to be the Secretary.</p>

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		<b>DIVIDEND WARRANTS</b>
<b>206.</b>	<b>Division of profits</b>	<p>(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.</p> <p>(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.</p> <p>(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.</p>
<b>207.</b>	<b>The company in General Meeting may declare Dividends</b>	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.
<b>208.</b>	<b>Dividend out of profits only</b>	<p>(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.</p> <p>(2) The depreciation shall be provided either —</p> <p>(a) to the extent specified in Section 350 of the Act; or</p> <p>(b) in respect of each item of a depreciable asset, for such an amount</p>

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		<p>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</p> <p>(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</p> <p>(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.</p> <p>(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.</p> <p>(4) Nothing in this Article shall be deemed to affect in any manner the operation-of Section 208 of the Act.</p> <p>(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.</p>
209.	<b>Interim Dividend</b>	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.
210.	<b>Debts may be Deducted</b>	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.
211.	<b>Capital paid up in advance at interest not to earn dividend</b>	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.
212.	<b>Dividends in proportion to amount paid-up</b>	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



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		as from a particular date such share shall rank for dividend accordingly.
<b>214.</b>	<b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement</b>	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.
<b>215.</b>	<b>Effect of transfer of shares</b>	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.
<b>216.</b>	<b>Dividend to joint holders</b>	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.
<b>217.</b>	<b>Dividends how remitted</b>	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.
<b>218.</b>	<b>Notice of dividend</b>	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.
<b>219.</b>	<b>Dividend to be paid within thirty days</b>	<p>(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 –</p> <p>(a) where the dividend could not be paid by reason of the operation of any law;</p> <p>(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;</p> <p>(c) where there is a dispute regarding the right to receive the dividend;</p> <p>(d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or</p> <p>(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.</p> <p>2. The amount of dividend, including interim dividend, declared shall</p>



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		be deposited in a separate bank account within five days from the date of declaration of such dividend.
220.	<b>Unclaimed or unpaid dividend</b>	<p>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 Ambuja Intermediates 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.</p> <p>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.’</p> <p>No unclaimed dividend or unpaid dividend shall be forfeited by the Board.</p>
222.	<b>Dividend and Call together</b>	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.
		<b>CAPITALIZATION</b>
223.	<b>Capitalization</b>	<p>(1) The Company in General Meeting by an ordinary resolution may, upon the recommendation of the Board, resolve :</p> <p>(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</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(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</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p>

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		<p>(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.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>
224.	<b>Fractional Certificates</b>	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall—</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares, if any, and;</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power –</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>
		<b>ACCOUNTS</b>
230.	<b>Directors' Report.</b>	<p>(1) There shall be attached to every Balance Sheet laid before the Company in General Meeting, a report by its Directors with respect to —</p> <p>(i) the state of the Company's affairs;</p> <p>(ii) the amounts, if any, which they propose to carry to any reserves in such Balance Sheet;</p> <p>(iii) the amount, if any, which they recommend should be paid by way of dividend; and</p>

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		<p>(iv) the material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report;</p> <p>(v) The conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed by Central Government.</p> <p>(2) The Directors' Report shall, so far as is material for the appreciation of the state of the Company's affairs by its members and will not in the Directors' opinion be harmful to the business of the Company or of any of its subsidiaries, if any, deal with any changes which have occurred during the financial year</p> <p>(a) in the nature of the Company's business;</p> <p>(b) in the Company's subsidiaries, if any, or in the nature of the business carried on by them; and</p> <p>(c) generally in the classes of business in which the Company has an interest</p> <p>(2A) (a) The Directors' Report shall also include a statement showing the name of every employee of the Company who:</p> <p>i) if employed throughout the financial year, was in receipt of remuneration for that year, which in the aggregate was not less than such sum as may be prescribed by Central Government;</p> <p>ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which in the aggregate was not less than such sum per month as may be prescribed by Central Government; or</p> <p>iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which in the aggregate or, as the case may be at a rate which in the aggregate is in excess of that drawn by the Managing Director or whole time Director or Manager and holds by himself or along with his spouse and dependent children not less than two per cent of the equity shares of the Company:</p> <p>(i) whether any such employee is a relative of any Director or Manager of the Company and if so, the name of such Director; and</p> <p>(ii) such other particulars as may be prescribed.</p> <p>Explanation : "Remuneration" has the meaning assigned to it in Section 198 of the Act.</p> <p>(3) The Directors shall give the fullest information and explanation in the report aforesaid, or in cases falling under the proviso to Section 222 of the Act in the addendum to the report on every reservation, qualification or adverse remark contained in the Auditors' Report.</p>

