



# Abhitech Energycon Limited

Our Company was incorporated on October 10, 1997 under the provisions of the Companies Act, 1956 as Abhitech Energycon Services Private Limited. The name of our Company was changed to Abhitech Energycon Private Limited and a fresh certificate of incorporation was reflecting the new name as Abhitech Energycon Private Limited was issued on July 17, 2003. Further, our Company was converted into a public limited company and consequently the name of our Company was changed to Abhitech Energycon Limited and a fresh certificate of incorporation reflecting the new name as Abhitech Energycon Limited was issued by the Registrar of Companies, Maharashtra on August 13, 2003. The Corporate Identification Number of our Company is U74210MH1997PLC111233. For details of changes in our Registered Office, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 88 of this Draft Red Herring Prospectus.

**Registered Office:** A - 1020, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Mumbai - 400 072, Maharashtra, India.  
**Tel No.:** 91-22-2847 9999 **Fax No.:** 91-22-2847 9988 **E-mail:** ipo@abhitechenergycon.com; **Website:** www.abhitechenergycon.com;  
**Contact Person:** Mr. Prasad Samant, Compliance Officer **E-mail:** ipo@abhitechenergycon.com

**PROMOTERS OF OUR COMPANY:** Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite.

**PUBLIC ISSUE OF 35,10,000 EQUITY SHARES OF ₹ 10 EACH OF ABHITECH ENERGYCON LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] LAC (THE "ISSUE") THE ISSUE WILL CONSTITUTE 26.98% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

**Price Band: ₹ [●] To ₹ [●] Per Equity Share of Face Value of ₹10 each.**

**THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE 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 Managers and advertised at least 2 (two) working days prior to the bid/issue opening date.

In case of revision in the Price Band, the Bid/Issue Period shall be extended for 3 (three) additional working days after such revision, subject to the Bid/Issue Period not exceeding 10 (ten) working days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), by issuing a press release and by indicating the change on the website of the Book Running Lead Managers (BRLM) and the terminals of the member(s) of the Syndicate.

This Issue is being made under Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and through 100% Book Building Process wherein not more than 50% of the Issue will be available for allocation on a proportionate basis to Qualified Institutional Buyers subject to valid bids being received at or above the Issue Price. Further 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be available for allocation proportionately to the QIB Bidders. For details, please see "Issue Procedure" on page 175. 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. For details, please see the section "Issue Procedure" beginning on page 175 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 our Equity Shares. The face value of the Equity Shares is ₹ 10/- (Rupees Ten only) and the Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value. The price band (has been determined and justified by the BRLM and the Issuer as stated under the chapter on "Basis for Issue Price" beginning on page 59 of this 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 or sustained trading in the Equity Shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risk involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of 'Risk Factors' beginning on Page 14 of the Draft Red Herring Prospectus.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable enquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue; that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document 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 a grade of [●]/5 indicating [●] fundamentals. The IPO Grading is assigned on a 5 point scale from 1 to 5 with an 'IPO Grade 5' indicating strong fundamentals and an 'IPO Grade 1' indicating poor fundamentals. For further details and grading rationale, please refer to page no. 35 of this Draft Red Herring Prospectus under the section 'General Information'.

## LISTING ARRANGEMENT

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and on The National Stock Exchange of India Limited (NSE). In-principle approvals have been received from BSE and NSE for the listing of the Equity Shares vide their letters dated [●] and [●] respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

## BOOK RUNNING LEAD MANAGERS



### Indbank Merchant Banking Services Limited

**SEBI Registration No:** INM000001394

11, Varma Chambers, Homji Street,  
Fort, Mumbai - 400 001,  
Maharashtra.

**Tel No:** +91 22 2263 4601

**Fax No:** +91 22 2265 8270

**Website:** www.indbankonline.com

**Email:** mumbai@indbankonline.com

**Investor Grievance Id:** investors@indbankonline.com

**Contact Person:** Mr. Sunder Rajan/ Mr. Kishore Iyer



### Sharepro Services (India) Private Limited

**SEBI Registration No:** INR000001476

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

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

**Fax No:** +91 22 6191 5444

**Website:** www.shareproservices.com

**Email:** abhitech.ipo@shareproservices.com

**Contact Person:** Mr. Subhash Dhingreja/Mr. Satheesh H K

## ISSUE PROGRAMME

**Bid/Issue Opens on [●]**

**Bid/Issue Closes for QIB Bidders on [●]**

**Bid/Issue Closes for Non-QIB Bidders on [●]**

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

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## SECTION I

### DEFINITIONS AND ABBREVIATIONS

#### ISSUER RELATED TERMS

Term	Description
“We”, “Us” or “Our”, “the Company”, “our Company”, “the Issuer”	Unless the context otherwise requires, refers to Abhitech Energycon Limited
Articles/Articles of Association	The Articles of Association of our Company
Board of Directors/Board	The Board of Directors of our Company unless otherwise specified or a committee constituted thereof
Director(s)	Director(s) of our Company, unless otherwise specified
Group Company	<i>Companies, firms, ventures etc. promoted by our Promoters as described in the chapter “Our Promoter, Promoter Group and Group Companies” on page 109 of this Draft Red Herring prospectus.</i>
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company
Peer Review Auditor	M/s. K.M. Gupta & Co., Chartered Accountants
Promoters	Unless the context otherwise requires, refers to Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite.
Promoter Group	Individuals, Companies and entities forming part of our promoter group as per the SEBI ICDR Regulations
Registered Office	The Registered Office of our Company, located at A - 1020, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Mumbai – 400072, Maharashtra, India.
RoC	Office of Registrar of Companies, Maharashtra
Statutory Auditor	The statutory auditor of our Company, being, M/s. Awinash Verma & Associates, Chartered Accountants

#### CONVENTIONAL/GENERAL TERMS

Abbreviation/Acronym	Description
A/c	Account
Act/ Companies Act	The Companies Act, 1956, as amended from time to time.
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year; the period of twelve months commencing from the 1 <sup>st</sup> day of April every year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
Companies Act	The Companies Act, 1956, as amended from time to time
CRR	Cash Reserve Ratio
Depositories Act	The Depositories Act, 1996, as amended from time to time
DIN	Director’s identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP	A Depository Participant as defined under the Depositories Act

Abbreviation/Acronym	Description
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortisation and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ESIC	Employee State Insurance Corporation
Equity Shares	The Equity Shares of face value of ` 10 each
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise
FIPB	Foreign Investment Promotion Board
FVCI	Foreign venture capital investor as defined in and registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GER	Gross Enrolment Ratio
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer
IRDA	Insurance Regulatory and Development Authority
IT	Information technology
Ltd.	Limited
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time
MICR	Magnetic Ink Character Recognition
MNC	Multi National Company
MOU	Memorandum of Understanding
N.A.	Not Applicable
NAV	Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued Equity Shares outstanding at the end of the Fiscal.
NBFC	Non-Banking Finance Company
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NIFTY	National Stock Exchange Sensitive Index
Non Resident	A person who is not an NRI, FII and is not a person resident in India
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax



Abbreviation/Acronym	Description
Quarter	A period of 3 (three) continuous months
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoNW	Return on Net Worth
Rs./₹/INR/Rupees	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time
SEBI ICDR Regulations / ICDR Regulations / SEBI ICDR / ICDR	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by it from time to time.
SEBI Takeover Regulations/ Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
Sec.	Section
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sq.ft.	Square feet
sq.mtrs.	Square meters
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), referred to as collectively.
Sub-account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended.
TDS	Tax Deducted at Source
U.S. or US or U. S. A.	The United States of America
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
ULIP	Unit Linked Insurance Plan
UoI	Union of India
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations

## ISSUE RELATED TERMS

Term	Description
Allotment/Allotted/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares to successful Bidders pursuant to this Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted.
Applications Supported by Blocked Amount (ASBA)	Application Supported by Blocked Amount means an application (whether physical or electronic) subscribing to an Issue containing an authorization to block the Bid Amount in their specified bank account with Self Certified Syndicate Bank.
ASBA Bidders/Investor	A Bidder / an Investor, who intends to apply through ASBA process.  Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, Non Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Bids
ASBA Bids	A bid made by persons intending to apply through ASBA process.
ASBA Form/ASBA BCAF	The Bid-cum-Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of the Red Herring Prospectus and Prospectus.
ASBA Bid Revision Form	The form used by ASBA Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being [●].
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the Chapter titled “ <i>Issue Procedure-Basis of Allotment</i> ” on page no. 201 of this Draft Red Herring Prospectus.

<b>Term</b>	<b>Description</b>
Bid	<p>An indication to make an offer made during the Bidding Period by a prospective investor, pursuant to submission of a Bid-cum-Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid-cum-Application Form to subscribe to the Equity Shares.</p>
Bid Lot/ Minimum bid lot	[●] Equity Shares.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue (except for ASBA Investor).
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English and Hindi national newspapers and a Marathi newspaper, each with wide circulation.
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English and Hindi national newspapers and a Marathi language newspaper, each with wide circulation.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus including ASBA Form or ASBA BCAF, if applicable.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder.
Bidding	The process of making a Bid.
Bidding Centre	A centre for acceptance of the Bid-cum-Application Form.
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Schedule XI of SEBI (ICDR) Regulations, 2009, as amended in terms of which this Issue is being made.
BRLM	Book Running Lead Manager to this Issue, in this case being Indbank Merchant Banking Services Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted including any revision thereof. In this case being ₹ [●].
Cut-off /Cut-off Price	Any price within the Price Band finalized by our Company in consultation with the BRLM. A bid submitted at the Cut-off Price 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.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids received under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange(s) and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> .
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue or by when have been issued, instructions for transfer, of the funds from the Escrow Accounts and ASBA Accounts, respectively to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders.
Designated Stock Exchange or DSE	Bombay Stock Exchange Limited

Term	Description
Draft Red Herring Prospectus/ DRHP	This Draft Red Herring Prospectus dated [●] filed with SEBI and issued in accordance with the SEBI (ICDR) Regulations, which does not have complete particulars of the price and size of the Issue.
Electronic ASBA Application / Bid	Submission of ASBA Bid-cum-Application Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs.
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 Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	The Equity Shares of our Company of face value of ₹10 each.
Escrow Account(s)	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding ASBA Bidders).
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted in this case being ₹ [●].
Issue / The Issue / This Issue	Public Issue of 35,10,000 Equity Shares of ₹ 10 each at a Price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) for cash aggregating ₹ [●] Lac, by Abhitech Energycon Limited. The Issue will constitute 26.98% of the fully diluted Post Issue Paid-up capital of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in term of the Draft Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that will be available to our Company being up to ₹ [●] Lac.
Key Management Personnel	<i>The Personnel listed as key management personnel in "Our Management" on page 92 of this Draft Red Herring Prospectus.</i>
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion 17,55,000 Equity Shares shall be available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis to Mutual Funds only.
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds.
Non Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 2 Lac only.
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue i.e. 5,26,500 Equity Shares of ₹ 10/- each available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
Overseas Corporate Body	A company, partnership firm, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.
Physical ASBA Application / Bid	ASBA Bid-cum-Application Forms submitted by an ASBA Investor physically either with the Designated Branches of the SCSBs or at the specified centres of Syndicate and/or Sub-Syndicate members.
Pre-IPO Placement	Pre-IPO Placement of up to 2,50,000 Equity Shares at a price of ₹ [●]/- each, aggregating up to ₹ 500 Lac with certain investors is being considered by our Company and will be completed prior to the filing of the Red Herring Prospectus with the RoC.
Price Band	Being the Price Band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised, at least 2 (two) working days prior to the Bid/ Issue Opening Date, in 2 (two) national newspapers (one each in English and Hindi) and in 1 (one) Marathi newspaper with wide circulation.
Pricing Date	The date on which our Company in consultation with the BRLM will finalize the Issue Price.

Term	Description
Prospectus	The prospectus to be filed with the RoC in terms of Section 60B of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and accounts of ASBA Investors for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	“Qualified Institutional Buyer” means: a mutual fund, venture capital fund and foreign venture capital investor registered with the SEBI; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of ₹2500 Lac; a pension fund with minimum corpus of ₹ 2500 Lac; and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; Insurance funds set up and managed by Army, Navy or Air Force of the Union of India. Insurance funds set up and managed by the Department of Posts, India.”
QIB Portion	The portion of this Issue being not more than 50% of the Issue, i.e. 17,55,000 Equity Shares of ₹ 10/- each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Refund Account	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding ASBA Bidders), if any, shall be made.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors (except ASBA Investors) either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled “Issue Procedure” beginning on page 175 of the Draft Red Herring Prospectus.
Resident Retail Individual Investor /Resident Retail Individual Bidder	A Retail Individual Bidder who is a “person resident in India” (as defined in Foreign Exchange Management Act, 1999) and who has Bid for Equity Shares for an aggregate amount not more than ₹2 Lac in all of the bidding options in the Issue.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than ₹ 2 Lac in any of the bidding options in this Issue.
Retail Portion	The portion of this Issue being not less than 35% of the Issue i.e. 12,28,500 Equity Shares of ₹ 10/- each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least 3 (three) days before the bid/Issue Opening date and will become Prospectus after filing with the RoC after determination of the Issue Price.
Registrar to the Issue or Registrar	In this case being, Sharepro Services (India) Private Limited.
Self Certified Syndicate Bank (SCSB) / SCSB(s)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a> .
Syndicate	The BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM.
TRS or Transaction	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of

<b>Term</b>	<b>Description</b>
Registration Slip	registration of the Bid on the online system of BSE/NSE.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
Working Days	All days excluding Sundays and bank holidays (except in reference to announcement of Price Band and Bidding Period, where a working day means all days other than Saturdays, Sundays or a public holidays), on which commercial banks in Mumbai are open for business.

## **INDUSTRY RELATED TERMS**

<b>Abbreviation</b>	<b>Full Form</b>
CMIE	Centre for Monitoring Indian Economy
DCA	Deposit control additives
GTL	Gas to Liquid
GDP	Gross Domestic Product
NCAER	National Council of Applied Economic Research
IMF	International Monetary Fund
CMIE	Centre for Monitoring Indian Economy
UV	Ultra Violet
EP additives	Extreme Pressure additives
EU	European Union

## ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CY	Calendar Year
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
ECS	Electronic Clearing System
EGM	Extra-ordinary General Meeting of the shareholders
ERP	Enterprise Resource Planning
EPS	Earnings per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
BIFR	Board for Industrial and Financial Reconstruction
DP	Depository Participant
FBWC	Fund Based Working Capital
NBFC	Non Banking Finance Company
NTA	Net Tangible Assets
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
INR	Indian National Rupee
IPO	Initial Public Offering
IT Act	Income Tax Act, 1961, as amended from time to time
Ltd.	Limited
MAPIN	Market Participant and Investor Database
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non Resident (External) Account

Abbreviation	Full Form
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UoI	Union of India
WDV	Written Down Value
w.e.f	With effect from



## SECTION II - GENERAL

### PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India and all references to the “U.S.” or “U.S.A” are to the United States of America together with its territories and possessions.

#### **Financial Data**

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our Company’s restated financial statements for the financial years ended 2011, 2010, 2009, 2008 and 2007 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI (ICDR) Regulations stated in the report of our peer review certified auditor, M/s K.M. Gupta & Co., Chartered Accountants, *beginning on page 117 of the Draft Red Herring Prospectus.*

Our Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2011), are to the Financial Year ended March 31 of that particular year, so all references to a particular fiscal year are to the twelve-month (12) period ended March 31 of that year.

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

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S.GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations, 2009. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors’ assessment of our financial condition and results of operations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

#### **Currency of Presentation**

All references to “Rupees”, “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. Any references to “US \$” or “USD” or “U.S. Dollar” are to United States Dollars, the official currency of the United States of America. Any references to “Euro”, “EUR” or “€” are to the official currency of the member states of European Union. Any references to “Yen” are to the Japanese Yen, the official currency of Japan. Any references to “GBP” or “£” are to Great Britain Pounds, the official currency of the United Kingdom, its Crown Dependencies (the Isle of Man and the Channel Islands) and the British Overseas Territories of South Georgia And the South Sandwich Islands, British Antarctic Territory and Tristan da Cunha. Any references to “CZK” are to Czech Koruna, the official currency of the Czech Republic.

Throughout this Draft Red Herring Prospectus all figures have been expressed in Lac and Crores. The word “Lac” or “Lakh” or “Lac” or “Lac” means “One Hundred Thousand” and “Crore/s” means “One Hundred Lac”.

Any percentage amounts, as set forth in the sections titled “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 14, 74 and 135 respectively of this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated standalone financial information prepared in accordance with Indian GAAP.

#### **Exchange Rates**

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

## Market and Industry Data

The Chapter titled "Industry Overview" beginning on page 69 of this Draft Red Herring Prospectus has been derived from a report titled "Fuel Additives Industry" that the Company has commissioned Credit Analysis & Research Limited ("CARE") to prepare a report (the "**Report**"). CARE has obtained the information set forth in the Report from its databases and other sources available in the public domain identified in the Report. CARE's methodologies for collecting information and data, and therefore the information discussed in the "Industry Overview" section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the industry. The "Industry Overview" section also includes certain projections and estimates that are based on certain assumptions regarding contingencies and other matters that are not within the control of the Company, the BRLM, CARE or any other person. These assumptions are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. CARE has given and has not withdrawn its written consent to the Issue of this Draft Red Herring Prospectus with the inclusion herein of its name and all references thereto and to the inclusion of the Report, including extracts of the Report, in this Draft Red Herring Prospectus, in the form and context in which it appears in this Draft Red Herring Prospectus. While the Company has taken reasonable actions to ensure that the Report and the market share and industry data and forecasts have been extracted accurately and in their proper context, neither the Company nor the BRLM have independently verified any of the data and forecasts from CARE or from third party sources or ascertained the underlying assumptions relied upon. As a result, you are cautioned against placing undue reliance on such information. Accordingly, no investment decision should be made based on such information. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

In accordance with the SEBI Regulations, we have included in the section titled "*Basis for Issue Price*" on page 59 of this *Draft Red Herring Prospectus*, information pertaining to our peer group companies. Such information has been derived from publicly available annual reports of the peer group companies.

## FORWARD LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to: -

- no formal long-term arrangements with our suppliers and customers;
- unavailability of the raw materials at competitive prices;
- non-procurement or non-renewal or delay in procurement/renewal of relevant statutory and regulatory licenses/approvals/registrations;
- excessive dependence on our Promoters and Key Managerial Personnel;
- exchange fluctuations;
- excessive dependence on a few customers;
- slowdown in economic growth in India; and
- no existing market for Equity Shares.

For a further discussion of factors that could cause our actual results to differ, *please refer Section titled “Risk Factors” beginning on page 14 of the Draft Red Herring Prospectus, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements” beginning on pages 74 and 135, 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. In any event, neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events. 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 each of the following risk factors and all the information set forth in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur; our Company's 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 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 has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of the Company as of and for the Fiscals 2007, 2008, 2009, 2010 and 2011 in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.*

### **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 found material collectively.*
- 2. Some events may have material impact qualitatively, instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impacts in future.*

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

### **Internal Risk Factors:**

- 1. We are dependent upon a few customers for our business. Our business is dependent on a continuing relationship with our key customers. Any reduction or interruption in the business of a key customer, or a substantial decrease in orders placed by a key customer may have an adverse impact on the revenues and operations of our Company.***

We are dependent on a few customers for our business. Our top 5 customers contribute 42.05% of our total turnover. There are no formal long-term arrangements obliging any of these customers to purchase products from us in the future, at the current prices or at all. There is no assurance that we will be able to maintain the same levels of business from our existing customers or to retain our existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase the products of our Company. The loss of, or interruption of work by, a significant customer or a number of significant customers may have an adverse effect on our revenues and operations, including an interruption or partial or total work stoppage at our Company's facility.

- 2. Our current manufacturing facilities are geographically located at one place, i.e. Baddi, Himachal Pradesh and the loss or shutdown of operations at the facility could have a material adverse effect on us.***

Our Company has its only manufacturing facility at Baddi, Himachal Pradesh. Since majority of our business and revenues are derived from this facility, any disruption in operations if this facility due to strike, lock-outs, security issues in the State of Himachal Pradesh, natural calamities like earthquake, floods, etc. may severely affect our business, operations and our financial condition.

3. ***Our existing manufacturing facility is acquired on lease and we enjoy only leasehold rights on such premises. Our rights concerning these premises are limited as per the lease agreement. In the event we are unable to renew the lease agreement, or if such agreement is terminated, we may suffer a disruption in our operations.***

Our present manufacturing facility has been set up on premises that have been acquired on lease from certain third party. The term of this agreement may or may not be renewed. In the event the lessor terminates or does not renew the lease on commercially acceptable terms, or at all, and we are required to vacate the premises, in such an event, we may be compelled to identify alternative premises and enter into fresh lease. Such a situation could result in loss of business and may adversely affect our operations and profitability. Further, we do not own the premises on which our branch office Kolkata and godown in Baddi are situated. They are operated from rented premises. In the event of failure to renew the agreement, we may suffer a disruption in our operations which would have an adverse impact on our business and operations.

4. ***Our Company has entered into a Royalty Agreement with one of our Promoter Directors, Mr. Ganesh Samant for the purpose of using the technology for manufacture of its products. In the event, the said Royalty Agreement is terminated or becomes invalid, it may adversely affect our business operations.***

Our Promoter Director, Mr. Ganesh Samant is the developer and owner of the technology used by our Company for manufacture of our products, Thermol and Thermact. Our Company has entered into a Royalty Agreement dated May 23, 2006 (renewed by the Royalty Renewal Agreement dated May 20, 2011) with Mr. Ganesh Samant, wherein he has permitted our Company to use the said technology to manufacture the products, in consideration of our Company paying him a stipulated percentage of the “Net Sales”. In the event, the said Royalty Agreement is cancelled/terminated by Mr. Ganesh Samant or is rendered invalid due to any reason whatsoever, it may disrupt our business operations which may in turn affect our financial condition.

Further, Mr. Ganesh Samant may be deemed to be interested in our Company to the extent of royalty paid against the use of technology by the Company other than benefits arising out of his holding of Equity Shares and the reimbursement of expenses incurred or normal remuneration.

5. ***Our Company does not have any formal long-term arrangements with the suppliers and customers. Any significant variation in the supply & demand may adversely affect the operations and profitability of our Company.***

We do not have any formal long-term arrangements with our suppliers and customers which obliges them to maintain their business with us. Our ability to maintain close and satisfactory relationships with our suppliers & customers and to consistently provide processing services that meets customer’s requirements is important to our business. There is no assurance that these suppliers will continue to supply raw materials to us and these customers will continue to purchase products from us. This could impact the financial performance of our Company and affect our financial condition.

6. ***Our operations will have significant raw material requirements, and we may not be able to ensure the availability of the raw materials at competitive prices, which may adversely affect results of our operations.***

The success of our operations will depend on, inter-alia, our ability to source raw materials at competitive prices. Currently, we have not entered into any firm arrangement for purchase of our raw material. Historically we have not encountered any problems in sourcing our raw materials. However we cannot assure you about the same in future and that we may be unable to procure raw material in time or in the required quantities or may have to procure it at a higher price, which may adversely affect our results of operations and financial performance.

7. ***The Company is involved in certain legal proceedings that, if determined against them, could affect Company’s business and results of operation.***

There are certain outstanding tax litigations involving the Company. These proceedings are pending at different levels of adjudication before various tax authorities and tribunals. Any adverse decision may have an adverse impact on the Company’s business. The brief details of such outstanding litigation as of the date of the Draft Red Herring Prospectus are as follows:

Categories of Litigations	Total number of cases	Total Financial implication (if any, ₹ In Lac)
Income Tax	5	166.59

For details, please see the section “Outstanding Litigation and Material Developments” on page 147 of this Draft Red Herring Prospectus.

**8. One of our Promoter Directors, Mr. Ganesh Samant is involved in certain income tax related litigation.**

An Assessment Order dated June 29, 2010 u/s 271(1)(c) was passed by the Assistant Commissioner of Income Tax against our promoter, Mr. Ganesh Samant, whereby he was ordered to pay a sum of ₹ 14.25 Lac by way of penalty for mentioning unexplained household expenses in the Income Tax returns filed by him. Mr. Ganesh Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said Appeal is still pending. Though there is no liability on our Company, in the event, the said appeal is dismissed, our Promoter, Mr. Ganesh Samant may be required to pay the amount of abovementioned penalty. *For details, please see the section "Outstanding Litigation and Material Developments" on page 147 of this Draft Red Herring Prospectus.*

**9. Our net cash flows from operating, investing and financing activities have been negative in the past. Any negative cash flow in the future may affect our liquidity and financial condition.**

Our cash flow from our operating activities, investing and financing activities have been negative in the past. Following are the details of our cash flow position during the last three financial years: -

Particulars	For the year ended March 31				
	2011	2010	2009	2008	2007
Net Cash from Operating Activities	352.91	45.81	6.01	16.48	(24.92)
Net Cash from Investing Activities	(128.08)	(71.83)	15.36	(104.45)	(6.03)
Net Cash used in Financing Activities	(128.46)	69.81	(26.40)	103.64	32.56

Any net negative cash flows in the future could adversely affect our results of operations and consequently our revenues, profitability and growth plans.

**10. We have not yet placed orders for entire plant and machinery required to set up our new manufacturing facility at Baddi, Himachal Pradesh which exposes us to change in prices at the time of giving orders.**

We propose to acquire plant and machinery aggregating ₹ 439.49 Lac for our new manufacturing facility at Baddi, Himachal Pradesh and have not yet placed orders for such plant and machinery being 100% of the total plant and machinery required for the proposed new facility. We are subject to risks on account of inflation in the price of plant and machinery for which orders have not been placed. Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear in the *Section titled 'Objects of the Issue' beginning on page 52 of the Draft Red Herring Prospectus*. Since the entire funds for the proposed facility is to be funded from the Issue proceeds, any delay in access to Issue proceeds would eventually delay the process of placing the orders. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay the schedule of implementation.

**11. We intend to utilize ₹ 1,613.74 Lac of the Issue Proceeds towards setting up of facility in Baddi, Himachal Pradesh. However, we have not, as of the date of this Draft Red Herring Prospectus, identified land or obtained various approvals required for the facilities.**

We intend to utilize ₹ 1,613.74 Lac of the Issue Proceeds towards setting up of facility in Baddi, Himachal Pradesh. For Use of Proceeds, see "Objects of the Issue" on page 52 of this Draft Red Herring Prospectus. Furthermore, we have not, as of the date of this Draft Red Herring Prospectus, identified or acquired any land for setting up the proposed unit to be financed out of the Issue Proceeds. We may not be able to acquire a large area of industrial land due to its unavailability.

We also require environmental clearances and other approvals including under the Factories Act, 1948, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for setting up and commencing operation of the proposed unit. There can be no assurance that these approvals will be obtained within the scheduled time anticipated by us, or at all. Any delay or inability in obtaining these approvals could have a material adverse effect on our ability to develop the processing unit as planned, and therefore, our financial condition and business prospects.

Further, we may be unable to hire necessary manpower for the facilities and may be subject to labour unrest in the future. In addition, India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers upon employee layoffs which may adversely affect our business and profitability. Any delays in the implementation of the project, cost overruns, changes or lack of demand for our products or for other reasons, we may not achieve the economic benefits expected of this project and our failure to obtain expected economic benefits from this project could adversely affect our business, financial condition and results of operations.

***12. We have neither identified nor entered into any agreements/understanding for the purposes of procuring of premises for setting up of new marketing offices for which we plan to use a part of Issue Proceeds.***

We intend to use part of the Issue Proceeds for setting up marketing offices in New Delhi, Bangalore and Kolkata respectively for the purposes of expanding our geographical presence. *For further details please refer to the section titled "Objects of the Issue" beginning on page 52 of this Draft Red Herring Prospectus.* As on date, we have identified the locations but not identified the premises for our proposed marketing offices. Therefore, we have not entered into any agreements/understanding for procuring the same. In view of the same, the amount of Issue Proceeds allocated for acquisition may remain unutilised till the premises for our proposed marketing offices are identified and procured. Further, we may be required to obtain governmental and regulatory approvals for setting-up of the proposed marketing offices and applications for the same, if necessary, will be made in due course.

***13. 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 section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our project expenditure and may have a bearing on our expected revenues and earnings.***

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

***14. The implementation of the proposed project is at a very preliminary stage. The schedule of implementation may be delayed and as a result thereof, we may face operational delays. This may have an adverse effect on our business operations and our return on investments.***

The implementation of the proposed project is at a very preliminary stage and is subject to delays and other risks, including, among other things, contractor performance shortfalls, unforeseen engineering or technical problems, delays in procuring equipments, disputes with workers, force majeure events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents, any of which could give rise to delays, cost overruns. While we may seek to minimize the risks from any unanticipated events, we cannot ensure that all potential delays can be mitigated and that we will be able to prevent any cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions.

***15. If the Company is not able to procure or renew or maintain its statutory and regulatory registrations and approvals required to operate its business, it may have a material adverse effect on our business.***

Our Company requires certain statutory and regulatory licenses/registrations/approvals to operate its business. While, we believe we have procured all the necessary licenses/registrations/approvals, there cannot be any assurance that the same are adequate for legal compliance or that we have complied all the applicable laws. Further, as regards our existing licenses/approvals/registrations, we may be required to renew them in the future and obtain new licenses/approvals/registrations for any proposed operations, including any expansion of existing operations. While our Company believes that it will be able to renew or obtain such licenses/approvals /registrations as and when required, there can be no assurance that the relevant authorities will renew or issue any such licenses/approvals/registrations in the time-frame anticipated by the Company or at all. If the Company is unable to procure, renew, maintain or obtain the required licenses/approvals/registrations, it may result in the interruption of the Company's operations and may have a material adverse effect on its revenues and operations.

***16. We could suffer adverse publicity and may incur replacement costs as a result of defects in our services and consequently our products, which in turn could adversely affect the value of our brand.***

Any defect in our product could result adverse publicity and customer dissatisfaction, regardless of our responsibility for such a failure or defect. Although, we attempt to maintain high quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. Also, our business is dependent on the confidence of our customers in the quality of our products. Any negative publicity regarding our Company, brand, products or services, including those arising from a drop in quality of raw material from our vendors, mishaps resulting from the use of our products or services, or any other unforeseen events could affect our reputation and hence our business, adversely.

***17. Exchange rate fluctuations may adversely affect the Company's financial performance.***

The Company is exposed to exchange rate risk primarily in relation to the export of products. Accordingly, adverse movements in foreign exchange rates may increase procurement costs and adversely affect the Company's results of operations.

***18. We might not be able to successfully implement our business strategies***

In order to expand our presence across the country and to capture additional market share, we are constantly evaluating the possibilities of expanding our presence. Our initiatives, inter-alia, include:

- (a) Increase in our capacities by modernizing and automation;
- (b) Increase focus on Research and Development activities related to product; and
- (c) Increase our customer base

Implementation of the aforesaid strategies may pose significant challenges to our administrative, financial and operational resources and additional risks, including some of which we may not be specifically aware of. If we are unable to successfully implement some or all of our key strategic initiatives in an effective and timely manner, it may have an adverse effect on our future business prospects. For further details, please see the Section titled "*Business Overview*" on page no. 74 of this Draft Red Herring Prospectus.

***19. We have not carried out an independent appraisal of our working capital requirements***

Our business requires a substantial amount of working capital and we propose to utilize ₹ 1,612.14 Lacs from the Issue Proceeds. Our working capital requirements are as per the management's estimates and we have not independently appraised or evaluated our working capital requirements by any bank or financial institution.

***20. If we are not able to renew or maintain or procure certain statutory and regulatory registrations and approvals required to operate our business, it may have a material adverse effect on our business.***

Our Company requires certain statutory and regulatory licenses/registrations/approvals to operate its business. While, we believe we have procured all the necessary licenses/registrations/approvals, there cannot be any assurance that the same are adequate for legal compliance or that we have complied all the applicable laws. Further, as regards our existing licenses/approvals/registrations, we may be required to renew them in the future and obtain new licenses/approvals/registrations for any proposed operations, including any expansion of existing operations.



Our Company has made application to regulatory authority for grant of the below mentioned Government /statutory approval/license/consent but the same has not been issued to us till date:-

Sr. No.	Particulars	Date of Application	Authority
1.	Consent to operate under the applicable environmental laws	July 29, 2011	Environmental Engineer, Himachal Pradesh State Environmental Protection and Pollution Control Board, Baddi, District Solan.

While our Company believes that it will be able to renew or obtain such license/approval/consent as and when required, there can be no assurance that the relevant authorities will renew or issue any such license/approval/consent in the time-frame anticipated by the Company or at all. If the Company is unable to procure, renew, maintain or obtain the required licenses/approvals/registrations, it may result in the interruption of the Company's operations and may have a material adverse effect on its revenues and operations.

**21. *The Company's insurance coverage may not adequately protect it against certain operating hazards and natural disasters and this may have a material adverse effect on its business.***

The Company's insurance policies currently do not provide for adequate coverage for plant, office premises, factories, employees, buildings, stockyards, building and machinery for risks relating to fire, natural calamities, riots and strikes, and export import insurance policies. The Company does not maintain business interruption insurance or insurance over its inventory of raw materials. Its facilities are also vulnerable to natural disasters. Due to lack of insurance of the factories, employees, buildings, stockyards, office premises any operating hazards or natural disasters might have an adverse material effect on the financial position of the Company.

**22. *Some of our Directors and Key Managerial Personnel hold substantial Equity Shares in our Company and may be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.***

Our Directors, Mr. Ganesh Samant, Mr. Vivek Pandit and Mr. Hemant Mohite and our Key Managerial Personnel, Mr. Prasad Samant and Mr. Vijay Kamble hold substantial Equity Shares in our Company. By virtue of their shareholding, they may be deemed to be interested in the dividends declared and other distributions in respect of the Equity Shares held by them. *For further details, see the section "Capital Structure" beginning on page 41 of this Draft Red Herring Prospectus.*

**23. *The Promoters will continue to retain majority control over the Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the Issue the Promoters will own 70.04 % of the post-Issue Equity Share capital. As a result, the Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoters will also have an effective veto power with respect to any shareholder action or approval requiring a majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

**24. *Our success depends upon our Promoter Directors and the Key Managerial Personnel. Disassociation of our Promoter Directors or any failure to retain such Key Managerial Personnel could have an adverse impact on our business, financial conditions and results of operations.***

Currently, we depend heavily on the Promoter Directors and the Key Managerial Personnel to implement our business strategy and carry out our operations. If our Promoter Directors disassociate or any of our Key Managerial Personnel resign or discontinue their services and are not adequately replaced, our business operations and the implementation of our business strategy could be materially and adversely affected. Competition for management and industry experts in the industry is intense. Our future performance depends on our ability to identify, hire and retain key technical, support, engineers, and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

**25. *Some of our Promoters have given personal guarantees in relation to certain debt facilities provided to us.***

Some of our Promoters have given personal guarantees in relation to all our secured debt facilities amounting to ₹ 384.83 Lac as of March 31, 2011. In the event our Promoters withdraw or terminate their guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. *For more information please see the section titled "Financial Indebtedness" appearing on page 145 of this Draft Red Herring Prospectus.*

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

Our Company has entered into certain related-party transactions with our Promoters. Whilst, we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. *Please see page 129 of this Draft Red Herring Prospectus for further details on the Related Party Transactions of the Company.*

- 27. *Our loan agreements have several restrictive covenants and certain unconditional rights in favour of the lender, which could influence our ability to expand, in turn affecting our business and results of operations.***

As on March 31, 2011 we have availed an aggregate of ₹ 384.43 Lac as secured loans from Axis Bank. The credit facilities availed by our Company are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above, our financing arrangements also include conditions and covenants that require us to obtain consents of Axis Bank prior to carrying out certain activities like payment of dividend, etc. Failure to obtain such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and operations. We cannot assure you that we have requested or received all consents from Axis Bank that are required by our financing documents. As a result, it is possible that Axis Bank could assert that we have not complied with all terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by Axis Bank or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facility and may adversely affect our ability to conduct our business and operations or implement our business plans. However, for the purposes of this Issue, we have procured relevant waiver/consent from Axis Bank against applicable restrictive covenants.

Further, the aforesaid credit facilities can be renewed/enhanced/cancelled/suspended/reduced and the terms and conditions of the same can be altered by the lender, at its discretion. In the event the lender refuses to renew/enhance the credit facilities and/or cancels/suspends/reduces the said credit facilities and/or alters the terms and conditions to the derogation of our Company, our existing operations as well as proposed expansion may be severely affected. Consequently, it would have a bearing on the financial condition of the Company.

- 28. *The Company takes advantage of certain tax benefits and other financial incentives, which if withdrawn, may adversely affect its financial condition and results of operations.***

Our Company enjoys certain tax benefits. In the event these benefits are no longer available to the Company due to any change in the regulatory framework, the effective tax rates payable by it will increase and consequently its financial condition may be adversely affected. *For further detail on this please refer to the Section Titled "Statement of Tax Benefit" on page 61.*

**29. *Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditure, lender's approvals and other factors.***

The amount of future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends.

**30. *Our revenues and profits are difficult to predict and can vary significantly from period to period, which may impact our ability to pay dividend and which could cause the price of our Equity Shares to fluctuate.***

Our revenues are dependent on factors such as the production being undertaken in the relevant accounting period, the extent to which performance milestones have been reached in any of these productions, the number of new customers procured and the general market conditions. In addition, the anticipated completion dates for production, including those set forth herein, are estimates based on current expectations and could change significantly, thereby affecting timing of revenue generation. The combination of these factors may result in significant variations in revenues and profits and as a result period-to-period results may not be comparable and should not be relied upon as indicative of future performance. Our plans to increase its operating expenses and expand its operations and as a result expects its number of employees to increase substantially. Therefore, any significant shortfall in revenue from the production may have a material adverse effect on its business, operating results and profitability.

**EXTERNAL RISK FACTORS**

**31. *A slowdown in economic growth in India could cause the Company's business to suffer.***

Majority of the Company's operations are located in India and its business operations and performance are dependent on the overall economy, the gross domestic product growth rate and the economic cycle in India. Additionally, the Company's products are focused on the automotive sector in India and its business is therefore significantly dependent on the performance of the automotive sector in India. The Indian economy and the automotive sector in particular could be adversely affected by a number of factors. Any slowdown in the Indian economy or volatility in global commodity prices, in particular steel prices, could adversely affect the Indian economy. The Indian economy could also be adversely affected by a general rise in interest rates, inflation rates and unfavorable weather conditions adversely affecting agriculture. A slowdown in the Indian economy or the automotive sector could adversely affect the Company's business and results of operations.

**32. *Political instability and significant changes in the Government's policy on liberalization of the Indian economy could impact the Company's financial results and prospects.***

The role of the Indian central and state governments in the Indian economy and their effect on producers, consumers and regulators has remained significant over the years. Since 1991, successive governments of India have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there is no assurance that these liberalisation policies and the political stability will continue in the future. The rate of economic liberalisation could change, and laws and policies affecting the automotive component manufacturers, foreign investment and other matters affecting investment in the Company's securities could change as well. Any significant change in liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and the Company's business and results of operations and the market for the Equity Shares in particular.

**33. *Any increase in interest rates due to the factors beyond the control of our Company may affect our business operations and financial conditions.***

We have not entered into any swap or interest rate hedging transactions in connection with our loan agreements. Any increase in interest expense due to factors beyond our control such as Governmental, monetary and tax policies and domestic and international economic and political conditions may affect our business operations and financial condition.

**34. *Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and the Company's business.***

India has witnessed localized civil disturbances in recent years and any future civil unrest or other acts of violence or war may adversely affect the global equity markets and economic growth. These acts may result in a loss of business confidence, make travel, transport, communications and other services more difficult and have other consequences that may have an adverse effect on the Company's business, results of operations and financial condition. Any deterioration in international relations may result in investor concern regarding regional stability, which could adversely affect the market for the Equity Shares.

**35. *Natural calamities may have a negative impact on the Indian economy and harm the Company's business.***

India has experienced natural calamities in recent years, including earthquakes, floods, drought and a tsunami. The severity and duration of these natural disasters or abnormal weather conditions determines their impact on the Indian economy. Such natural calamities may have an adverse impact on the Indian economy, which could in turn adversely affect the Company's business and the market for the Equity Shares.

**36. *You will not be able to sell immediately any of the Equity Shares you subscribe to in this Issue on an Indian stock exchange.***

Under the SEBI ICDR Regulations, companies are required to allot equity shares within 12 (twelve) Working Days of the closure of the public issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your book or demat account with Depository Participants within 12 Working Days of closure of the Issue. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity shares will commence within the specified time periods.

**37. *Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**38. *There is no existing market for the Equity Shares, and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.***

An active market for the Equity Shares may not develop or be sustained after the Issue. The market price of the Equity Shares may fluctuate significantly due to factors beyond the Company's control, including volatility in the Indian and global securities markets; external factors affecting its operating results, including the risks outlined in this section; investor perceptions of the Company's future performance; changes in factors affecting general market valuations of companies in the chemical and energy industry, changes in interest rates, announcements by the Company or others of significant technological developments, contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments, heavy and consistent selling by foreign funds in Indian stock markets, political developments or other governmental action or regulation in India or other countries, any attack or threat to the security of the State and additions or departures of key personnel. In addition, BSE or NSE may experience significant price and/or volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares. There is a risk that you will not be able to sell your Equity Shares at a price equal to or above the Issue Price.

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

Indian stock exchanges have in the past 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 our Equity Shares could be adversely affected.

**40. *We may require further equity issuances to satisfy our capital needs, which we may not be able to procure.***

We may need to raise additional capital from time to time, dependent on business requirements. Some of the factors that may require us to raise additional capital include (i) business growth beyond what the current balance sheet can sustain, (ii) additional capital requirements imposed due to changes in regulatory regime or new guidelines, and (iii) significant depletion in our existing capital base due to unusual operating losses. We may not be able to raise such additional capital at the time it is needed or on terms and conditions favorable to us or to the existing shareholders.

**41. *Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**42. *There can be no assurance that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and NSE.

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

Capital gains arising from the sale of shares and debentures are generally taxable in India. Any gain realised on the sale of shares and debentures on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which shares or debentures are sold. Any gain realised on the sale of shares and/or held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of shares and/or debentures held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of shares and/or debentures will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares and/or debentures, as the case may be.

**Prominent Notes:**

1. Public Issue of 35,10,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹ [●] Lac. The Issue shall constitute 26.98 % of the post issue paid-up capital.
2. Our Company was incorporated on October 10, 1997 under the provisions of the Companies Act, 1956 as Abhitech Energycon Services Private Limited. The name of our Company was changed to Abhitech Energycon Private Limited and a fresh certificate of incorporation reflecting the new name as Abhitech Energycon Private Limited was issued on July 17, 2003. Further, our Company was converted into a public limited company and consequently the name of our Company was changed to Abhitech Energycon Limited and a fresh certificate of incorporation reflecting the new name as Abhitech Energycon Limited was issued by the Registrar of Companies, Maharashtra on August 13, 2003.