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		(4) The Directors' Report and any addendum thereto shall be signed by its Chairman if he is authorised in that behalf by the Directors and where he is not so authorised, shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of clause (1) of the preceding Article.
		<b>REGISTERS AND DOCUMENTS</b>
242.	<b>Registers Books and Documents to be kept by the Company</b>	<p>The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:</p> <p>(1) Register of Investment made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection by any member or debenture holder of the Company without charge.</p> <p>(2) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 134 of the Act and shall keep open for inspection of any creditor or member of the Company without fee and for inspection by any person on payment of a fee of such sum as may be prescribed by Central Government.</p> <p>(3) Register and Index of Members as required by Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of such sum as may be prescribed by Central Government</p> <p>(4) Register and Index of Debenture Holders under Section 152 of the Act and keep it open for inspection by any member or debenture holder without fee and by any other person on payment of such sum as may be prescribed by Central Government.</p> <p>(5) Foreign Register if thought fit as required by Section 157 of the Act and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as may be required, in the manner mutatis mutandis, as is applicable to the Principal Register.</p> <p>(6) Register of Contracts, and Companies and firms in which Directors are interested, as required, by Section 301 of the Act and shall keep it open for inspection of any member free of charge.</p> <p>(7) Register of Directors, and Secretary etc., as required by Section 303 of the Act and shall keep it open for inspection by any member of the Company without charge and of any other person on payment of a fee of Rupee one for each inspection.</p> <p>(8) Register as to Holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection by any member or debenture holder of the Company on any working day during the period beginning fourteen</p>

Article Number	Title of the Article	Contents
		<p>days before the date of the Company's Annual General Meeting and ending three days after the date of its conclusion.</p> <p>(9) Register of Investments made by the Company in shares and debentures of the bodies corporate as required by Section 372A of the Act.</p> <p>(10) Books recording minutes of all proceedings of General Meeting, and of all proceedings at meetings of its Board of Directors or of Committees of the Board in accordance with the provisions of Section 193 of the Act.</p> <p>(11) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.</p> <p>(12) Register of loans as required by Section 372A of the Act.</p>
243.	<b>Inspection of Registers</b>	<p>The Registers mentioned in Clauses 9, and 12 of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company, as provided for in clause 3 of the said Article. Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on payment of such sum as may be prescribed by Central Government. The Company shall give inspection of the above Registers to the persons entitled to the same on such days and during such business hours as may consistently with the provisions of the Act in that behalf be determined by the Company in General Meeting.</p>
		<b>WINDING UP</b>
244.	<b>Distribution of Assets</b>	<p>If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up, or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.</p>
245.	<b>Distribution in specie or kind</b>	<p>(1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the</p>

Article Number	Title of the Article	Contents
		<p>assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidator, with such sanction, shall think fit.</p> <p>(2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case may division otherwise than in accordance with the legal rights of the contributories shall be determined upon, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.</p>
246.	<b>Rights of Shareholders in case of sale</b>	A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said Section.
		<b>INDEMNITY</b>
247.	<b>Directors' and others right to indemnity</b>	Subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgement is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.
248.	<b>Director Officer not responsible</b>	Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts,

<b>Article Number</b>	<b>Title of the Article</b>	<b>Contents</b>
	<b>for acts of others</b>	receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.
		<b>SECURITY CLAUSE</b>
<b>249.</b>	<b>Secrecy Clause</b>	Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so require, by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in –matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.
<b>250.</b>	<b>No member to enter the premises of the Company without permission</b>	No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Director or Managing Director to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at A/901, Nar Narayan Complex, Near Navrangpura Bus Stop, Off C.G Road, Navrangpura, Ahmedabad – 380 009, Gujarat from 10.00 a.m. to 4.00 p.m. on Working Days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

#### **Material Contracts for Inspection**

1. Issue Agreement dated September 29, 2011 between our Company and Saffron Capital Advisors Private Limited, as BRLM to the Issue.
2. Memorandum of Understanding dated September 29, 2011 between our Company and Link Intime India Private Limited as the Registrar to the Issue.
3. Escrow agreement dated [ ] between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
4. Syndicate agreement dated [ ] between our Company, the BRLM and the Syndicate Members.
5. Underwriting agreement dated [ ] between our Company, the BRLM and the Syndicate Members.
6. Tripartite agreement dated [ ] between National Securities Depository Limited, our Company and the Registrar to the Issue.
7. Tripartite agreement dated [ ] between Central Depository Services (India) Limited, our Company and the Registrar to the Issue.

#### **Material Documents for Inspection**

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including certificates of incorporation.
2. Certified true copy of the Resolution of the Board of Directors dated September 17, 2011 authorising the Issue.
3. Certified true copy of the Special resolution of the shareholders passed at the Extra Ordinary General Meeting dated September 19, 2011 authorising the Issue.
4. Copy of Restated Audit report by Shah Kantilal & Co. Chartered Accountants, dated September 28, 2011 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said Restated Audit report.
5. Copy of Certificate from the Statutory Auditors, Shah Kantilal & Co., Chartered Accountants, dated September 28, 2011 regarding the source and deployment of funds as on August 31, 2011.
6. Copy of the Statement of Tax Benefits dated September 28, 2011 issued by the Statutory Auditors, Shah Kantilal & Co., Chartered Accountants.
7. Certified true copy of Shareholders Resolution dated September 19, 2011 re-appointing Managing Director / Whole Time Director;



8. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditors, Legal Counsel to the Issue, Banker to our Company, BRLM, Registrar to the Issue, Syndicate Members, Bankers to the Issue/Escrow Collection Banks, Refund Banker(s), IPO Grading Agency, to act in their respective capacities.
9. IPO Grading Report issued by [ ] dated [ ] and the IPO Grading perspective.
10. Listing applications dated [ ] and [ ] and filed with the BSE and NSE, respectively.
11. In-principle listing approvals dated [ ] and [ ] from BSE and NSE respectively.
12. Copy of Due Diligence Certificate dated September 29, 2011 to SEBI from the BRLM.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required, in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, the Directors of Ambuja Intermediates Limited, hereby declare, that all the relevant provisions of the Companies Act, 1956, the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, including SEBI ICDR Regulations and guidelines issued by the Government of India, as the case may be, have been complied with and that no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or regulations or rules or guidelines issued thereunder, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true, fair, accurate and correct.

**Signed by the Directors of Ambuja Intermediates Limited**

Name and designation	Signature
<b>Mr. Gambhirmal R. Shah</b> <i>Chairman and Whole Time Director</i>	
<b>Mr. Lalit T. Shah</b> <i>Managing Director</i>	
<b>Mr. Mahendra M. Patel</b> <i>Whole Time Director</i>	
<b>Mr. Satyanarayan B. Ajmera</b> <i>Independent Director</i>	
<b>Mr. Harinderpal Singh Kochar</b> <i>Independent Director</i>	
<b>Mr. Parag A. Makwana</b> <i>Independent Director</i>	

**SIGNED BY THE PRESIDENT – FINANCE AND ACCOUNTS**

**Mr. Harakchand R. Shah**

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER**

**Ms. Samita K. Arora**

Place: Ahmedabad

Date: September 29, 2011