3. 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 pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue Price. All potential non-retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled 'Issue Procedure' beginning on page 175 of the Draft Red Herring Prospectus.
4. Investors may contact any of the BRLM for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Bidder, number of Equity Shares for which the Bidder applied, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder. For contact details of the BRLM and the compliance officer, please refer to chapter titled 'General Information' beginning on page 31 of the Draft Red Herring Prospectus.
5. The Net Worth of our Company was ₹ 1,530.78 Lac as of March 31, 2011 as per our restated financial statements.
6. The Book Value of each Equity Share was ₹ 16.11 as of March 31, 2011 as per our restated financial statements.
7. The average cost of acquisition of the Equity Shares by our Promoters is as follows: -

Sr. No.	Name of the Promoter	Average Cost of Acquisition (₹)
1.	Mr. Ganesh Dattatraya Samant	3.33
2.	Mr. Vivek Vijay Pandit	2.89
3.	Mr. Prasad Tulsidas Samant	1.21
4.	Mr. Vijay Chandrakant Kamble	0.30
5.	Mr. Hemant Raghunath Mohite	0.30

8. Our Company has no subsidiary or a Group Company (as defined under the SEBI ICDR Regulations).
9. There has been no change in the name of the Company during last 3 (three) years.
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. Other than the transaction mentioned above, our Promoters, Directors, and the Promoter Group Entities have not purchased or sold any Equity Shares during a period of 6 (six) months preceding the date on which this Draft Red Herring Prospectus has been filed with SEBI: -

Name of the Promoter	No. of Equity Shares	Total Consideration (₹)	Date of Transaction	Type of Transaction
Mr. Ganesh Samant	(3,89,481)	38,94,810	May 05, 2011	Sale to Aspiwork Technologies LLP

## SECTION IV – INTRODUCTION

### SUMMARY OF INDUSTRY AND BUSINESS OF THE COMPANY

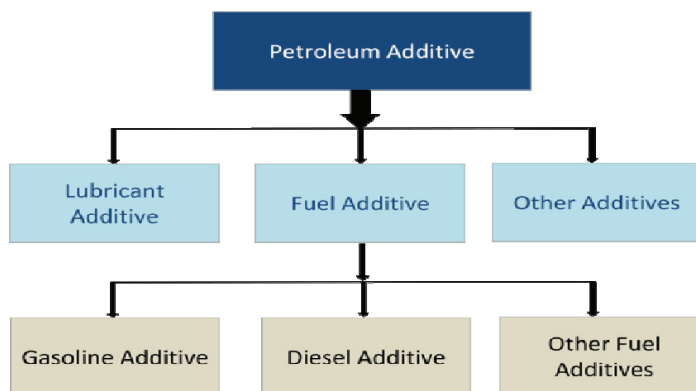
#### INDUSTRY

##### Global Petroleum Additives Industry

Additives are a substance or combination of substances that are mixed with a variety of products for different purposes (as shown in the below table).

Types of Additives	Application
<b>Cosmetic</b>	Moisturisers, UV absorbers, masking agents, emulsifiers, proteins
<b>Food</b>	Antioxidants, Flavours, food dyes
<b>Fuel</b>	Catalysts, stabilisers, functional additives
<b>Lube</b>	Antioxidants, dispersants, antiwear & EP additives, pour point depressants, viscosity modifiers & antifoamers
<b>Paint</b>	Wetting agents, dispersants, thixotropic, antisetling, antifoaming agents, defoamers, pH stabilisers, emulsifiers, biocides, corrosion inhibitors, plasticisers, thickeners, antiflotation agents, flow control agents
<b>Paper</b>	Retention Aids, formation aids, drainage aids, flocculants, defoamers, wet web strength additives, defoamers, biocides, dry strength additives, sizing agents, creping agents, dispersants, binders
<b>Polymer</b>	Speciality plasticisers, antioxidants, UV stabilisers, modifiers, flame retardants, antistatic agents

Source: CARE Research



Lubricating oil additives dominates the global petroleum additives market, followed by fuel oil additives. Fuel additives products represent roughly 30% of global petroleum additives. Fuel additives products are used for various applications. Number of automobiles and the frequency of changing fuel specific requirements in the vehicles are the primary drivers for fuel additive products. Fuel additive products are also used in energy intensive manufacturing industries. Europe represents the largest regional market for petroleum additives worldwide, followed by U.S. and Asia-Pacific. Growth-wise, Asia-Pacific is projected to be the fastest growing regional market for petroleum additives owing to rapid industrialization and growing vehicle ownership and usage. Refineries are one of the major consumer of fuel additives and globally also there are very few manufacturers of fuel additives. Some of the major global producers are Exxon Mobil, Chevron, Lubrizol, Baker Hughes, Shell, BASF, Honeywell, The Dow Chemical, British Petroleum, etc.

Source: CARE Research

##### Fuel Additives Industry

Fuel additives are largely associated with additives to gasoline, diesel and oil based fuels in the interest of environmental protection, curbing emissions and increasing mileage. Fuel additives are compounds formulated with the main purpose of improving fuel efficiency through catalytically enhancing the combustion process (as anti-oxidants), and reduce harmful emissions via a more complete burn. CARE Research estimates the market size of Indian fuel additive industry to be around ₹ 400 crores, which is largely met through imports. There are many different types of additives; all of them have different purposes.

Source: CARE Research

## BUSINESS

Our Company is engaged in business of manufacturing of fuel additives for solid and petroleum fuels. It was originally incorporated as Abhitech Energycon Services Private Limited on October 10, 1997. Subsequently, it was renamed as Abhitech Energycon Private Limited on July 17, 2003. Thereafter, it was converted into a public company on August 13, 2003 and in pursuance thereof the name of the Company further changed to Abhitech Energycon Limited. Our Company is promoted by Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite.

Our products are broadly classified in two categories i.e. additives for solid fuel and additives for petroleum fuel. We manufacture and market multifunctional fuel additives for petroleum fuels and solid fuels. Our products are aimed at catalyzing combustion of various fuels and are useful in the field of energy conservation by ensuring complete combustion and reducing emissions. Our **THERMOL** range of petroleum fuel combustion catalyst i.e. **THERMOL** for Heavy Fuel Oils, **THERMOL-D** for Diesel, **THERMOL-P** for Petrol, **THERMOL THUNDER** for 2 wheelers and the solid fuel combustion catalyst **THERMACT** for coal, **THERMACT-B** for Bagasse, **THERMACT BIOsp** for Biomass, **THERMACT-L** for Lignite and **THERMACT-BR** for brick kilns are established, as the combustion catalysts, giving benefits to the customers.



## SUMMARY OF FINANCIAL INFORMATION

### Summary of Restated Assets & Liabilities

(₹ Lacs)

Particulars	As at				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>A. Tangible Assets</b>					
Fixed Assets					
Gross Block	594.43	471.26	403.63	397.45	292.97
Less: Accumulated Depreciation	242.76	208.36	167.82	127.59	92.54
Net Block	351.67	262.90	235.81	269.86	200.43
<b>Total</b>	<b>351.67</b>	<b>262.90</b>	<b>235.81</b>	<b>269.86</b>	<b>200.43</b>
<b>C. Investments</b>	-	-	-	-	-
<b>D. Deferred Tax Assets</b>	8.97	10.66	8.74	5.98	4.65
<b>E. Current Assets, Loans and Advances</b>					
Sundry Debtors	1,770.25	1,329.38	908.72	745.68	355.38
Inventories	201.85	130.74	149.97	119.59	73.67
Cash & Bank Balances	156.53	60.15	16.35	21.38	5.72
Loans & Advances	195.32	111.20	74.79	53.81	27.87
<b>Total</b>	<b>2,323.95</b>	<b>1,631.47</b>	<b>1,149.83</b>	<b>940.46</b>	<b>462.64</b>
<b>F. Liabilities &amp; Provisions</b>					
Current Liabilities & Provisions	745.38	444.10	260.59	391.83	223.93
Share Application Money	-	-	-	-	-
Secured Loans	408.43	481.53	353.13	552.57	372.75
Unsecured Loan	-	-	0.36	21.09	29.22
<b>Total</b>	<b>1,153.81</b>	<b>925.63</b>	<b>614.08</b>	<b>965.49</b>	<b>625.90</b>
<b>G. Net Worth (A+B+C+D+E-F)</b>	<b>1,530.78</b>	<b>979.40</b>	<b>780.30</b>	<b>250.81</b>	<b>41.82</b>
Net Worth Represented by:					
<b>H. Equity Share Capital</b>	950.00	50.00	50.00	14.02	14.02
<b>I. Reserve &amp; Surplus</b>					
Share Premium	286.52	286.52	286.52	44.24	46.83
Profit and Loss Account	294.26	642.88	443.78	192.55	(19.03)
<b>Total</b>	<b>580.78</b>	<b>929.40</b>	<b>730.30</b>	<b>236.79</b>	<b>27.80</b>
J. Less: Miscellaneous Expenditure to extent not w/off or adjusted	-	-	-	-	-
<b>K. Net Worth (H+I-J)</b>	<b>1,530.78</b>	<b>979.40</b>	<b>780.30</b>	<b>250.81</b>	<b>41.82</b>

# Summary of Restated Profit & Loss Account

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>I. Income</b>					
Sales	3,115.39	2,482.73	2,106.84	1,304.96	830.78
Other Income	2.82	2.69	25.27	2.54	-
Total -A	3,118.21	2,485.42	2,132.10	1,307.50	830.78
<b>II. Expenditure</b>					
Material Consumed & Other Direct Expenses	672.63	601.75	840.04	406.14	424.33
Administration & Distribution Expenses	1,153.87	1,144.80	546.77	344.12	151.10
Employee Remuneration & Benefits	495.07	410.55	307.37	200.02	122.26
Finance Charges	55.36	58.23	73.53	65.44	51.15
Depreciation	39.97	40.54	40.23	35.05	64.30
Total -B	2,416.89	2,255.88	1,807.93	1,050.77	813.13
<b>III. Profit before taxation (A-B)</b>	<b>701.32</b>	<b>229.54</b>	<b>324.17</b>	<b>256.73</b>	<b>17.65</b>
Less: Provision for taxation					
Current	148.24	32.36	44.81	32.31	26.33
Fringe benefit tax	-	-	19.91	14.18	6.21
Deferred	1.70	(1.92)	(2.76)	(1.33)	(2.36)
<b>IV. Profit after taxation</b>	<b>551.38</b>	<b>199.10</b>	<b>262.21</b>	<b>211.58</b>	<b>(12.53)</b>
Surplus/ (deficit) brought forward from the Previous Year	642.88	443.78	192.55	(19.03)	(6.50)
V. Profit available for Appropriation	1,194.26	642.88	454.76	192.55	(19.03)
Less: Issue of Bonus Shares	900.00	-	10.98	-	-
<b>VI. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>294.26</b>	<b>642.88</b>	<b>443.78</b>	<b>192.55</b>	<b>(19.03)</b>

Summary of Restated Cash Flow Statement

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>					
Net Profit before Taxation and Extraordinary Items	701.32	229.54	324.17	256.73	17.65
Adjustments for:					
Depreciation	39.97	40.54	40.23	35.05	64.30
(Profit)/Loss on Sale of Fixed Assets	1.48	4.47	(20.91)	-	-
Interest & Finance Charges	55.36	58.23	73.53	65.44	51.15
Interest Received	(2.14)	(0.28)	(0.63)	(0.03)	-
<i>Operating Profit before Working Capital Changes</i>	<i>795.98</i>	<i>332.50</i>	<i>416.39</i>	<i>357.19</i>	<i>133.10</i>
Adjustments for:					
(Increase)/ Decrease in Trade & Other Receivables	(440.87)	(420.66)	(163.04)	(390.30)	(241.03)
(Increase)/ Decrease in Inventories	(71.11)	19.23	(30.38)	(45.92)	(16.91)
Increase/ (Decrease) in Trade Payables	153.05	168.03	(156.44)	131.13	101.60
(Increase)/ Decrease in Loans & Advances	(9.93)	(9.71)	28.22	(23.94)	4.99
<i>Cash Generated from / (used in) Operations</i>	<i>427.12</i>	<i>89.39</i>	<i>94.75</i>	<i>28.16</i>	<i>(18.25)</i>
Taxes Paid	74.21	43.58	88.74	11.68	6.67
<b>Net Cash Flow from Operating Activities</b>	<b>352.91</b>	<b>45.81</b>	<b>6.01</b>	<b>16.48</b>	<b>(24.92)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>					
Purchase of Fixed Assets	(135.31)	(86.74)	(17.26)	(107.48)	(6.03)
Sale of Fixed Assets	5.09	14.63	31.99	3.00	-
Interest Received	2.14	0.28	0.63	0.03	-
<b>Net Cash used in Investing Activities</b>	<b>(128.08)</b>	<b>(71.83)</b>	<b>15.36</b>	<b>(104.45)</b>	<b>(6.03)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>					
Issue of Shares (Including Share Premium)	-	-	267.28	-	-
Refund of Share Application	-	-	-	(2.59)	(22.54)
Proceeds in Secured Loan	(73.10)	128.40	(199.42)	179.80	129.76
Proceeds in Unsecured Loan	-	(0.36)	(20.73)	(8.13)	(23.51)
Interest & Finance Charges Paid	(55.36)	(58.23)	(73.53)	(65.44)	(51.15)
<b>Net Cash Flow from Financing Activities</b>	<b>(128.46)</b>	<b>69.81</b>	<b>(26.40)</b>	<b>103.64</b>	<b>32.56</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	96.38	43.79	(5.03)	15.67	1.61
Cash and Cash Equivalents at the beginning of the year	60.15	16.35	21.38	5.72	4.11
Cash and Cash Equivalents at the end of the year	156.53	60.15	16.35	21.38	5.72
Components of Cash and Cash Equivalent					
Cash and Cheque on hand	4.69	1.61	1.87	0.66	-
With banks					
On Current Account	113.36	54.16	14.48	20.72	5.72
On Deposits Account	38.48	4.38	-	-	-

## THE ISSUE

<b>Issue by our Company<sup>1</sup></b>		35,10,000 Equity shares of Face Value of ₹10/- each for cash at price of ₹ [●] (including a premium of ₹ [●]) aggregating upto ₹ [●] Lac
Of which		
<b>- QIB Portion</b>		Not more than 17,55,000 Equity Shares shall be available for allocation
Of which: -		
	Available for Mutual Funds only	Upto 87,750 Equity Shares shall be available for allocation
	Balance of QIB Portion (available for QIBs including Mutual Funds)	Upto 16,67,250 Equity Shares shall be available for allocation
<b>- Non-institutional Portion</b>		Not less than 5,26,500 Equity Shares shall be available for allocation
<b>- Retail Portion</b>		Not less than 12,28,500 Equity Shares shall be available for allocation
<b>Pre and Post Issue Equity Shares</b>		
Equity Shares outstanding prior to the Issue		95,00,000 Equity Shares
Equity Shares outstanding after the Issue		1,30,10,000 Equity Shares
Use of Net Proceeds		See “Objects of the Issue” on page 52 of this Draft Red Herring Prospectus

<sup>1</sup>Our Company is considering a Pre-IPO Placement of upto 2,50,000 Equity Shares aggregating upto ₹ 500 Lac with various investors. The Pre-IPO Placement is at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of such Equity Shares prior to the filing of the Red Herring Prospectus with the Registrar of Companies. If the Pre-IPO Placement is completed, the issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum size of 25% of the post-Issue-paid-up Equity Share capital being offered to the public.

### Note:

1. Allocation to all categories shall be made on proportionate basis.
2. In the event of over-subscription, allocation 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.

## GENERAL INFORMATION

Our Company was incorporated on October 10, 1997 under the provisions of the Companies Act, 1956 as Abhitech Energycon Services Private Limited with its Registered Office at Neelam Business Service Centre, Padmavati Extension Road, I.I.T market, Powai, Mumbai-400076. Pursuant to a special resolution passed by the shareholders of our Company at the Extra-Ordinary General Meeting held on June 7, 2003 the name of our Company was changed to Abhitech Energycon Private Limited. A fresh certificate of incorporation was reflecting the new name as Abhitech Energycon Private Limited was issued on July 17, 2003. Further, pursuant to a special resolution passed by the shareholders of our Company at the same Extra-Ordinary General Meeting held on June 7, 2003, our Company was converted into a public limited company and consequently the name of our Company was changed to Abhitech Energycon Limited. A fresh certificate of incorporation reflecting the new name as Abhitech Energycon Limited was issued by the Registrar of Companies, Maharashtra on August 13, 2003.

### **Registered Office Address of our Company: -**

#### **Abhitech Energycon Limited**

A/1020, Oberoi Gardens,  
Chandivali, Mumbai - 400 072.  
Maharashtra, India.

**Tel. No:** +91-22-2847 999

**Fax No:** +91-22-2847 9988

**Contact Person:** Mr. Prasad Samant

**Email:** [ipo@abhitechenergycon.com](mailto:ipo@abhitechenergycon.com)

**Website:** [www.abhitechenergycon.com](http://www.abhitechenergycon.com)

**Registration Number:** 111233

**Company Identification Number:** U74210MH1997PLC111233

#### **Address of the Registrar of Companies**

The Registrar of Companies, Maharashtra, Mumbai  
100, Everest, Marine Drive,  
Mumbai - 400002.  
Phone: +91-22-22812639  
Fax: +91-22-22811977  
Email: [roc.mumbai@mca.gov.in](mailto:roc.mumbai@mca.gov.in)

### **Board of Directors**

The Board of Directors as on the date of filing this Draft Red Herring Prospectus with SEBI is as follows:

Name and Designation	Age (years)	DIN	Address
Mr. Ganesh Dattatraya Samant Chairman and Managing Director	38	00457859	Sundara Narayan Niwas, Padmawati Extension Road, Opposite IIT Market, Powai, Mumbai – 400 076, India.
Mr. Vivek Vijay Pandit Whole-time Director	40	00457967	202, Vishalgad, IIT Staff Co-op. Soc., Powai, Mumbai – 400076.
Mr. Hemant Raghunath Mohite Whole-time Director	39	00458029	D-701, Bharat Apartments, Building No. 2, Opposite Great Eastern Heights, Marve Road, Malad (West), Mumbai – 400 064, India.
Mr. Swatantra Kumar Whole-time Director	55	00464807	1504, Challenger Tower – I, Thakur Village, Kandivali (East), Mumbai – 400 101, India.
Mr. Subodh Raut Whole-time Director	53	00458795	C – 502, Mangesh Apartments, Devidas Lane, Borivali (West), Mumbai – 400 103, India.
Mr. Suresh Risbud Independent Director	68	03481315	B/ 202, Mangalya, G.V. Scheme Road No. 4, Mulund (East), Mumbai -400081.
Mr. Subramanian Narayanan Independent Director	53	03526219	Flat No. 3 Ground Floor, Plot No. 167, Sree Narayan Niwas, Sion Jain Soc. Road, Sion West, Mumbai – 400022.
Mr. Sanjaykumar Patil Independent Director	39	03526216	434/5, Maher Maternity & Nursing Home, Shaniwar Peth, Karad, Dist. Satara 415110.
Mr. Shreepad Khanolkar Independent Director	61	03510352	C/73 Ganeshnagar Society, Goregaon (East), Gogate Wadi, Mumbai 400063.
Mr. Prakash Khot Independent Director	40	03526213	D/601, Dheeraj Hill View Tower, Siddharth Nagar, Borivali (E) Mumbai – 400066.

For detailed profile of our Chairman and Managing Director and other Directors, please refer to the Chapter titled “Our Management” beginning on page 92 of the Draft Red Herring Prospectus.

**Company Secretary**

Ms. Anubhuti Shukla  
**Abhitech Energycon Limited**  
1020, Oberoi Garden Estates,  
Chandivali Farms Road,  
Chandivali, Mumbai – 400072,  
Maharashtra,  
**Telephone:** +91 22 2847 9999  
**Facsimile:** +91 22 2847 9988  
**Email:** ipo@abhitechenergycon.com  
**Website:** www.abhitechenergycon.com

**Compliance Officer**

**Mr. Prasad Samant**  
**Abhitech Energycon Limited**  
1020, Oberoi Garden Estates,  
Chandivali Farms Road,  
Chandivali, Mumbai – 400072,  
Maharashtra,  
**Telephone:** +91 22 2847 9999  
**Facsimile:** +91 22 2847 9988  
**Email:** ipo@abhitechenergycon.com  
**Website:** www.abhitechenergycon.com

Investors are advised to contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue problems/grievances such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders, non receipt of funds by electronic mode, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the 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 branches.

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

**Statutory Auditors to our Company**

**M/s. Awinash Verma & Associates**  
**Chartered Accountants**  
12, 2<sup>nd</sup> Floor, New Gopal House,  
S.L. Road, Mulund (West),  
Mumbai – 400 080.  
**Tel No:** + 91 22 2593 4488  
**Fax No:** + 91 22 2593 4488  
**Email:** [awinash\\_verma@rediffmail.com](mailto:awinash_verma@rediffmail.com)  
**Contact Person:** Mr. Awinash Verma  
**Membership No:** 102676  
**Firm Registration No:** 117277W

**Independent Auditor (Peer Review Certified) to our Company**

**M/s. K. M. Gupta & Co.**  
**Chartered Accountants**  
A-205, Vardhaman Chambers,  
Plot No. 84, Sector – 17,  
Vashi, Navi Mumbai – 400 705.  
**Tel No:** +91 22 4013 0507/08  
**Fax No:** +91 22 2789 7510/ 2788 1221  
**Email:** [km\\_gupta@hotmail.com](mailto:km_gupta@hotmail.com)  
**Contact Person:** Mr. Kamal Gupta  
**Membership No:** 058748  
**Firm Registration No:** 309107E

## **Bankers to our Company**

### **Axis Bank Limited**

(Corporate Banking Branch, Mumbai)  
**Address:** Universal Insurance Building,  
Ground Floor, Sir P M Road,  
Fort, Mumbai – 400 001.  
**Tel No:** +91-22- 2425 3024  
**Fax No:** +91-22- 2283 5785  
**Email:** shashank.sharma@axisbank.com  
**Website:** [www.axisbank.com](http://www.axisbank.com)  
**Contact person:** Mr. Shashank Sharma

## **ISSUE MANAGEMENT TEAM**

### **Book Running Lead Manager**

#### **Indbank Merchant Banking Services Limited**

**SEBI Registration No:** INM000001394  
11, Varma Chambers, Homji Street,  
Fort, Mumbai – 400 001.  
Maharashtra.  
**Tel No:** +91 22 2263 4601  
**Fax No:** +91 22 2265 8270  
**Website:** [www.indbankonline.com](http://www.indbankonline.com)  
**Email:** [mumbai@indbankonline.com](mailto:mumbai@indbankonline.com)  
**Investor Grievance Id:** [investors@indbankonline.com](mailto:investors@indbankonline.com)  
**Contact person:** Mr. Sunder Rajan/ Mr. Kishore Iyer

### **Legal Advisors to the Issue**

#### **M/s. Kanga and Company**

Advocates & Solicitors  
Readymoney Mansion,  
43, Veer Nariman Road,  
Mumbai – 400 001.  
**Tel No:** +91 22 6623 0000  
**Fax No:** +91 22 6633 9656/6633 9657  
**Email:** [dhaval.vussonji@kangacompany.com](mailto:dhaval.vussonji@kangacompany.com)  
**Contact person:** Mr. Dhaval Vussonji

### **Registrar to the Issue**

#### **Sharepro Services (India) Private Limited**

**SEBI Registration No:** INR000001476  
13AB, Samhita Warehousing Complex,  
Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka, Andheri (East),  
Mumbai - 400 072, Maharashtra  
**Tel No:** +91 22 6191 5402 / 5404  
**Fax No:** +91 22 6191 5444  
**Website:** [www.shareproservices.com](http://www.shareproservices.com)  
**Email:** [abhitech.ipo@shareproservices.com](mailto:abhitech.ipo@shareproservices.com)  
**Contact Person:** Mr. Subhash Dhingreja

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

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

### **Syndicate Members**

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



### **Refund Banker to the Issue**

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

### **Self Certified Syndicate Banks**

The SCSBs are as per the updated list available on SEBI's website at [www.sebi.gov.in](http://www.sebi.gov.in). Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the 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 of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

### **Broker to the Issue**

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

### **Credit Rating**

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

### **Trustees**

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

### **Appraisal and Monitoring Agency**

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

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

### **IPO Grading**

This Issue has been graded by [●] through its letter dated [●] and has been assigned a [●] IPO Grade [●]/[●] (pronounced "[●] on five") indicating that the fundamentals of the IPO are [●] relative to other listed equity securities in India, 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.

A copy of the report provided by [●], furnishing the rationale for its grading will be incorporated before filing of the Red Herring Prospectus with the ROC and will be annexed with the Red Herring Prospectus. The same will be made available for inspection at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue closing date.

### **Expert Opinion**

Except for the report of [●] in respect of the IPO Grading of this Issue and the reports of the Peer Review certified Auditor on the restated financial statements, included in the Draft Red Herring Prospectus; our Company has not obtained any expert opinions.

### **STATEMENT OF RESPONSIBILITIES**

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

Sr. No.	Activity
---------	----------

1.	Capital structuring with the relative components and formalities such composition of debt and equity, type of instruments, etc.
2.	Conducting a Due diligence of our Company's operations / management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges (pre-issue), RoC and SEBI.
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.
4.	Appointment of the Registrar, Bankers to the issue and appointment of other intermediaries viz. printers and advertising agency
5.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
7.	Retail & HNI segment Marketing, Which will cover inter alia: <ul style="list-style-type: none"> <li>• Preparation of road show presentation.</li> <li>• Finalising centres for holding Brokers' conference</li> <li>• Finalising media, marketing and PR Strategy</li> <li>• Follow up on distribution of publicity and issue material including application form, brochure and deciding on quantum of issue material</li> <li>• Finalising collection centres as per schedule III of SEBI (ICDR) Regulations, 2009</li> </ul>
8.	Institutional Marketing, which will cover inter alia: <ul style="list-style-type: none"> <li>• Finalisation of list of investors.</li> <li>• Finalisation of one to one meetings and allocation of institutions.</li> <li>• Finalisation of presentation material</li> </ul>
9.	Managing Book & co-ordination with stock Exchanges for bidding terminals, mock trading etc
10.	Pricing and QIB allocation
11.	Follow – up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
12.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

The selection of various agencies like the Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies etc. will be finalized by our Company in consultation with the BRLM.

Even if many of these activities will be handled by other intermediaries, the BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.

### **Book Building Process**

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

- Our Company;
- BRLM;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- Registrar to the Issue; and
- Escrow Collection Banks; and
- SCSBs.

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

This being an Issue for Equity Shares representing more than 25% of the post-Issue equity share capital of our Company, Equity Shares will be offered to the public for subscription in accordance with Rule 19(2)(b)(i) of the SCRR and SEBI ICDR Regulations. The Issue is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (“QIB Portion”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the Book Running Lead Manager and the Designated Stock Exchange.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please refer to the chapter titled ‘*Issue Procedure*’ beginning on page 175 of the 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 175 of the Draft Red Herring Prospectus.**

**Attention of all QIBs is specifically drawn to the fact that all QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis. For further details, please refer to the chapter titled ‘*Terms of the Issue*’ and ‘*Issue Procedure*’ beginning on pages 169 and 175 respectively, of the Draft Red Herring Prospectus.**

We will comply with the SEBI (ICDR) Regulations, 2009, and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed Indbank Merchant Banking Services Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

**In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date.** For further details, please see the section titled “*Issue Procedure*” on page no. 175 of this Draft Red Herring Prospectus.

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

#### **Illustration of Book Building and Price Discovery Process**

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

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

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off, i.e., ₹ 220 in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price, i.e. at or below ₹ 220. All bids at

or above this issue price and cut off bids by Retail Individual Bidders are valid bids and are considered for allocation in the respective categories.

#### Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (please see the section titled “Issue Procedure – Who Can Bid?” on page no. 176 of this 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. Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts and subject to the SEBI circular dated April 3, 2008 from the residents of the state of Sikkim, for all Bids, ensure that you have mentioned your PAN in your Bid-cum-Application Form or ASBA Bid-cum-Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of the transaction (please see the section titled “Issue Procedure” on page 175 of this Draft Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form or ASBA Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form or ASBA Bid-cum-Application Form;
5. Ensure the correctness of your Demographic Details (as defined in the section titled “Issue Procedure” at page 175 of this Draft Red Herring Prospectus), given in the Bid-cum-Application Form or ASBA Bid-cum-Application Form, with the details recorded with your Depository Participant; and
6. Bids by ASBA Bidders may be submitted either to the Syndicate Member (s)/ sub-syndicate members at the Syndicate ASBA Centres or the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the Syndicate Member (s)/sub-syndicate member or the SCSB to ensure that their ASBA Bid cum Application Form is not rejected.

#### WITHDRAWAL OF THE ISSUE

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

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

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

If our Company withdraws the Issue after closure of bidding, we will be required to file a fresh draft offer document with the Securities and Exchange Board of India.

#### Bid/ Issue Program

##### Bidding /Issue Period:

<b>BID/ISSUE OPENS ON</b>	[•]
<b>BID/ISSUE CLOSES ON (QIB BIDDERS) *</b>	[•]
<b>BID/ISSUE CLOSES ON (NON-QIB BIDDERS)</b>	[•]

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

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers mentioned in the Bid cum Application Form, or in the case of Bids submitted through ASBA, the designated branches of the SCSBs or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres, **except that on the Bid/ Issue Closing Date, Bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of

Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹ 2 Lac.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

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 Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. 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. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.**

#### **Underwriting Agreement**

After the determination of the Issue Price and allocation of the Equity Shares, 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 this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

**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)

<b>Name and Address of the Underwriters</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (₹ In Lac)</b>
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

The Board of Directors (based on the certificates given by the Underwriters), confirm that the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchange(s).

The Board of Directors has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company. Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the table above, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the investors procured by them. In the event of any default in payment, the respective Underwriter(s), in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for Equity Shares to the extent of the defaulted amount, in accordance with the Underwriting Agreement.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC. The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Issue.

## CAPITAL STRUCTURE

Our Equity Share capital, as at the date of filing of this Draft Red Herring Prospectus with SEBI, immediately prior to and after the proposed Issue is set forth below: -

Particulars		Aggregate Nominal Value	Aggregate value at Issue Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	1,70,00,000 Equity Shares of ₹ 10/- each	17,00,00,000	
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	95,00,000 Equity Shares of ₹ 10/- each	9,50,00,000	
<b>C</b>	<b>PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	35,10,000 Equity Shares of ₹ 10/- each	3,51,00,000	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
	1,30,10,000 Equity Shares of ₹ 10/- each	13,01,00,000	
<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue		2,86,52,650
	After the Issue		[●]

- a) The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on August 5, 2011 and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on September 6, 2011.
- b) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any portion would be met with spillover from other categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, in this case being BSE. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis.
- c) Our Company is considering a Pre-IPO Placement of upto 2,50,000 Equity Shares aggregating upto ₹ 500 Lac with various investors. The Pre-IPO Placement is at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of such Equity Shares prior to the filing of the Red Herring Prospectus with the Registrar of Companies. If the Pre-IPO Placement is completed, the issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum size of 25% of the post-Issue-paid-up Equity Share capital being offered to the public.

### *Details of increase in Authorized Share Capital since incorporation*

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
₹ 25,00,000 consisting of 2,50,000 Equity shares of ₹ 10 each.		On incorporation	-
₹ 25,00,000 consisting of 2,50,000 Equity shares of ₹ 10 each.	₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each.	March 31, 2008	EGM
₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each.	₹ 17,00,00,000 consisting of 1,70,00,000 Equity shares of ₹ 10 each.	March 29, 2011	EGM

## Notes to capital structure

### 1. Share capital history of our Company

The following is the history of the equity share capital of our Company: -

Date of the allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price per share (₹)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Capital (₹)	Securities Premium (₹)	Cumulative Securities Premium (₹)
October 10, 1997	200	10	10	Cash	Subscription on incorporation	200	2,000/-	--	--
March 31, 1998	27,810	10	10	Cash	Further allotment	28,010	2,80,100/-	--	--
March 31, 1999	45,000	10	10	Cash	Further allotment	73,010	7,30,100/-	--	--
November 30, 2002	5,000	10	110	Cash	Further allotment	78,010	7,80,100/-	5,00,000/-	5,00,000/-
March 20, 2003	8,530	10	150	Cash	Further allotment	86,540	8,65,400/-	11,94,200/-	16,94,200/-
June 4, 2003	40	10	77.5	Cash	Further allotment	86,580	8,65,800/-	2,700/-	16,96,900/-
February 10, 2004	43,615	10	34.21	Cash	Further allotment	1,30,195	13,01,950/-	10,55,750/-*	27,52,650/-
December 10, 2004	10,000	10	100	Cash	Further allotment	1,40,195	14,01,950/-	9,00,000/-	36,52,650/-
October 1, 2008	1,09,805	10	--	Issued as Bonus in the ratio of 0.78:1 **	Further allotment	2,50,000	25,00,000/-	--	36,52,650/-
March 31, 2009	2,50,000	10	110	Cash	Further allotment	5,00,000	50,00,000/-	2,50,00,000/-	2,86,52,650/-
March 29, 2011	90,00,000	10	--	Bonus Issue in the ratio of 18:1 ***	Further allotment	95,00,000	9,50,00,000/-	--	2,86,52,650/-

\* The amount of Securities Premium mentioned in the relevant Form No. 2 filed with the RoC has been rounded off by the RoC for the purposes of convenience.

\*\* Bonus shares were issued to eligible shareholders by way of capitalization of free reserves of ₹10,98,050/-.

\*\*\* Bonus shares were issued to eligible shareholders by way of capitalization of free reserves of ₹9,00,00,000/-.

### 2. Equity Shares issued for consideration other than cash

Other than bonus issues made by us, details of which are set out in the table below, our Company has made no issues of shares for consideration other than cash:

Date of the allotment	No. of Equity Shares	Face Value (In ₹)	Issue Price (In ₹)	Reasons for allotment	Benefits accruing to our Company	Persons to whom the allotment were made
October 1, 2008	1,09,805	10/-	Nil	Bonus Issue in the ratio of 0.78:1	Nil	Existing shareholders
March 29, 2011	90,00,000	10/-	Nil	Bonus Issue in the ratio of 18:1	Nil	Existing shareholders

3. Till date no Equity Shares have been allotted pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

4. As of date of filing this DRHP, our Company has not issued any Equity Shares under any employee stock option scheme. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees.



**5. Build-up of Promoters' capital, Promoters' contribution and lock-in**

a) History of Equity Share capital held by the Promoters:

Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price per share (₹)	Nature of consideration	Nature of Issue	% of Pre-issue paid up capital	% of Post-issue paid up capital	Lock-in period*
<b>Mr. Ganesh Dattatraya Samant (A)</b>								
October 10, 1997	100	10	10	Cash	Initial Subscription	Negligible	Negligible	
March 31, 1998	13,905	10	10	Cash	Further Allotment	0.15	0.11	
March 31, 1999	22,500	10	10	Cash	Further Allotment	0.24	0.17	
November 30, 2002	3,250	10	110	Cash	Further Allotment	0.03	0.02	
March 20, 2003	5,700	10	150	Cash	Further Allotment	0.06	0.04	
February 10, 2004	22,897	10	34.21	Cash	Further Allotment	0.24	0.18	
December 10, 2004	5,248	10	100	Cash	Further Allotment	0.06	0.04	
March 31, 2007	16,103	10	10	Cash	Purchase	0.17	0.12	
October 1, 2008	20	10	10	Cash	Purchase	0.00	0.00	
October 1, 2008	70,273	10	-	Issued as Bonus in the ratio of 0.78:1 **	Further Allotment	0.74	0.54	
March 31, 2009	4	10	10	Cash	Purchase	Negligible	Negligible	
March 31, 2009	(20)	10	10	Cash	Sale	Negligible	Negligible	
January 12, 2010	50,000	10	10	Cash	Purchase	(0.53)	(0.38)	
March 24, 2011	2,00,000	10	125	Cash	Purchase	2.11	1.54	
March 29, 2011	73,79,640	10	-	Bonus Issue in the ratio of 18:1 ***	Further Allotment	77.68	56.72	
May 5, 2011	(3,89,481)	10	10	Cash	Sale	(4.10)	(2.99)	
<b>Sub Total (A)</b>	<b>74,00,139</b>					<b>77.90</b>	<b>56.88</b>	
<b>Mr. Vivek Vijay Pandit (B)</b>								
October 10, 1997	100	10	10	Cash	Initial Subscription	Negligible	Negligible	
March 31, 1998	13,905	10	10	Cash	Further Allotment	0.15	0.11	
March 31, 1999	22,500	10	10	Cash	Further Allotment	0.24	0.17	
August 02, 2002	(7,301)	10	10	Cash	Sale	(0.08)	(0.06)	
November 30, 2002	1,000	10	110	Cash	Further Allotment	0.01	0.01	
March 20, 2003	2,000	10	150	Cash	Further Allotment	0.02	0.02	
February 10, 2004	16,223	10	34.21	Cash	Further Allotment	0.17	0.12	
December 10, 2004	3,720	10	100	Cash	Further Allotment	0.04	0.03	
March 31, 2007	(39,529)	10	10	Cash	Sale	(0.42)	(0.30)	
October 01, 2008	9,883	10	-	Issued as Bonus in the ratio of 0.78:1 **	Further Allotment	0.10	0.08	
March 31, 2009	(1)	10	-10	Cash	Sale	Negligible	Negligible	
March 29, 2011	4,05,000	10	-	Bonus Issue in the ratio of 18:1 ***	Further Allotment	4.26	3.11	
<b>Sub Total (B)</b>	<b>4,27,500</b>					<b>4.50</b>	<b>3.29</b>	

<b>Mr. Prasad Tulshidas Samant (C)</b>								
August 02, 2002	7,301	10	10	Cash	Purchase	0.08	0.06	
November 30, 2002	750	10	110	Cash	Further Allotment	0.01	0.01	
March 20, 2003	830	10	150	Cash	Further Allotment	0.01	0.01	
February 10, 2004	4,495	10	34.21	Cash	Further Allotment	0.05	0.03	
December 10, 2004	1,032	10	100	Cash	Further Allotment	0.01	0.01	
March 31, 2007	(1,790)	10	10	Cash	Sale	(0.02)	(0.01)	
October 01, 2008	9,883	10	-	Issued as Bonus in the ratio of 0.78:1 **	Further Allotment	0.10	0.08	
March 31, 2009	(1)	10	10	Cash	Sale	Negligible	Negligible	
March 29, 2011	4,05,000	10	-	Bonus Issue in the ratio of 18:1 ***	Further Allotment	4.26	3.11	
<b>Sub Total (C)</b>	<b>4,27,500</b>					<b>4.50</b>	<b>3.29</b>	
<b>Mr. Vijay Chandrakant Kamble (D)</b>								
June 04, 2003	10	10	77.50	Cash	Further Allotment	Negligible	Negligible	
March 31, 2007	12,608	10	10	Cash	Purchase	0.13	0.10	
October 01, 2008	9,883	10	-	Issued as Bonus in the ratio of 0.78:1 **	Further Allotment	0.10	0.08	
March 31, 2009	(1)	10	10	Cash	Sale	Negligible	Negligible	
March 29, 2011	4,05,000	10	-	Bonus Issue in the ratio of 18:1 ***	Further Allotment	4.26	3.11	
<b>Sub Total (D)</b>	<b>4,27,500</b>					<b>4.50</b>	<b>3.29</b>	
<b>Mr. Hemant Raghunath Mohite (E)</b>								
June 04, 2003	10	10	77.50	Cash	Further Allotment	Negligible	Negligible	
March 31, 2007	12,608	10	10	Cash	Purchase	0.13	0.10	
October 01, 2008	9,883	10	-	Issued as Bonus in the ratio of 0.78:1 **	Further Allotment	0.10	0.08	
March 31, 2009	(1)	10	10	Cash	Sale	Negligible	Negligible	
March 29, 2011	4,05,000	10	-	Bonus Issue in the ratio of 18:1 ***	Further Allotment	4.26	3.11	
<b>Sub Total (E)</b>	<b>4,27,500</b>					<b>4.50</b>	<b>3.29</b>	
<b>Total (A+B+C+D+E)</b>	<b>91,10,139</b>					<b>95.90</b>	<b>70.04</b>	

\* 3 years lock-in – Of the above Equity Shares of Mr. Ganesh Dattatraya Samant, 26,02,000 Equity Shares shall be locked in for a period of 3 years from the date of Allotment. The balance 68,97,620 Equity Shares held by the promoters shall be locked-in for a period of 1 year from the date of allotment.

\*\* Bonus shares were issued to eligible shareholders by way of capitalization of free reserves of ₹10,98,050/-.

\*\*\* Bonus shares were issued to eligible shareholders by way of capitalization of free reserves of ₹9,00,00,000/-.

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

- c) The Promoter's contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained consents from our Promoter, Mr. Ganesh Samant for the lock-in of 26,02,000 Equity Shares, held by him, for a period of three years from the date of Allotment in the Issue.
- d) The balance entire pre-Issue Equity Share capital of our Company, i.e. 68,98,000 Equity Shares, including the Equity Shares allotted in the Pre-IPO Placement, shall be locked in for a period of one year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the Minimum Promoter's Contribution are not subject to pledge. Lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.
- e) We confirm that the Minimum Promoters' Contribution of 20% which is subject to lock-in for three years does not consist of:
  - (i) equity shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets;
  - (ii) equity shares acquired during the preceding three years resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for Minimum Promoters' Contribution; and
  - (iii) equity shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue; or equity shares pledged with any creditor.
- f) The share certificates for the Equity Shares in physical form, which are subject to lock-in, shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall be included in the Prospectus to be filed with the RoC.
- g) Further, our Company has not been formed by the conversion of a partnership firm into a company.

**6. *Equity Shares locked-in for one year***

In addition to 20% of the post-Issue shareholding of our Company locked-in for three years as the minimum Promoters contribution, the balance Pre-Issue Paid-up Equity Share Capital i.e. 68,98,000 Equity Shares, would be locked-in for a period of one year from the date of Allotment in the proposed Initial Public Offering. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories. Pursuant to proviso (b) to Regulation 37 of the SEBI ICDR Regulations, Equity Shares held by VCFs or FVCIs for at least one year prior to filing of the Draft Red Herring Prospectus with SEBI would not be subject to the above lock-in.

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

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

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

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

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

8. **Details of transactions in Equity Shares by our Directors, Promoters, relatives of our Directors and Promoters and Promoter Group entity during 6 (six) months preceding the filing of this Draft Red Herring Prospectus with SEBI:**

Name of the Promoter	No. of Equity Shares	Total Consideration (₹)	Date of Transaction	Type of Transaction
Mr. Ganesh Samant	3,89,481	38,94,810/-	May 5, 2011	Sale to Aspiwork Technologies LLP

Other than the transaction mentioned above, our Promoters, Directors, and the Promoter Group Entities have not purchased or sold any Equity Shares during a period of 6 (six) months preceding the date on which this Draft Red Herring Prospectus has been filed with SEBI.

9. Our Company has not issued any Equity Shares in the year preceding the date on which this Draft Red Herring Prospectus, which may be at a price lower than the Issue Price.

10. **The list of shareholders of our Company and the Equity Shares held by them is as follows:**

- a) Our shareholders and the number of Equity Shares held by them as of the date of filing this Draft Red Herring Prospectus with SEBI, are as follows in the ascending order: -

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10/- each)	Percentage
1.	Mr. Ganesh Dattatraya Samant	74,00,139	77.90
2.	Mr. Vivek Vijay Pandit	4,27,500	4.50
3.	Mr. Prasad Tulsidas Samant	4,27,500	4.50
4.	Mr. Hemant Raghunath Mohite	4,27,500	4.50
5.	Mr. Vijay Chandrakant Kamble	4,27,500	4.50
6.	Aspiwork Technologies LLP	3,89,481	4.10
7.	Mr. Shrinivas Dharap	190	Negligible
8.	Mr. Prakash Poojari	190	Negligible
<b>Total</b>		<b>95,00,000</b>	<b>100.00</b>

- b) Our shareholders and the number of Equity Shares held by them 10 (ten) days prior to filing the Draft Red Herring Prospectus with SEBI, is as follows are as follows in the ascending order: -

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10/- each)	Percentage
1.	Mr. Ganesh Dattatraya Samant	74,00,139	77.90
2.	Mr. Vivek Vijay Pandit	4,27,500	4.50
3.	Mr. Prasad Tulsidas Samant	4,27,500	4.50
4.	Mr. Hemant Raghunath Mohite	4,27,500	4.50
5.	Mr. Vijay Chandrakant Kamble	4,27,500	4.50
6.	Aspiwork Technologies LLP	3,89,481	4.10
7.	Mr. Shrinivas Dharap	190	Negligible
8.	Mr. Prakash Poojari	190	Negligible
<b>Total</b>		<b>95,00,000</b>	<b>100.00</b>

- c) Our top 10 (ten) shareholders and the number of Equity Shares held by them 2 (two) years prior to date of filing of this Draft Red Herring Prospectus with SEBI is as follows.

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10/- each)	Percentage
1.	Compact Capital Limited	2,50,000	50.00
2.	Mr. Ganesh Dattatraya Samant	1,59,980	32.00

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10/- each)	Percentage
3.	Mr. Vivek Vijay Pandit	22,500	4.50
4.	Mr. Prasad Tulsidas Samant	22,500	4.50
5.	Mr. Hemant Raghunath Mohite	22,500	4.50
6.	Mr. Vijay Chandrakant Kamble	22,500	4.50
7.	Mr. Girish Kumar Trivedi	10	Negligible
8.	Mr. Prakash Poojari	10	Negligible
<b>Total</b>		<b>5,00,000</b>	<b>100.00</b>

d) Details of the shareholding of our Company as on the date of filing of this Draft Red Herring Prospectus: -

Name of the Shareholders	Number of Equity Shares	Percentage of Pre-Issue Equity Capital	Percentage of Post – Issue Equity Capital
<b>(A) Promoters</b>			
Mr. Ganesh Dattatraya Samant	74,00,139	77.89	56.88
Mr. Vivek Vijay Pandit	4,27,500	4.50	3.29
Mr. Prasad Tulsidas Samant	4,27,500	4.50	3.29
Mr. Hemant Raghunath Mohite	4,27,500	4.50	3.29
Mr. Vijay Chandrakant Kamble	4,27,500	4.50	3.29
<b>Total (A)</b>	<b>91,10,139</b>	<b>95.90</b>	<b>70.04</b>
<b>Promoter Group</b>			
Mr. Shrinivas Dharap	190	Negligible	Negligible
<b>Total (B)</b>	<b>190</b>	<b>Negligible</b>	<b>Negligible</b>
<b>Others (Public)</b>			
Mr. Prakash Poojari	190	Negligible	Negligible
Aspiwork Technologies LLP	3,89,481	4.10	2.99
<b>Total (C)</b>	<b>3,89,671</b>	<b>4.10</b>	
<b>Total (A) + (B)</b>	<b>95,00,000</b>	<b>100.00</b>	<b>73.03</b>

e) Following is the Shareholding pattern of our Company as per clause 35 of the Listing Agreement:

Category code  (I)	Category of shareholder  (II)	Number of shareholders  (III)	Total number of shares  (IV)	Number of shares held in dematerialized form  (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)  (VI)	As a percentage of (A+B+C)  (VII)	Number of shares  (VIII)	As a percentage  (IX)= (VIII)/(IV)* 100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
	(a) Individuals/Hindu Undivided Family	6	91,10,329	Nil	95.90	95.90	Nil	Nil
	(b) Central Government/State Government(s)	-	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-	-
	Financial Institutions/Banks	-	-	-	-	-	-	-
	(e) Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>6</b>	<b>91,10,329</b>	<b>Nil</b>	<b>95.90</b>	<b>95.90</b>	<b>Nil</b>	<b>Nil</b>
(2)	Foreign	-	-	-	-	-	-	-
	(a) Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
	(b) Bodies Corporate	-	-	-	-	-	-	-
	(c) Institutions	-	-	-	-	-	-	-
	(d) Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>6</b>	<b>91,10,329</b>	<b>Nil</b>	<b>95.90</b>	<b>95.90</b>	<b>Nil</b>	<b>Nil</b>
(B)	Public	-	-	-	-	-	-	-

	<b>shareholding</b>							
(1)	Institutions	-	-	-	-	-	-	-
	(a) Mutual Funds/ UTI	-	-	-	-	-	-	-
	(b) Financial Institutions/ Banks	-	-	-	-	-	-	-
	(c) Central Government/ State Government(s)	-	-	-	-	-	-	-
	(d) Venture Capital Funds	-	-	-	-	-	-	-
	(e) Insurance Companies	-	-	-	-	-	-	-
	(f) Foreign Institutional Investors	-	-	-	-	-	-	-
	(g) Foreign Venture Capital Investors	-	-	-	-	-	-	-
	(h) Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-
(2)	Non-institutions	-	-	-	-	-	-	-
	(a) Bodies Corporate	1	3,89,481	Nil	4.10	4.10	Nil	Nil
	(b) Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lakh. ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	1	190	Nil	Negligible	Negligible	Nil	Nil
	(c) Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	2	3,89,671	Nil	4.10	4.10	Nil	Nil
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	2	3,89,671	Nil	4.10	4.10	Nil	Nil
	<b>TOTAL (A)+(B)</b>	8	95,00,000	Nil	100	100	Nil	Nil
(C)	Shares held by Custodians and against	-	-	-	-	-	-	-

	which Depository Receipts have been issued							
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8</b>	<b>95,00,000</b>	<b>Nil</b>	<b>100</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>

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

Sr. No.	Name of shareholder	Number of Equity Shares held	Pre Issue Percentage	Post Issue Percentage
<b>Directors</b>				
a.	Mr. Ganesh Samant	74,00,139	77.90%	56.88%
b.	Mr. Vivek Pandit	4,27,500	4.50%	3.29%
c.	Mr. Hemant Mohite	4,27,500	4.50%	3.29%
d.	Mr. Vijay Kamble	4,27,500	4.50%	3.29%
e.	Mr. Prasad Samant	4,27,500	4.50%	3.29%

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

13. There are no financing arrangements wherein the Promoter Group, the Directors of our Company and relatives of the Directors of our Company have financed the purchase by any other person of securities of our Company, during the period of 6 (six) months immediately preceding the date of filing this DRHP.

14. No shares of our Company have been pledged by the Promoters or the Promoter Group.

15. Our Company has not issued any bonus shares out of revaluation reserves.

16. As on the date of this DRHP, BRLM does not hold any Equity Shares in our Company.

17. Our Promoters and members of the Promoter Group and BRLM will not participate in this Issue.

18. Our Company has not issued Equity Shares out of revaluation reserves and for consideration other than cash (other than the Bonus issues of Equity Shares as mentioned above).

19. Our Company has not made any public issue since its incorporation.

20. We do not have any intention or proposal to alter our capital structure for a period starting 6 (six) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or bonus, rights, further Public issue or Qualified Institutional Placement. Further, if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures, subject to approvals as may be required.

21. Our Company has not raised any bridge loan against the proceeds of the Issue.

22. In terms of Rule 19(2)(b)(i) of the SCRR, this Issue is for 25% of the post-Issue capital of our Company. Pursuant to the SEBI ICDR Regulations not more than 50% of the Issue shall be available for allocation to QIBs. If the minimum public shareholding requirements of Rule 19(2)(b)(i) of the SCRR cannot be met, the entire application money will be refunded by our Company forthwith.

23. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for



allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

24. Under subscription, in any category, shall be allowed to be met with spillover from the other categories or combination of categories by our Company and the BRLM in consultation with 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.
25. Investors may note that in case of over subscription, not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. *For details, see "Issue Procedure" on page 175.* Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Price.
26. An over-subscription to the extent of 10% of the offer to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum bid lot in this Issue.
27. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up shares.
28. Subject to Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.
29. As per the extant policy, OCBs are not permitted to participate in the Issue.
30. There are no outstanding warrants, options or right to convert debentures, loans or other financial instruments into our Equity Shares as on the of this Draft Red Herring Prospectus.
31. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be prescribed by SEBI from time to time.
32. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
33. We have availed financial facilities from Axis Bank Limited. In respect of various agreements entered into by our Company with our lender and sanction letters issued by our lender to us, we are bound by certain restrictive covenants. *For further details on the restrictive covenants contained in the financing documents, please refer to chapter titled "Financial Indebtedness" beginning on page 145 of this Draft Red Herring Prospectus.*
34. The Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transactions.
35. No payment, direct or indirect, in the nature of discount, allowance, commission or otherwise, shall be made either by us or our Promoters to the persons who receives Allotments, if any, in this Issue.

## SECTION V – OBJECTS OF THE ISSUE

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

1. Setting up a new facility for manufacturing of fuel additives;
2. To establish 3 marketing offices in India;
3. Meeting the additional Working Capital Requirements;
4. Meeting the Public Issue Expenses;
5. General Corporate Purposes
6. To list the shares offered through this issue on BSE and NSE;

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

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

### Cost of Project and Means of Finance

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

#### Cost of Project

(₹ in Lac)		
Sr. No.	Particulars	Amount
1.	Setting up a new facility for manufacturing of Fuel Additives	1,613.74
2.	To establish 3 marketing offices in India	682.50
3.	Meeting the additional Working Capital Requirements	1612.14
4.	Public Issue Expenses	[●]
5.	General Corporate Purposes	[●]
<b>Total</b>		<b>[●]</b>

#### Means of Finance

(₹ in Lac)		
Sr. No.	Particulars	Amount
1.	Initial Public Offer	[●]
<b>Total</b>		<b>[●]</b>

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

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

We propose to meet the entire requirement of funds for the Project from the Net Proceeds of the Public Issue. Hence, no amount is required to be raised through means other than the Issue Proceeds. Accordingly, the requirement of Regulation 4(g) of the SEBI ICDR Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the Net Proceeds of the Issue is not applicable.

The fund requirement and deployment are based on our management estimates and the quotations received from the suppliers. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals;

availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, amongst others.

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

### Description of the Project

Our Company is setting up new manufacturing facility for the manufacturing of fuel additives i.e. additives for solid fuel "THERMACT" and additives for petroleum fuel "THERMOL" at Baddi, Himachal Pradesh with an installed capacity of 25,000 K.G. and 10,000 Litres respectively.

### Means of Finance

#### Initial Public Offer

We propose to raise ₹ [●] lacs by way of public issue of 35,10,000 Equity Shares of ₹ 10/- each at a price of ₹ [●] aggregating ₹ [●] lacs in terms of the Draft Red Herring Prospectus.

#### Schedule of Implementation

Activity	Month of Commencement	Month of Completion
Acquisition of Land	February 2012	March 2012
Building and Other Civil Works	April 2012	June 2012
Plant & Machinery		
- Placement of Order	April 2012	June 2012
- Receipt of Plant & Machinery	June 2012	July 2012
- Erection and Commissioning	July 2012	August 2012
Trial Run Production	August 2012	
Commercial Production	September 2012	
Setting up of Marketing Offices	March 2012	June 2012

#### Deployment of Funds in the Project

We have incurred the following expenditure on the project till September 20, 2011. The same has been certified by our statutory auditors, M/s. Awinash Verma & Associates, Chartered Accountants vide their certificate dated September 20, 2011.

		(₹ in lacs)
Sr. No.	Particulars	Amount Deployed till September 20, 2011
1.	Public Issue Expenses	27.95
	<b>Total</b>	<b>27.95</b>

The above expenditure has been financed by way of internal accruals, which will not be recouped from the Public Issue proceeds.

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

(₹ in lacs)

Particulars	Amount Deployed till September 20, 2011	Amount to be Deployed till March 31, 2012	Amount to be Deployed till March 31, 2013	Total
<b>Setting up a new facility for manufacturing of Fuel Additives</b>				
Acquisition of Land	--	225.00		<b>225.00</b>
Buildings, Other Civil Works & Interior works	--		949.25	<b>949.25</b>
Plant & Machinery	--		439.49	<b>439.49</b>
<b>Sub-Total</b>	--	<b>225.00</b>	<b>1,388.74</b>	<b>1,613.74</b>
To establish 3 marketing offices in India	--	341.25	341.25	<b>682.50</b>
Meeting the additional Working Capital Requirements	--		1,612.14	<b>1,612.14</b>
Public Issue Expenses	27.95	[●]	[●]	[●]
General Corporate Purposes	--	[●]	[●]	[●]
<b>Total</b>	<b>27.95</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

#### DETAILED BREAK UP OF THE PROJECT COST

##### 1. Setting up a new facility for manufacturing of Fuel Additives

The cost of project is as under:

(₹ in lacs)

Sr. No.	Major Heads of Expenditure	Total
1.	Acquisition of Land	225.00
2.	Buildings, Other Civil Works & Interior works	949.25
3.	Plant & Machinery	439.49
	<b>Total</b>	<b>1,613.74</b>

##### A. Acquisition of Land

Our current manufacturing plant located at Baddi, Himachal Pradesh which obtained on lease. Our Company proposes to purchase a plot of land admeasuring approximately 3 Acres at Baddi, Himachal Pradesh to construct a building for its new plant. As per management's estimate the cost per acre of land at Baddi is ₹ 75 Lac per acre. We estimate that the land (approximately measuring 3 acres) would cost us ₹ 225.00 Lac. The Company has not entered into any agreement for purchasing the land till the date of filing the Draft Red Herring Prospectus.

##### B. Buildings, Other Civil Works & Interior works

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

Particulars	Area Sq. ft.	Rate per Square Feet (₹)	Total Cost (₹)
Thermol Plant Area	14,000.00	1,400	196.00
Thermact Plant Area	20,300.00	3,200	649.60
Three Cabin for the Security Person			10.00
<b>Total</b>			<b>855.60</b>

The above estimates have been certified by M/s. Shwet Associates, Structural & Civil Engineers, Mumbai through their estimate dated July 07, 2011.

The details of the Interior Works are as follows:

Description	Amount (₹ Lac)
Civil Work	4.58
Plumbing Work	1.34
Electrical Work	23.62
P.O.P Work	2.1
Carpentry Work	35.82
Painting Work	0.83
Armstrong Ceiling Work	0.95
Carpet/ Wooden and Other Flooring Work	2.30
Vertical Blinds	0.48
A.C. Work	3.92
Architect Fees	7.59
Taxes	10.12
<b>Total</b>	<b>93.65</b>

The above estimates have been certified by M/s. Sushilp Design Associates, Architects and Interior Designers, Mumbai through their estimate dated August 04, 2011.

### C. Plant and Machinery

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

We have not yet placed the orders for any Plant and Machinery.

Description of Items	Name of Suppliers	Qty./ Set	Amount	Date of Quotations
		(Nos.)	(₹ in lacs)	
Thermact Plant	Raj Process Equipments & Systems Private Limited, Pune	Lumpsum	180.00	August 02, 2011
Liquid Thermol Plant	Raj Process Equipments & Systems Private Limited, Pune	Lumpsum	195.00	August 12, 2011
Mixers & Holding Tanks - 0.5T	Conveying Machines Manufacturing Company, Bhandup (W), Mumbai	1	3.55	July 8, 2011
Mixers & Holding Tanks - 1.5T		1	6.3	
Mixers & Holding Tanks - 50 k.g.		2	0.43	
Mixers & Holding Tanks - 20 k.g.		2	0.31	
1500 Litres Plough Shear Mixers	Esteem Engineers, Mumbai	1	19.00	July 7, 2011
S-1500 (60") Model Double Deck Sepro Gyroscreen	Separations Engineers (India), Mumbai		3.38	July 7, 2011
Fire Protection System	Aksar Fire & Safety, Ahmedabad		31.52	May 12, 2011
<b>Total</b>			<b>439.49</b>	

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

**D. To establish 3 marketing offices in India;**

The Company is currently headquartered at Mumbai. The plant of the Company is located at Baddi, Himachal Pradesh. The Company markets its products through a network of authorized distributors. The Company intends to expand its presence by setting up new/additional marketing offices in following three cities in India to grow the sales and services:

Sr. No.	Location	Sq.Ft.	Rate per Sq.Ft.	Amount (₹ Lac)	Supplier	Date of Quotation
1.	New Delhi	2,000.00	12,000.00	240.00	Raheja Estates, New Delhi	July 23, 2011
2.	Bangalore	1,500.00	15,000.00	225.00	Skyblues Estates, Bangalore	July 22, 2011
3.	Kolkatta	1,500.00	7,000.00	105.00	Universal Realtors, Kolkata	July 25, 2011
	<b>Sub-Total</b>			<b>570.00</b>		
	Cost of Interior*	3,750.00	3,000.00	112.50	Sushilp Design Associates, Mumbai	July 30, 2011
	<b>Total</b>			<b>682.50</b>		

**\*Cost of Interior**

The cost of interior is based on the estimate dated July 30, 2011 provided by Sushilp Design Associates, Mumbai. As per the aforementioned estimate the cost of interiors for our above offices will be ₹ 3000 per sq.ft based on carpet area of the premises. The above interior work will include the following:

1. Civil work and Plumbing Work
2. POP and Painting Work
3. Electrical Work
4. Carpentry Work
5. Air Conditioners Fittings

**E. Additional Working Capital Margin Requirements**

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

Particulars	No. of Days	Working Capital Requirement FY 2011	No. of Days	Working Capital Requirement FY 2012	No. of Days	Working Capital Requirement FY 2013
		(Actual)		(Estimated)		(Projected)
<b>Current Assets</b>						
Sundry Debtors	207.40	1,770.25	156.43	2,001.00	156.43	3,573.86
Other Current Assets		195.32		454.00		536.00
Inventories	23.65	201.85	23.61	302.00	27.36	625.00

<b>Total Current Assets</b>		<b>2,167.42</b>		<b>2,757.00</b>		<b>4,734.86</b>
<b>Current Liabilities</b>						
Sundry Creditors	241.76	377.63	156.43	360.43	156.43	602.14
Other Liabilities		68.93				
Provisions		298.86		280.00		404.00
<b>Total Current Liabilities</b>		<b>745.42</b>		<b>640.43</b>		<b>1,006.14</b>
<b>Working Capital Gap</b>		<b>1,422.00</b>		<b>2,116.57</b>		<b>3,728.71</b>
<b>Less: Existing Bank Borrowings</b>		450.00		330.00		330.00
<b>Net Working Capital Requirement</b>		972.00		1,786.57		3,398.71
<b>Proposed Working Capital to be funded from IPO</b>		0.00		0.00		<b>1,612.14</b>
<b>Funding through Own Funds &amp; Additional Bank Borrowings</b>		<b>972.00</b>		<b>1,786.57</b>		<b>1,786.57</b>

## 2. Public Issue expenses

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

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

\* Will be incorporated after finalization of the Issue Price

## 3. General Corporate Purposes

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

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

Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Proceeds and increasing or

decreasing expenditure for a particular object vis-à-vis the utilization of Proceeds. In case of a shortfall in the Proceeds of the Issue, our management may explore a range of options which include utilisation of our internal accruals and/or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### **Appraisal Report**

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

### **Bridge Financing Facilities**

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

### **Interim Use of Funds**

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

### **Monitoring of Issue proceeds**

Our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal 2012 and 2013.

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

No part of the proceeds of this issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnel 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 Equity Shares through the Book Building Process. The face value of the Equity Shares is ₹ 10 each. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections titled 'Risk Factors' and 'Financial Information' on pages 14 and 117 respectively, of the Draft Red Herring Prospectus to get a more informed view before making the investment decision.

### Qualitative Factors

For details of Qualitative factors please refer to the heading 'Our Competitive Strengths' in the chapter titled "Our Business" beginning on page 74 of the Draft Red Herring Prospectus.

### Quantitative Factors

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

Period	Basic and Diluted EPS (₹)	Weightage
Fiscal 2011	5.80	3
Fiscal 2010	39.82	2
Fiscal 2009	104.60	1
<b>Weighted Average</b>	<b>33.61</b>	

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

- Based on the basic and diluted EPS of ₹ 5.80 as per restated financial statements for the year ended March 31, 2011, the P/E ratio is [●]\*
- Based on the weighted average EPS of ₹ 33.61, as per restated financial statements the P/E ratio is [●]\*

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

- Industry P/E

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

#### 3. Return on Net Worth

Period	Return on Net Worth (%)	Weights
Year ended March 31, 2011	36.02	3
Year ended March 31, 2010	20.33	2
Year ended March 31, 2009	67.02	1
<b>Weighted Average</b>	<b>35.96</b>	

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

The minimum return on increased net worth required to maintain pre-Issue EPS for the Fiscal 2011:

- Based on Basic and Diluted EPS of ₹ 5.80
  - At the Floor Price – [●] % based on restated financial statements.
  - At the Cap Price – [●] % based on restated financial statements.

B) Based on Weighted Average EPS of ₹ 33.61

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

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

#### 5. *Net Asset Value per Equity Share*

- As of March 31, 2011, ₹ 16.11
- NAV per Equity Share after the Issue is ₹ [●]
- Issue Price per Equity Share is ₹ [●]\*

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

#### 6. *Comparison of Accounting Ratios*

*There are no listed companies in India that engage in a business similar to that of our Company. Hence, it is not possible to provide an industry comparison in relation to our Company.*

7. The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price. The Issue Price of ₹ [●] is determined by our Company, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, please refer to the section titled 'Risk Factors', and chapters titled 'Our Business' and 'Financial Information' beginning on pages 14, 74 and 117 respectively of the Draft Red Herring Prospectus.

## STATEMENT OF TAX BENEFITS

**The Board of Directors,  
Abhitech Energycon Limited**  
A - 1020, Oberoi Garden Estates  
Chandivali Farms Road  
Chandivali, Mumbai – 400 072  
Maharashtra

Dear Sirs,

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

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

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

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

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

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

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

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

**For Awinash Verma & Associates  
Chartered Accountants**

**Awinash Verma**  
**(Proprietor)**  
Membership No. 102676

Date: September 20, 2011

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

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

The Company has claimed tax benefit u/s.80-IC of the Income-tax Act, 1961, as it has established manufacturing facility at Baddi in the State of Himachal Pradesh and carried out substantial expansion during the financial year 2007-2008.

Accordingly the company is eligible for deduction up to 100% of the Profits and Gains for Five Assessment Years commencing from the Assessment Year 2008-09 (i.e. Financial Year 2007-08) up to Assessment year 2012-13 and thereafter 30% of the Profit & Gains for the next financial years.

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

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

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

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

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.
2. Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
3. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after 1st October, 2004 and is liable to securities transaction tax.
4. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
5. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
  - (a) National Highway Authority of India constituted under Section 3 of The National highway Authority of India Act88;
  - (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 31st March, 2005 subject to fulfilment of conditions prescribed therein.
7. Under Section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 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 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. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

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

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

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

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

- (a) National Highway Authority of India constituted under Section 3 of The National highway Authority of India Act88;

- (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 15% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

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

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

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

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

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

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under the first proviso to Section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange

(as per exchange control regulations) (in cases not covered by Section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

4. Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
  - (a) National Highway Authority of India constituted under Section 3 of The National highway Authority of India Act88;
  - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

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

6. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:



- i. Under Section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
  - ii. Under provisions of Section 115F of the IT Act, long term capital gains (in cases not covered under Section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under Section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in Section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
  - iii. Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.
  - iv. In accordance with the provisions of Section 115H of the Act, a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
9. In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

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

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

#### **Notes:**

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

benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;

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

## SECTION VI – ABOUT US

### INDUSTRY OVERVIEW

***Disclaimer:** Pursuant to the requirements of the SEBI ICDR Regulations, the discussion on the business of Our Company in this Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. The industry in which we operate is relatively new and not extensively covered by publication houses or research firms, and as such the data presented in this section may not be entirely accurate and not give a comprehensive view of the industry in which we operate. Our Company acknowledges that certain products described in the Draft Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.*

*The information in this section is derived from various government/Industry Association publications and other sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

#### **Overview of Global and Indian Economy**

Global economy went through a turmoil in 2008-09 caused by subprime crisis mainly originated in U.S. but spread across the financial institutions in North America and Europe. Almost all the major economies took calibrated steps in providing stimulus through easing of monetary policy and quantitative easing. The global economy grew at 5.1% in CY2010 recovering from its dismal performance in CY2009 where the world economy decelerated to -0.5%. Amidst the fears of slowdown in U.S. and European economies due to rising sovereign debt in U.S. and Europe, first quarter of CY2011 witnessed annualized global economic growth of 4.3%.

*(Source: World Economic Outlook Update: June 17<sup>th</sup> 2011).*

In June, 2011, Federal Reserve cut U.S. economic growth forecast for CY2011 to 2.7%-2.9% from April 2011 forecast of 3.1%-3.3% and the same for CY2012 was cut to 3.3%-3.7% from April 2011 forecast of 3.5%-4.2%. However, recently, in many emerging economies like India and China, inflation pressures are emerging and there are some signs of overheating. Emerging economies have, in turn, responded by raising bank rates to curtail inflation. This might decelerate their growth rates to some extent. At the beginning of August 2011, U.S. avoided major uncertainty in the world markets by passing legislation to raise the U.S. debt limit by at least US\$2.1 trillion and to cut the federal spending by US\$ 2.4 trillion or more. This was followed S&P downgrading U.S. from AAA to AA+ and Moody's downgrading Japan from Aa2 to Aa3, on concerns about growing budget deficits, leading to a sharp correction in equity markets worldwide post U.S. downgrade. Euro Area is expected to grow at 2% in 2011 and 1.7% in 2012. *(Source: World Economic Outlook Update: June 17<sup>th</sup> 2011).*

IMF expects global output to expand by 4.3% in CY2011. In both CY2011 and CY2012, growth in emerging and developing economies is expected to remain buoyant at 6.6% and 6.4% respectively. Developing Asia region continues to grow most rapidly, but other emerging regions are also expected to continue their strong rebound.

India is likely to outpace growth rates of many advanced and emerging economies, though there will be some pressures from rising inflation slowing the demand and the rising global concerns. On account of weak global economic outlook, National Council of Applied Economic Research (NCAER), in July

2011, revised India's GDP growth forecast for 2011-12 to 8.3% from its April 2011 forecast of 8.5%. Indian economy grew by 7.7% in the first quarter of FY2012 as compared to 8.8% in the same quarter last year partly on account of poor growth of manufacturing sector which grew at 7.2%. In spite of that, in the longer run, the Indian economy will emerge to be one of the largest economies of the world in the next decade on account of favourable demographic profile and strong demand within the country, with an estimated gross domestic product (GDP) at current prices of ₹63.4 trillion (approximately US\$1.32 trillion).

*(Source: IMF World Economic Database October 2010.)*

According to Centre for Monitoring Indian Economy (CMIE), India's per capita GDP (at constant prices) has grown from around ₹14,959 in 1991 at the time of liberalization to ₹46,492 for the fiscal year 2009-10. This increase in per capita income has created increasing wealth coupled with a growing middle-class and rising disposable incomes. This has had a significant investment multiplier effect on the economy leading to increasing consumerism and wealth creation thus positively impacting savings.

### **Global Petroleum Additives Industry**

Additives are a substance or combination of substances that are mixed with a variety of products for different purposes (as shown in the below table).

<b>Types of Additives</b>	<b>Application</b>
<b>Cosmetic</b>	Moisturisers, UV absorbers, masking agents, emulsifiers, proteins
<b>Food</b>	Antioxidants, Flavours, food dyes
<b>Fuel</b>	Catalysts, stabilisers, functional additives
<b>Lube</b>	Antioxidants, dispersants, antiwear & EP additives, pour point depressants, viscosity modifiers & antifoamers
<b>Paint</b>	Wetting agents, dispersants, thixotropic, antisetling, antifoaming agents, defoamers, pH stabilisers, emulsifiers, biocides, corrosion inhibitors, plasticisers, thickeners, antiflotation agents, flow control agents
<b>Paper</b>	Retention Aids, formation aids, drainage aids, flocculants, defoamers, wet web strength additives, defoamers, biocides, dry strength additives, sizing agents, creping agents, dispersants, binders
<b>Polymer</b>	Speciality plasticisers, antioxidants, UV stabilisers, modifiers, flame retardants, antistatic agents

*Source: CARE Research*

Lubricating oil additives dominates the global petroleum additives market, followed by fuel oil additives. Fuel additives products represent roughly 30% of global petroleum additives. Fuel additives products are used for various applications. Number of automobiles and the frequency of changing fuel specific requirements in the vehicles are the primary drivers for fuel additive products. Fuel additive products are also used in energy intensive manufacturing industries. Europe represents the largest regional market for petroleum additives worldwide, followed by U.S. and Asia-Pacific. Growth-wise, Asia-Pacific is projected to be the fastest growing regional market for petroleum additives owing to rapid industrialization and growing vehicle ownership and usage. Refineries are one of the major consumer of fuel additives and globally also there are very few manufacturers of fuel additives. Some of the major global producers are Exxon Mobil, Chevron, Lubrizol, Baker Hughes, Shell, BASF, Honeywell, The Dow Chemical, British Petroleum, etc.

*Source: CARE Research*

### **Fuel Additives Industry**

Fuel additives are largely associated with additives to gasoline, diesel and oil based fuels in the interest of environmental protection, curbing emissions and increasing mileage. Fuel additives are compounds formulated with the main purpose of improving fuel efficiency through catalytically enhancing the combustion process (as anti-oxidants), and reduce harmful emissions via a more complete burn. CARE Research estimates the market size of Indian fuel additive industry to be around ₹ 400 crores, which is largely met through imports. There are many different types of additives; all of them have different purposes.

When crude petroleum oil is refined, a variety of fuels, lubricants and petro-chemicals are extracted from it. The residue that remains is technically a waste product, but commercially it is very important as it supplies the ever increasing demands for industrial energy. Since fuel oil is a residue that remains after the refined products are removed from the crude oil, the impurities in the original crude oil are concentrated in the residue. With advances in petroleum technology, the oil companies are able to extract higher grade products from the crude oil and very little residue remains. This residue is consequently more concentrated with the impurities in the original crude.

An additive is an extraneous substance that is added to a substance in very small quantities to enhance the existing properties of the substance, to impart some desirable properties to the substance, or to suppress certain properties.

Fuel oil is a residue that remains after crude oil is refined. The properties of fuel oil like viscosity, sludge content, presence of paraffinic and asphaltic particles and sulphur pose difficulties in the combustion of fuel oil. By treating the fuel with a suitable additive, many of these difficulties can be overcome and thermal energy can be extracted from the fuel to the fullest extent.

### **Fuel additives is divided into three main groups: Gasoline additives, Diesel Additives and Others**

**Gasoline Additive:** The growth in gasoline additive use largely reflects developments in engine design and refinery operations. Some of the major gasoline additives used are:

- **Antiknock Agents** is a gasoline additive that works to reduce engine knocking while trying to increase the octane rating of the fuel. The mixture of air and gas in a traditional car engine has a problem with igniting too early and when it does, it causes a knocking noise. Antiknock agents enable vehicle designers to increase engine compression ratios to levels which gave acceptable efficiency and performance.
- **Antioxidants** is the biggest single gasoline distribution system additive which are used as a stabilizer in fuel to prevent oxidation. Gasoline contains unstable species such as olefins and dienes, and these can polymerise to form gums. The gums are carried forward into the engine system, and can lead to malfunctioning and breakdown. Such problems can be avoided by introducing antioxidant chemicals into products within the refinery.
- **Anti-static additive** improves fuel conductivity and reduce the potential for static buildup

- **Metal deactivators** are fuel/lubricant additives that are used to stabilize the fuel by deactivating metal ions. Metal deactivators inhibit the formation of gummy residues. An example of a metal deactivator that is often used for gasoline is N,N'-disalicylidene-1,2-propanediamine.
- **Dyes** are used to distinguish between different commercial types of gasoline. They are used to distinguish products under different tax regimes, and to identify leaded/unleaded gasolines
- **Demulsifiers** are used to stabilise emulsions, which can have detrimental effects on gasoline quality and performance
- **Corrosion inhibitors** – these chemical compounds slow down metal corrosion. A good corrosion inhibitor will give 95% inhibition in certain circumstances. Examples of some corrosion inhibitors are sodium nitrite, hexamine, and phenylenediamine.
- **Deposit control additives (DCA)** are used to keep the whole fuel system completely clean and free of extraneous matter. Some of the common DCA used are: amides, amines, amine carboxylates, polybutene succinimides, polyether amines and polyolefin amines.

**Diesel Additive:** The growth in diesel additive reflects the impact of growing diesel fuel demand and the changing technology of diesel engines

- **Wax crystal modifiers or Flow improver** was the key to increasing diesel fuel availability. Without these additives, it is likely that in winter the performance of diesel vehicles could not be maintained without additional costs in refineries or vehicle fuel systems.
- **Corrosion inhibitors** – these chemical compounds slow down metal corrosion. A good corrosion inhibitor will give 95% inhibition in certain circumstances. Examples of some corrosion inhibitors are sodium nitrite, hexamine, and phenylenediamine.
- **Demulsifiers** are generally used in combination with diesel fuel detergents. **Detergents** on their own are powerful surfactants, and in wet distribution systems they can cause the formation of undesirable fuel-water emulsions and hazes. Demulsifiers effectively counter these side-effects.
- **Antifoams** - All diesel fuels have a natural tendency to produce foam when pumped from a service tank into a vehicle's tank (mainly in passenger cars vehicle). This irritating aspect of fuel performance can be improved by the addition of a small amount of antifoam to the fuel.
- **Diesel fuel stabilizers** help fuels to be stored for prolonged periods. During storage period, if the fuel contains trace amounts of olefins, nitrogen compounds, organic acids, or dissolved metals, the fuel may degrade. Fuel can become dark, and in extreme circumstances throw gummy deposits out of solution which may block filters. This problem can be mitigated by diesel stabilizer additives.
- **Cetane improvers** are required to maintain or increase cetane number, the key indicator of diesel fuel ignition quality

**Others:** There are several other fuel additives which are used in Aviation Turbine Fuel and other fuels.

#### List of some of the approved fuel additives in India as per Bureau of Indian Standard

Category	Products
Antioxidants	2,6-ditertiary-butyl-4-methyl-phenol, 2,4-dimethyl-6-tertiary-butyl- phenol, 2,6-ditertiary-butyl-phenol, etc
Metal Deactivator Additive	N, N'-disalicylidene 1, 2-propanediamine
Static Dissipater Additive	Stadis® 450
Corrosion inhibitor	Apollo PRI-19, Hitec 580, Octel DCI-4A/6A, Nalco 5403, Tolad 4410
Fuel System Icing Inhibitor	Diethylene Glycol Monomethyl Ether

*Source: BIS, CARE Research*

#### Advantages

While additives can be added for many purposes, it has two main functions:

- ☐ Improve fuel efficiency through catalytically enhancing the combustion process
- ☐ Reduce emissions via a more complete burn

**Demand for fuel additive products are driven by many factors. Some of them are listed below:**

- ☐ Growth in regional markets and the need for secure supply
- ☐ Advent of alternative fuels such as biofuels and GTL (gas to liquid)
- ☐ Regulatory requirements for registration of chemicals
- ☐ Changes in base stock types and sources
- ☐ Changes in engine design, fuel specifications and exhaust after-treatment technology

Automobile sector and energy intensive manufacturing industries such as fertilizer, refining, iron and steel, aluminium, cement, paper, etc. are the primary consumer of fuel additive products.

*Source: CARE Research*

### **The Way ahead**

The government is making stringent fuel specific requirement in phased manner (which is in-line with EU specifications) in order to control emission from vehicles and reduce air pollution. From April 2010 onwards, the government has mandated to follow Bharat Stage IV requirement in 13 major cities (namely Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Surat, Kanpur, Agra, Lucknow and Sholapur) and Bharat Stage III for the remaining. From April 2014 onwards, the remaining cities will also be upgraded to Bharat Stage IV. Such policy changes will lead to increased demand for fuel additive products in India.

In India, diesel consumption far exceeds petrol consumption, except in the metros. The emission regulations for the diesel fuel quality are expected to be significantly tightened in the coming years. This reinforces the opportunity available for fuel additives product in the coming years.

According to World Bank Report (Dec 2009), India is among the top 10 emitters of carbon-di-oxide. Power generation, energy-intensive industries (such as fertilizer, refining, iron and steel, aluminium, cement and paper), transportation, commercial buildings and residential housing are the major contributors of pollution. The current five year plan targets to improve the carbon intensity by 19% by 2020. In order to bring improvement in carbon intensity, India will have to make an all-out effort to invest in nuclear and emerging technologies (concentrating solar power, wind energy, etc) and improve the fuel efficiency of existing industries. Fuel additive products will help in improving the fuel efficiency.

*Source: CARE Research*

## **BUSINESS OVERVIEW**

Our Company is engaged in business of manufacturing of fuel additives for solid and petroleum fuels. It was originally incorporated as Abhitech Energycon Services Private Limited on October 10, 1997. Subsequently, it was renamed as Abhitech Energycon Private Limited on July 17, 2003. Thereafter, it was converted into a public company on August 13, 2003 and in pursuance thereof the name of the Company further changed to Abhitech Energycon Limited. Our Company is promoted by Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite.

Our products are broadly classified in two categories i.e. additives for solid fuel and additives for petroleum fuel. We manufacture and market multifunctional fuel additives for petroleum fuels and solid fuels. Our products are aimed at catalyzing combustion of various fuels and are useful in the field of energy conservation by ensuring complete combustion and reducing emissions. Our **THERMOL** range of petroleum fuel combustion catalyst i.e. **THERMOL** for Heavy Fuel Oils, **THERMOL-D** for Diesel, **THERMOL-P** for Petrol, **THERMOL THUNDER** for 2 wheelers and the solid fuel combustion catalyst **THERMACT** for coal, **THERMACT-B** for Bagasse, **THERMACT BIOsp** for Biomass, **THERMACT-L** for Lignite and **THERMACT-BR** for brick kilns are established, as the combustion catalysts, giving benefits to the customers.

Our Company is headquartered in Mumbai India. Our manufacturing plant is located at Baddi, Himachal Pradesh. Our products are also exported to countries like Nepal, Cambodia, Slovenia, Brazil and Sri Lanka.

Our Turnover and Profit after tax, as restated, for the past 5 years are as disclosed below:

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Turnover (₹)	3,115.39	2,482.73	2,106.84	1,304.96	830.78
PAT (₹)	551.38	199.10	262.21	211.58	(12.53)

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

Sr. No.	Customer Name	Year ended March 31, 2011	
		Amount (₹)	% of Gross Sales
1.	Reliance Communications Infrastructure Limited	9,21,63,022	29.58%
2.	Impakta ENI D.O.O	1,51,71,465	4.87%
3.	The Durgapur Projects Limited	1,05,60,156	3.39%
4.	Sitapuram Power Limited	66,66,000	2.14%
5.	Shri Hiranyakeshi Sahakari Sakkare Karkhane Niyamit	64,38,750	2.07%



## **Location of the manufacturing unit**

### **Existing**

Our Company has its manufacturing unit, situated in Baddi, Himachal Pradesh which has a capacity to manufacture 1,000 litres of liquid fuel additive per day and 2,500 kgs of solid fuel additive per day. Our registered office is situated in Mumbai. For further details of our locations, please refer to the paragraph titled “Property”, beginning on page 83 of this Draft Red Herring Prospectus.

From the Issue Proceeds, our Company proposes to set up a new manufacturing facility for the manufacturing of fuel additives in Baddi, Himachal Pradesh, which shall have a capacity to manufacture 10,000 litres of liquid fuel additive per day and 25,000 kgs of solid fuel additive per day. For further details please refer to the chapter titled ‘*Objects of the Issue*’ beginning on page 52 of the Draft Red Herring Prospectus.

### **Our Competitive Strengths**

#### **1. Experienced and qualified management team**

Our management team is well experienced in the industry and is instrumental in sustained growth of our operations. Our founder and Chairman & Managing Director, Mr. Ganesh Dattaraya Samant, holds Bachelor’s degree in Engineering (Mechanical) and Masters in Technology in Material Science from IIT , Mumbai. He has more than 18 years of experience in this business. He is one of the Promoter Directors of our Company and is responsible for the overall functioning, operations and growth of our Company. Our CEO Mr. Prasad Samant has over more than 23 years of experience in the field of product handling and manufacturing operations. Our Chief Technical Officer, Mr. Vijay Kamble holds a Bachelor’s degree in Engineering (Mechanical). He has over 13 years of experience in Chemical industry and responsible for conducting trials at the customers site.

#### **2. Long term relationship with reputed clients**

We believe that our client-oriented approach enables us to develop long-term relationships with our clients and receive repeat orders from them. As of March 31, 2011, 35.04% of our revenues comprised of repeat orders works from top Clients.

### **Future Prospects/ Business Strategy**

We believe that our strength is the scale of our operations and quality of products, which we offer to our customers. Our core business strategy is to further expand our operations by undertaking large scale forward and backward integration projects to continuously add new activities in our portfolio. We have laid down the following core business strategies:

#### **1. Increase in our capacities by modernizing and automation**

We currently operate our business through our existing unit at Baddi, Himachal Pradesh, which has a capacity to manufacture 1,000 litres of liquid fuel additive per day and 2,500 kgs of solid fuel additive per day. With our new proposed facility, we intend to increase our capacities manifold. The new facility shall have a capacity to manufacture 10,000 litres of liquid fuel additive per day and 25,000 kgs of solid fuel additive per day, with new machineries having better automation and efficiency.

#### **2. Increase the presence by increasing the distribution channel**

We currently operate our business through dealers in different region. We intend to increase the existing distribution channel by adding 3 marketing/distribution offices, details of the same is mentioned in this DRHP on page number 56 of this Draft Red Herring Prospectus. With our presence in these locations, we

would be able to successfully implement our growth strategy and expansion plans, and to successfully tie-up various distributors and dealers shall increase our profitability accordingly.

### 3. Increase the customer base

Based on our standalone restated financial statements, our top ten (10) customers contributed 47.32% of our sales in Fiscal 2010 and 48.41% in Fiscal 2011. While our Company has been doing business with these customers for some time, we do not have any legally binding agreements or commitments to supply to them in the future. Hence, we are constantly trying to develop our customer base to mitigate dependencies. Setting up offices in New Delhi, Bangalore and Kolkata is one of the ways through which we shall endeavour to entrench our products with new clients in new locations through trials, demonstrations and presentations to our potential clients.

#### Our Products

Our products are useful in the field of energy conservation and pollution control. They are aimed at solving the problems related to combustion of various fuels and reduce associated cost by ensuring complete combustion of the fuels and reducing emissions. Our products find application in industries like Pharmaceuticals, Steel, Sponge iron, Chemical, Automobiles, Shipping, Mining, Hotels, Sugar and Power. Our Products are broadly classified in two categories i.e. additives for solid fuel and additives for petroleum fuel.

- Additives for Solid Fuel: -

- THERMACT - for Coal, Lignite, Biomass
- THERMACT B - for Bagasse
- THERMACT BR - for Brick Kilns
- THERMACT-BIOsp –for Biomass

- Additives for Petroleum Fuel: -

- THERMOL - for Furnace Oil, LSHS, LDO
- THERMOL P - for Petrol
- THERMOL D - for Diesel
- THERMOL THUNDER – (Petrol) for Two and Three Wheelers

#### **Description of Product Segment**

##### Additives for Solid Fuels

### **THERMACT™**

THERMACT is a multifunctional solid fuel additive. It is a multifunctional thermo-active powder, specially developed to improve the combustion efficiency of solid fuels used in Thermal Power generation. It contains proprietary combustion catalyst which helps in complete combustion of coal thereby reducing the unburnt particles in ash. THERMACT also helps in reduction of Suspended Particulate Matter (SPM). THERMACT takes advantage of the inherent moisture present in solid fuels to generate gases like Carbon Monoxide (CO), Hydrogen (H<sub>2</sub>) and Oxygen (O<sub>2</sub>) which help in extraction of more heat from the fuel. THERMACT also helps in reduction of excess air requirement thereby preventing heat losses. One of the benefits of THERMACT is the elimination of slag and clinker formation. This helps in reduction of problems related to combustion and associated costs of energy generation. It is currently being used by various coal based power plants not only in India but also in countries like Brazil, Germany, Czech Republic and Chile.

### **THERMACT™ - B**

THERMACT-B is a multifunctional solid fuel additive. This additive is used with Bagasse. This product is used by many sugar mills and is helping the sugar industry in reducing the Bagasse consumption as well as improving the combustion efficiency. In today's era of competition and continued escalation in input cost and reduction in margins, THERMACT-B, a multifunctional combustion improver additive, is an efficient tool for Sugar industry to reduce the cost and improve the boiler efficiency, thereby increasing CO generation and improving the profitability. THERMACT-B is currently being used by various sugar mills in India and Brazil.

## **THERMACT™ - BR**

THERMACT-BR is an additive for usage in Brick Kilns, which helps in complete combustion of fuels and increases the heat value, resulting in lower consumption of fuels. Due to the extra heat generated with usage of THERMACT-BR the baking of bricks is uniform, resulting in higher percentage of better quality bricks. Usage of THERMACT-BR improves the percentage of first quality of bricks. Its usage reduces percentage of lower quality production resulting less wastage. This helps in better price realization increasing profitability. THERMACT-BR helps in reducing fuel consumption.

## **THERMACT™ - BIO<sub>sp</sub>**

Globally, the usage of biomass fuels is gaining importance for electricity generation due to its local availability and competitive cost advantage. Small biomass fuel plants have other advantages like lower investment and quick setup time. Biomass fuel plants are environment friendly and help in reducing global warming as they use renewable resources and reduce the dependence on fossil fuel based electricity generation. But due to high moisture content, large amount of heat is lost leading to incomplete combustion. The presence of alkaline metals in these fuels gives rise to formation of slag and clinkers which reduces the boiler efficiency. THERMACT-BIO<sub>sp</sub> contains proprietary combustion catalyst, which helps in complete combustion and enhances the boiler efficiency of Biomass fired Boilers. It is totally non-hazardous, environment friendly and safe to use in any type of solid fuel boilers. THERMACT-BIO<sub>sp</sub> is currently being used by various biomass power plants, both in India and abroad.

### **Additives for Petroleum Fuels**

## **THERMOL™**

THERMOL is an eco-friendly multi-functional fuel additive developed by our Company in association with IIT, Bombay. THERMOL contains a unique combustion improver and other components, which functions in both pre-combustion and during combustion phase and can be used with all liquid fuels such as Furnace Oil, Low Sulphur Heavy Stock (LSHS), Light Diesel Oil (LDO), and various grades of marine fuels. THERMOL can be used in various applications such as Boilers/ Thermic Fluid Heaters, Thermo Pack, Furnaces, Diesel Generator (DG) Sets, Marine vessels. The core technology of THERMOL helps in complete combustion of fuels and also helps in maintaining cleanliness of the entire fuel system components. THERMOL is completely organic, non-hazardous, environmental friendly and non-corrosive. THERMOL has been used as fuel oil additive in the industrial sector both in India and abroad.

## **THERMOL™ - P**

THERMOL-P is a petrol additive, which helps in complete combustion of petrol and also cleans up the entire fuel system right from the fuel tank to the combustion chamber. THERMOL-P keeps the engine free from all kinds of deposit build-up. It removes even the existing deposits. THERMOL-P works on all petrol vehicles. It assists the process of complete burning of petrol and cleaning up of the deposits formed in the entire fuel system - carburetor, injectors intake manifold intake valves and the combustion chamber. With THERMOL-P the petrol burns completely inside the engine no matter what quality of petrol the engine is running on. The recommended dosage for THERMOL-P is one ml for every two litres of petrol.

THERMOL-P helps in complete burning of fuels and it also reduces harmful emissions of carbon monoxide and hydrocarbons.

## **THERMOL™ - D**

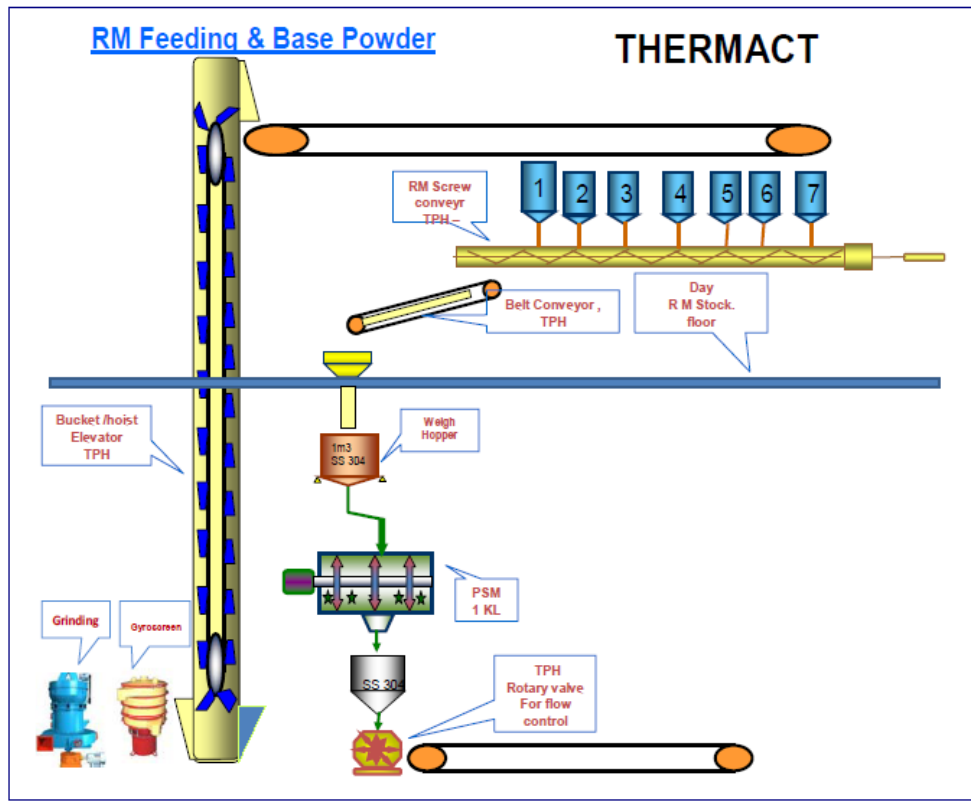
THERMOL-D is a diesel fuel additive, which helps in complete combustion of diesel and also cleans up the entire fuel system right from the diesel tank to the injectors. THERMOL-D contains a clean burning, additive system, with several carefully balanced components. It not only helps in complete combustion, but also keeps the engine free from all kinds of deposit build-up. It actually removes the existing injector deposits, restoring the injectors to their original condition and makes the engine to increase its performance. THERMOL-D works on all types of diesel engines- both direct and indirect injection types. It also provides lubricity to the fuel pump. The recommended dosage for THERMOL-D is one ml for every two litres of diesel. THERMOL-D helps in complete burning of diesel and it also reduces harmful emissions of carbon monoxide, hydrocarbons, nitrogen oxides, soot and black smoke. THERMOL-D is currently being used by customers in India and is also being exported to countries like United Arab Emirates, Hungary, Indonesia, Malaysia, Nigeria, Singapore and Sri Lanka.

## **THERMOL™ - THUNDER**

THERMOL-THUNDER is a fuel additive, which helps in complete combustion of petrol and also cleans up the entire fuel system right from your petrol tank to the combustion chamber. THERMOL-THUNDER works on all makes of motor-cycles, scooters and three-wheelers. THERMOL-THUNDER is an additive which helps in cleaning of rust like deposits formed on various components of a two wheeler engine. Because of this quality, THERMOL-THUNDER is recommended by service personnel of two wheeler OEM's.

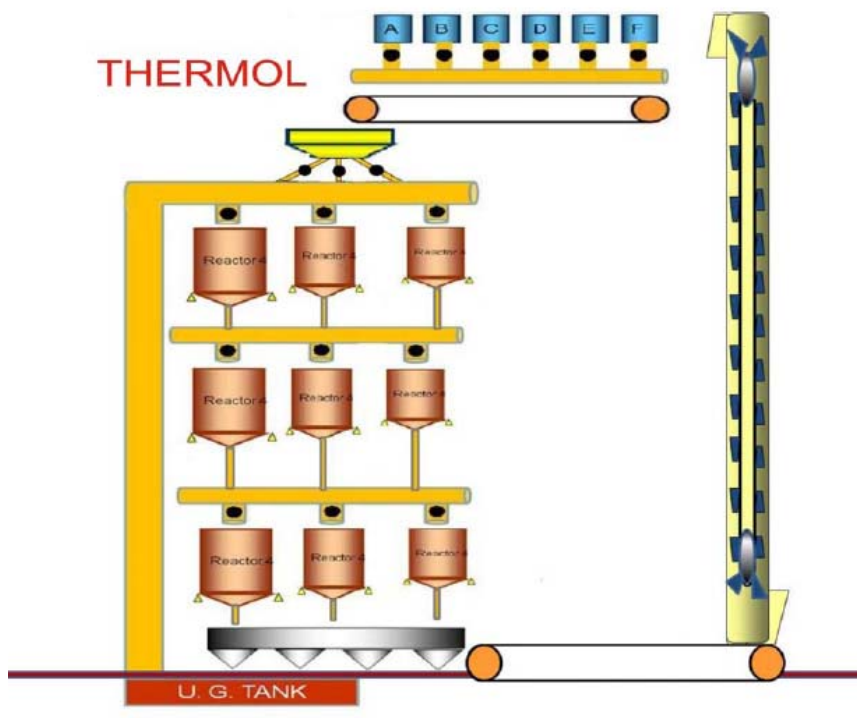
### **Major Products and their Manufacturing Process**

#### **a) Thermact**



Base material is received and tested as per the norms. The required granular size is selected through the process of grinding and screening. The output of this process is stored in Silo number 1 with the help of Bucket/Hoist and Conveyors. The proprietary combustion catalysts are processed in-house and stored in various Silos. The required batch quantity is taken for production in Weigh Hopper with the help of belt Conveyor & Screw Feeders. Perfect batch quantity is transferred to PSM. The output of PSM is stored in Silo, which is connected to the packing unit, as per the different packing sizes and customer needs.

b) **Thermol**



Base material is received and tested as per the norms. The required granular size is selected through the process of grinding and screening. The output of this process is stored in Silo number 1 with the help of Bucket/Hoist and Conveyors. The proprietary combustion catalysts are processed in-house and stored in various Silos. The required batch quantity is taken for production in Weigh Hopper with the help of belt Conveyor & Screw Feeders. Perfect batch quantity is transferred to PSM. The output of PSM is stored in Silo, which is connected to the packing unit, as per the different packing sizes and customer needs.

**Plant & Machinery**

Our Company has the necessary plant and machineries to manufacture the above-mentioned products. The major machineries installed at our unit at Baddi include Gas Analyser, Vibrating feeder, Packing and Labelling machines, blending vessel, auto bottle feeding vessel.

For details of the Plant and Machineries proposed to be procured for the new facility, please refer to page 55 of the DRHP

**Testing facilities**

Our Company is in the process of manufacturing fuel additives. As on date, we do not have a full fledged testing laboratory. We are dependent on the client or external testing agencies to test the efficacy of our products

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

**Collaborations**

We have not entered into any technical or other collaboration.

### **SALES AND DISTRIBUTION**

Our Company supplies the products directly to the end-users for majority of the industrial business. For export business, tie-up with various distributors is essential to keep the continuity of supplies to the end-users. We have young and dynamic teams of Marketing and Technical personnel to provide back up support to the end user. This team exclusively concentrates on developing the business further and towards customer entrenchment.

### **FACILITIES**

Our registered office is situated at Mumbai and our plant is located at Baddi, Himachal Pradesh.

#### **Infrastructure Facilities**

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

<b>Unit</b>	<b>Name of Raw Material</b>
Baddi Unit	Activated carbon, Solvents and proprietary combustion catalysts

We source out raw materials from the domestic suppliers. The quality of the raw materials is checked before they are put to use. The raw materials are stored under conducive conditions, depending upon the nature of the raw materials. Our raw materials are freely available from various suppliers, and we order them on a need basis, depending on the orders on hand and the estimate provided by the production and marketing team. We do not enter into any long-term contracts with the raw material suppliers.

#### **Utilities**

Our Company mainly requires the following utilities: -

##### ***Power***

Our Company receives power supply from Himachal Pradesh State Electricity Board (HPSEB), which is adequate to carry our manufacturing activities. We have been sanctioned a load of 30 KW High Tension connection.

##### ***Water***

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

##### ***Environment aspect:***

Our Company is committed to preserve the environment and minimize emissions and effluents. We do not release any harmful effluents in the environment. However, we comply with the pollution levels specified and have licences issued by the Pollution Control Board.

#### **Manpower**

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

<b>Description</b>	<b>Baddi</b>	<b>Other locations</b>	<b>Registered Office</b>
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Description	Baddi	Other locations	Registered Office
Senior Management	1	10	26
Middle Management	2	26	15
Technical Executives	6	42	25
Office/Support staff/Casual	12	65	52
<b>Total</b>	<b>21</b>	<b>143</b>	<b>118</b>

Our Proposed Manpower Requirement is as detailed below for our expansion plan at Baddi, Himachal Pradesh and will be through local recruits: -

Description	Baddi	Registered Office
Senior Management	3	40
Middle Management	6	25
Technical Executives	12	55
Office/Support staff/Casual	28	80
<b>Total</b>	<b>49</b>	<b>200</b>

### Capacity & Capacity Utilization

#### Thermol (Ltrs)

Particulars	FY 2009	FY 2010	FY 2011
Installed Capacity (TPA)	300000	300000	300000
Total Production (Tonnes)	87588	119703	166044
Capacity Utilisation (%)	29.20	39.90	55.35

#### Thermact (Kgs.)

Particulars	FY 2009	FY 2010	FY 2011
Installed Capacity (TPA)	750000	750000	750000
Total Production (Tonnes)	563670	593400	527490
Capacity Utilisation (%)	75.16	79.12	70.33

### Past Production Figures Industry wise

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

### Competition

Few competitors exist in the market like Exxon Mobil Elf Lubricants. However we endeavor to differentiate from those based on parameters like product quality, affordability and cost and product reach and availability.

### Approach to Marketing and Marketing Set-up

Our Company supplies the products directly to the end-users for majority of the industrial business. For export business, tie-up with various distributors is essential to keep the continuity of supplies to the end-users. We have young and dynamic teams of Marketing and Technical personnel to provide back up



support to the end user. This team exclusively concentrates on developing the business further and towards customer entrenchment.

We have appointed different Regional Heads in each zone. Each zone is headed by a Business Head, followed by Regional Manager, Dy. Regional Manager, Sales Manager & Sales Executives. The Business Heads and their team contact different clients present in the region and organize for the presentations. Based on the size and business potential of the customer, the presentation pitch is made by the Directors or the Business Heads. A techno-commercial proposal is submitted to the client to avail the order. Subsequently, once the orders are received, the product is supplied, our technical team visits the clients. We conduct the pre-trial (without additive) and post-trial (with additive) for 30 – 60 days. The results are then compared and submitted to the plant showing the efficacy of the products and fuel savings. Based on the reports and results during the trial, we are able to generate regular orders.

### **Future Prospects**

Petroleum products are the main consumer of fuel additive products. Domestic demand for petroleum products has grown at the rate of 5.2% CAGR since FY06 driven by improved demand for petrol (10.3%), ATF (8.8%), Diesel (8.4%), LPG (5.8%) and Others (1.9%). IEA forecasts India's fuel demand to increase at 3.6% in CY2011 and 3.8% in CY2012 led by increased demand for diesel and gasoline from automobile and industrial sector. Diesel is the most commonly fuel used in India, with 41% share in FY10, followed by Petrol (9%), LPG gas (9%), Kerosene (7%) & ATF (3%).

Fuel quality standards for transport fuels in India are developed through the Auto Fuel Policy, legislated under the Environmental Protection Act and classified under the Bureau of Indian Standards. The Ministry of Petroleum and Natural Gas implements these standards with the assistance of oil industry.

The government is making stringent fuel specific requirement in phased manner (which is in-line with European Union specifications) in order to control emission from vehicles and reduce air pollution. From April 2010 onwards, the government has mandated to follow Bharat Stage IV requirement in 13 major cities (namely Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Surat, Kanpur, Agra, Lucknow and Sholapur) and Bharat Stage III for the remaining. From April 2014 onwards, the remaining cities will also be upgraded to Bharat Stage IV. Such policy changes will lead to increased demand for fuel additive products in India.

In India, diesel consumption far exceeds petrol consumption, except in the metros. The emission regulations for the diesel fuel quality are expected to be significantly tightened in the coming years. This reinforces the opportunity available for fuel additives product in the coming years.

*(Source: CARE Research, September 2011)*

### **Export Possibilities & Export Obligation**

Our Company is currently exporting to countries like Nepal, Slovenia, Cambodia, Brazil and Sri Lanka, Chile, Germany etc. We are constantly tapping new markets to have tie ups with reputed distributors. Currently, the Company does not have any outstanding export obligations.

### **PROPERTY**

Our Company occupies certain properties on leasehold, licence and on ownership basis, as under:

<b>Details of the Property</b>	<b>Use</b>	<b>Owned/ Leased</b>	<b>Licensor/Lessor/Vendor</b>	<b>Consideration/ Lease Rental/ License Fees (₹)</b>
A-1020, Oberoi Gardens Estate Chandivali Farms Road, Chandivali, Mumbai – 400072	Registered Office	Owned	M/s Wellworth Developers	75,03,550/-

Plot No.189, HPSIDC Industrial Area, Baddi, Dist. Solan, Himachal Pradesh – 173205	Plant	Leased	Mrs. Sudesh Kumari	<b>Monthly Rent:</b> - 29,500/-  <b>Security Deposit:</b> - 88,500/-
Plot No. 81, DIC Industrial Area, Baddi, Tehsil Baddi, District Solan, Himachal Pradesh	Godown	Leased	RNG Sintex Private Limited	<b>Monthly Rent:</b> - 35,000/-  <b>Security Deposit:</b> – 75,000/-
Flat No. 213, 3 <sup>rd</sup> Floor, Sanskriti Apartments, Sector 19 / B, Dwarka Delhi – 75.	Guest House	Leased	Mrs. Sonia Gupta	<b>Monthly Rent:</b> - 24,200/- with an increase of 10% after a period of 1 (one) year.
Duplec-17,Gymkhana Palm Residency, Sampur Bhuneshwar District Kurda	Guest House	Leased	Mr. Bulu Mohapatra	<b>Monthly Rent:</b> - 15,000/-  <b>Security Deposit:</b> - 30,000/-
Chinthamani Paradise, S.N 79, Hissa No. 15, House No.4 Kothrud Pune - 38	Guest House	Leased in favour of an employee of the Company but used for the purposes of our Company	Mr. Durgesh Sukhtankar and Mrs. Nilima Sukhtankar through their constituted Attorney Mr. Sudhir Sukhtankar	<b>Monthly Rent:</b> - 15,000/-  <b>Security Deposit:</b> - 50,000/-
Flat G-2, Old No.6, New No.7 Salma Spring Field Castle Salma Shelters, MG Chakkrapani Street, Saligramam, Chennai – 93.	Guest House	Leased	Mrs. V. Divya	<b>Monthly Rent:</b> - 19,760/-  <b>Security Deposit:</b> - 1,90,000/-
Property situated at Gangotri CTS No. 286, First Floor, F-6, Ganga Shankar Apartment, Agarkar Road, Tilkawadi, Belgaum - 590006	Guest House	Leased	Mr. Deepak P. Jangale	<b>Monthly Rent:</b> - 8,000/-  <b>Security Deposit:</b> - 75,000/-
2nd Floor Nandna, Flat No.202, Nandanvan Society Arunody Circle, Alkapuri Vadodara Gujarat	Guest House	Leased in favour of an employee of the Company but used for the purposes of the Company	Mrs. Rameshwari Muarya	<b>Monthly Rent:</b> - 16,500/-  <b>Security Deposit:</b> - 33,000/-


Flat G, Ground Floor, 16E Dover Lane, P. S. Garihata, P.O Sarat Bose Road, Kolkatta – 700 029	Guest House	Leased	Mr. Partha Sarathi Ghosh	<b>Monthly Rent:</b> - 7,273/-  <b>Security Deposit:</b> - 40,000/-
Property situated at Plot No. 52, Siddrameshwar Colony, Opposite Laxmi Nagarr, Jamkhandi Talup Dist. Bagalkot	Guest House	Leased	Mr. Abdulgani A. Gundagi	<b>Monthly Deposit:</b> - 3,500/-  <b>Security Deposit:</b> - 20,000/-
Gen. Pily 1B/3036, Ostrava – Moravska, Czech Republic.	Guest House	Leased	Rosstislav Maly	<b>Rent:</b> - 25,000 CZK on quarterly basis
Room No. 4614, 46/8, Flat No. 15 Kota, Raipur, Chattisgarh.	Guest House	Leased in favour of Director of the Company but used for the purposes of the Company	Mrs. Preeti Deshpande	<b>Monthly Rent:</b> - 5,000/-  <b>Security Deposit:</b> - 10,000/-

The entity who owns the land on which our manufacturing unit is located, does not have any relationship with any of our Promoters and/or Directors. We do not require any approvals pertaining to occupation of the land on which our manufacturing facility is located. Save and except the mortgage created in favour of our lender on the Registered Office of our Company, the aforesaid immovable properties are free from encumbrances.

### INTELLECTUAL PROPERTY

#### **Trademark**

Our Company has procured the following Trademark Registrations: -

Sr. No.	Mark	Certification Date	Issuing Authority	Description of Class
1.	<b>THERMOL™ - D</b>	September 1, 2005	Registrar of Trademarks	1
2.	<b>THERMACT™</b>	September 5, 2005	Registrar of Trademarks	4
3.	<b>THERMOL™ - P</b>	November 24, 2005	Registrar of Trademarks	1
4.	<b>THERMACT™</b>	November 29, 2005	Registrar of Trademarks	1
5.	<b>THERMOL™</b>	August 29, 2005	Registrar of Trademarks	1
6.	<b>THERMACT™ - B</b>	February 23, 2008	Registrar of Trademarks	1
7.		November 29, 2005	Registrar of Trademarks	1

**Royalty Agreement**

Our Company has entered into a Royalty Agreement dated May 23, 2006 (renewed by the Royalty Renewal Agreement dated May 20, 2011) with our Promoter Director, Mr. Ganesh Samant for use of technology developed and owned by him. Our Company uses this technology for manufacture of its products being “Thermol” and “Thermact”. Under the said agreement, our Company has agreed to pay a consideration being 2% of “Net Sales” of the Company to Mr. Ganesh Samant. The agreement is valid upto May 22, 2016.

**Insurance**

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

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

## **KEY INDUSTRY REGULATIONS AND POLICIES**

There are no specific laws in India governing the industry in which we operate in India. The significant legislations and regulations that generally govern our industry in India are acts such as the Income Tax Act, 1961, Service Tax Rules, 1994, Employees State Insurance Act, 1948, Bombay Shops and Establishment Act, 1948, Shops & Establishment Act of the other states in India, Employees Provident Fund and Miscellaneous Act 1952, Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 and such other acts as applicable.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History of our Company

Our Company was originally incorporated as Abhitech Energycon Services Private Limited on October 10, 1997. Subsequently, it was renamed as Abhitech Energycon Private Limited on July 17, 2003. Thereafter, it was converted into a public company on August 13, 2003 and in pursuance thereof the name of the Company further changed to Abhitech Energycon Limited. Our corporate identification number is U74210MH1997PLC111233.

Our Company is promoted by Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite. Our Company is engaged in business of manufacturing of fuel additives for solid and petroleum fuels. We manufacture and market multifunctional fuel additives for petroleum fuels and solid fuels. Our products are aimed at catalyzing the combustion of various fuels and are useful in the field of energy conservation by ensuring complete combustion and reducing emissions. Currently, our Company has its manufacturing facility at Baddi, Himachal Pradesh.

The current installed capacity of our Baddi unit is 1,000 litres of liquid fuel additive per day and 2,500 kgs of solid fuel additive per day. Our Company's products are also exported to countries like Nepal, Cambodia, Slovenia, Brazil and Sri Lanka.

For further details of our Company's activities, products and the growth of our Company, please refer to the chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 74 and 135 respectively, of the Draft Red Herring Prospectus respectively.

### Changes in our Registered Office:

Our Company's Registered Office is currently situated at A-1020, Oberoi Garden Estates, Chandivali farms Road, Chandivali, Mumbai – 400 072, Maharashtra. Details of changes in the address of the Registered Office of our Company are set forth as under:

From	To	Effective Date	Reason
Neelam Business Service Centre Padmavati Extension Road IIT Market, Powai Mumbai – 400 076.	403, Sentinel Central Avenue Hiranandani Garden, Powai Mumbai – 400 076.	August 13, 2003	Administrative and operational convenience
403, Sentinel Central Avenue Hiranandani Garden, Powai Mumbai – 400 076.	A-1020 Oberoi Garden Estates Chandivali Farms Road Chandivali Mumbai – 400 072	July 27, 2009	Administrative and operational convenience

### Major events in the History of Our Company:

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

Year	Event
1997	Originally incorporated as 'Abhitech Energycon Services Private Limited'
2003	The name of the Company was changed from 'Abhitech Energycon Services Private Limited' to 'Abhitech Energycon Private Limited'
2003	Converted to a public limited company 'Abhitech Energycon Private Limited'

Year	Event
2004-2005	Closure of manufacturing plant at Wada, Maharashtra and setting up of a manufacturing facility at Baddi, Himachal Pradesh
2007	Received ISO certification

For details on technology, market, technology competence and capacity built up, please refer to section titled “Business Overview” on page 74 of this Draft Red Herring Prospectus.

#### **Amendments to the MoA of our Company since Incorporation:**

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

Sr. No.	Particulars of Change	Date of Shareholders’ Meeting	AGM/ EGM
1.	<b>Change in Main Objects Clause</b> The main object of our Company was amended as under: <i>“To carry on the business of development and manufacture and trade of devices, instruments, solutions, chemicals and products and processes of all kind which would reduce consumption of fuel energy and level of pollution by all kinds of industries and manufacturers and to train and advice such industries and manufacturers in use and adoption of such devices, instrument, solutions, chemicals and products and processes developed, manufactured and traded by the Company”</i>	June 7, 2003	EGM
2.	<b>Increase in Authorised Capital</b> Amended for increase in the Authorised Share Capital of our Company from ₹ 25,00,000 consisting of 2,50,000 Equity shares of ₹ 10 each to ₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each.	March 31, 2008	EGM
3.	<b>Increase in Authorised Capital</b> Amended for increase in the Authorised Share Capital of our Company from ₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each to ₹ 17,00,00,000 consisting of 1,70,00,000 Equity shares of ₹ 10 each.	March 29, 2011	EGM

#### **Number of Shareholders/ Members**

As on the date of this DRHP, the total number of holders of our Equity Shares is eight.

#### **Our Main Objects:**

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

*“To carry on the business of development and manufacture and trade of devices, instruments, solutions, chemicals and products and processes of all kind which would reduce consumption of fuel energy and level of pollution by all kinds of industries and manufacturers and to train and advice such industries and manufacturers in use and adoption of such devices, instrument, solutions, chemicals and products and processes developed, manufactured and traded by the Company”*

**Capital raising (Equity/ Debt)**

Our equity issuances in the past and availing of debts, have been provided in sections titled “Capital Structure” on page no. 41 of this Draft Red Herring Prospectus.

**Details of Merger/Amalgamation**

There has been no merger/amalgamation pertaining to our Company.

**Revaluation of assets:**

Our Company has not revalued its assets since its incorporation.

**Injunctions or Restraining Orders:**

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

**Changes in activities of our Company during the last 5 years**

Our Company has not changed its line of activities in the last five 5 years. *For further details, please refer to Chapter titled "Our Business" beginning on page 74 of this Draft Red Herring Prospectus.*

**Time and Cost Overrun**

In respect of projects undertaken by our Company since its incorporation, there have been no time and cost overruns.

**Strikes and Labour Unrest**

Our Company has not lost any significant time on account of strikes or labour unrest during the last 5 years.

**Defaults or rescheduling of borrowing**

We have not defaulted or rescheduled our borrowings. Furthermore, none of our loans taken from banks and financial institutions have been converted into equity in the past.

**Joint Venture and Other Agreements**

As on the date of filing the Draft Red Herring Prospectus, there is no existing Joint Venture or other Agreements entered into by our Company.

**Shareholders Agreement**

As on the date of filing the Draft Red Herring Prospectus, there are no existing Shareholders Agreements amongst the shareholders of our Company.

**Other Agreements**

Other than the Royalty Agreement with Mr. Ganesh Samant (details of which are given below), there are no other material agreements or contracts, which have been entered into by our Company, which are subsisting as on date.

Our Company has entered into a Royalty Agreement dated May 23, 2006 (renewed by the Royalty Renewal Agreement dated May 20, 2011) with our Promoter Director, Mr. Ganesh Samant for use of technology developed and owned by him. Our Company uses this technology for manufacture of its products being “Thermol” and “Thermact”. Under the said agreement, our Company has agreed to pay a consideration



being 2% of “Net Sales” of the Company to Mr. Ganesh Samant. Therefore, in addition to the abovementioned, Mr. Ganesh Samant is interested to the extent of said royalty paid to him by the Company.

**Strategic Partners**

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

**Financial Partners**

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus.

**Our Holding Company**

We do not have a holding company.

**Our Subsidiary**

We do not have a subsidiary company.

**Guarantees given to third parties**

Our Promoters have not given any Guarantees to third parties.

## **OUR MANAGEMENT**

### **BOARD OF DIRECTORS**

Under the Articles of Association our Company cannot have less than 3 Directors and more than 12 Directors. Currently, our Company has 10 (ten) Directors. The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name, Father's Name, Designation, Status of Directorship, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships – Designation
1.	<b>Mr. Ganesh Samant,</b> <i>S/o Mr. Dattatraya Samant</i> <b>Designation:</b> <i>Chairman &amp; Managing Director</i> <b>Status:</b> <i>Executive, Non Independent Director</i> <b>Age:</b> 38 <b>Address:</b> Sundara Narayan Niwas, Padmawati Extnsion Road, Opposite IIT Market, Powai, Mumbai – 400 076 <b>Occupation:</b> Business <b>DIN:</b> 00457859	Since Incorporation. Re-appointed as the Managing Director on April 1, 2011 for a period of five years  (not liable to retire by rotation)	NIL
2.	<b>Mr. Vivek Pandit,</b> <i>S/o Mr. Vijay Pandit</i> <b>Designation:</b> <i>Non-independent, Executive Director</i> <b>Status:</b> <i>Executive, Non Independent Director</i> <b>Age:</b> 40 <b>Address:</b> 202, Vishalgad IIT Staff Co-op Society, Hiranandani, Powai, Mumbai – 400076. <b>Occupation:</b> Business <b>DIN:</b> 00457967	Since Incorporation. Re-appointed as a Whole-time Director on April 1, 2011 for a period of five years  (liable to retire by rotation)	NIL
3.	<b>Mr. Hemant Mohite,</b> <i>S/o Mr. Raghunath Mohite</i> <b>Designation:</b> <i>Non-independent, Executive Director</i> <b>Status:</b> <i>Executive, Non Independent Director</i> <b>Age:</b> 39 <b>Address:</b> D-701, Bharat Apartments, Building No. 2, Opposite Great Eastern Heights, Marve Road, Malad (West), Mumbai – 400 064, India. <b>Occupation:</b> Business <b>DIN:</b> 00458029	Since Incorporation. Re-appointed as a Whole-time Director on April 1, 2011 for a period of five years  (liable to retire by rotation)	NIL
4.	<b>Mr. Swatantra Kumar</b> <i>S/o Chaudary Upendra Narayan Roy</i> <b>Designation:</b> <i>Non-independent, Executive Director</i>	Since Incorporation. Re-appointed as a Whole-time Director on April 1, 2011 for a period of five years  (liable to retire by rotation)	NIL

	<p><b>Status:</b> Executive, Non Independent Director</p> <p><b>Age:</b> 55</p> <p><b>Address:</b> 1501, Challenger Tower – I, Thakur Village, Kandivali (East), Mumbai – 4005 101.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 00464807</p>		
5.	<p><b>Mr. Subodh Raut</b> S/o Hareshwar Raut</p> <p><b>Designation:</b> Non-independent, Executive Director</p> <p><b>Status:</b> Executive, Non Independent Director</p> <p><b>Age:</b> 53</p> <p><b>Address:</b> C – 502, Mangesh Apartments, Devidas Lane, Borivali (West), Mumbai – 400 103, India</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 00464807</p>	<p>Since Incorporation. Since Incorporation. Re-appointed as a Whole-time Director on April 1, 2011 for a period of five years</p> <p>(liable to retire by rotation)</p>	NIL
6.	<p><b>Mr. Suresh Risbud</b> S/o Mr. Vasudeo Yeshwant Risbud</p> <p><b>Designation:</b> Independent Director</p> <p><b>Status:</b> Non-Executive, Independent Director</p> <p><b>Age:</b> 68</p> <p><b>Address:</b> B/ 202, Mangalya, G.V. Scheme Road No. 4, Mulund (East), Mumbai -400081, India</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 03481315</p>	<p>Appointed as a Director on May 17, 2011</p> <p>(liable to retire by rotation)</p>	NIL
7.	<p><b>Mr. Subramanian Narayanan</b> S/o Narayanan Subramanian</p> <p><b>Designation:</b> Independent Director</p> <p><b>Status:</b> Non-Executive, Independent Director</p> <p><b>Age:</b> 53</p> <p><b>Address:</b> Flat No. 3 Ground Floor, Plot No. 167<sup>a</sup>, Sree Narayan Niwas, Sion Jain Soc. Road, Sion West, Mumbai – 400022</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN :</b> 03526219</p>	<p>Appointed as a Director on May 17, 2011</p> <p>(liable to retire by rotation)</p>	NIL

8.	<b>Mr. Sanjaykumar Patil</b> <i>S/o Shankarrao Maruti Patil</i> <b>Designation:</b> Independent Director <b>Status:</b> Non-Executive, Independent Director <b>Age:</b> 39 <b>Address:</b> 434/5, Maher Maternity & Nursing Home, Shaniwar Peth, Karad, Dist. Satara 415110 <b>Occupation:</b> Professional <b>DIN:</b> 03526216	Appointed as a Director on May 17, 2011  (liable to retire by rotation)	NIL
9.	<b>Mr. Shreepad Khanolkar</b> <i>S/o Atmaram Sitaram Khanolkar</i> <b>Designation:</b> Independent Director <b>Status:</b> Non-Executive, Independent Director <b>Age:</b> 61 <b>Address:</b> C/73 Ganeshnagar Society, Goregaon (East), Gogate Wadi, Mumbai 400063 <b>Occupation:</b> Professional <b>DIN :</b> 03510352	Appointed as a Director on May 17, 2011  (liable to retire by rotation)	NIL
10.	<b>Mr. Prakash Khot</b> S/o Mr. Keshavrao Maruti Khot <b>Designation:</b> Independent Director <b>Status:</b> Non-Executive, Independent Director <b>Age:</b> 39 <b>Address:</b> D/601, Dheeraj Hill View Tower, Siddharth Nagar, Borivali (E) Mumbai - 400066 <b>Occupation:</b> Professional <b>DIN :</b> 03526213	Appointed as a Director on May 17, 2011  (liable to retire by rotation)	NIL

**Notes: -**

All of our Directors are Indian nationals. None of our Directors are related to each other.

Our Company has not entered into any service contracts with the Directors and there are no benefits provided to the Directors upon termination their employment with our Company.

None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.

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.

None of our Directors are or have been directors in any of the listed companies which have been/ were delisted from the stock exchange(s).

None of our directors are or have been directors in any of the listed companies whose shares have been/were suspended from being traded on the Bombay Stock Exchange Limited/National Stock Exchange of India Limited.

The Promoters, Directors or persons in control of our Company, have not been or is involved as a promoters, directors or persons in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors were selected as director or member of senior management.

The Company has no arrangement or understanding with major shareholders, customers, suppliers or other persons for appointment of any Director on the Board of the Company.

None of the Issue Proceeds is proposed to be paid to the Promoters, Directors or the Key Managerial Personnel.

#### **Brief Profile of Directors**

**Mr. Ganesh Dattaraya Samant**, aged 38 years, is the Chairman & Managing Director of our Company. He holds a Bachelor's degree in Engineering from Sardar Patel College of Engineering, Mumbai University (Honours in the First Class with Distinction). He has over 13 years of experience in Chemical industry. He is one of the Promoter Directors of our Company and is responsible for the overall functioning, operations and growth of our Company.

**Mr. Vivek Vijay Pandit**, aged 40 years, is the Non-Independent, Executive Director of our Company. He holds a Bachelor's degree in Automobile Engineering from Shivaji University, Maharashtra. He has over 15 years of experience in the petrochemical and steel industry. He is one of the Promoter Directors of our Company and is responsible for developing marketing strategies for selling Thermact range of products in the power sector.

**Mr. Hemant Raghunath Mohite**, aged 39 years is the Non-independent, Executive Director of our Company. He holds a Bachelor's degree in Engineering from Mumbai University. He has over 13 years of experience in the Chemical Industry. He has been one of the Promoter Directors of the Company and is responsible for the sales of our product "*Thermol*".

**Mr. Swatantra Kumar**, aged 55 years, is the Non-independent, Executive Director of our Company. He holds a Bachelor's degree in Science (Engineering) from Regional Engineering College, Kurukshetra. He has over 25 years of experience in the Chemical Industry. He has been previously employed with certain well-renowned Indian companies. Later, he established his own IT company. Presently, he is associated with our Company as "Director" and is responsible for marketing our products in the overseas market.

**Mr. Subodh Raut**, aged 53 years, is the Non-independent, Executive Director of our Company. He holds a Master degree in Science, Diploma in Management Studies and Masters in Marketing Management from Bombay University. He has been previously employed with several large multinational companies in India.

He is one of the promoter Directors of our Company and heads the retail marketing division of our Company.

**Mr. Suresh Vasudeo Risbud**, aged 68 years is the Non-Executive Independent Director of the Company since May 17, 2011. He holds a Bachelor of Commerce degree and L.L.B Degree from University of Mumbai. He has over 33 years of experience in the field of banking and finance. He was previously employed with a PSU Bank as Officer Accountant, Branch Manager.

**Mr. Subramanian Narayanan**, aged 53 years is the Non-Executive Independent Director of the Company since May 17, 2011. He holds a Diploma in Government Commercial Examination issued by the Department of Education. He has over 23 years of experience in the field of sales and marketing. He has been associated with several well-known companies.

**Mr. Sanjaykumar Shankarrao Patil**, aged 39 years is the Non-Executive Independent Director of the Company since May 17, 2011. He holds a MBBS Degree and MD from Mumbai University, DGO from the College of Physicians and Surgeons of Bombay. He has been working with Krishna Institute of Medical Sciences University, Karad since 2002 as a professor.

**Mr. Shreepad Atmaram Khanolkar**, aged 61 years is the Non-Executive Independent Director of the Company since May 17, 2011. He holds a degree of Bachelor's of Science from Mumbai University. He has over 39 years of experience in the field of research and development. He was previously employed with Hindustan Uniliver Limited.

**Mr. Prakash Keshavrao Khot**, aged 39 years is the Non-Executive Independent Director of the Company since May 17, 2011. He holds a Bachelor's degree in Commerce and has also completed his Master's in Commerce from Mumbai University. He also holds a Diploma in Co-operation and Accountancy. He has been working as GIC and LIC agent since 1992.

#### **Details of borrowing powers:**

In the Annual General Meeting of the Company held on September 19, 2011, the consent of the Company pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 was accorded to the Board of Directors of the Company, borrowing from time to time such sum or sums of money, as it may consider fit for the purpose of the business of the Company, notwithstanding that, the monies to be so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of ₹ 50,000 Lac.

#### **Qualification Shares Required To Be Held By Our Directors**

As per the Articles of Association of our Company the directors are not required to hold any qualification shares.

No Director of the Company has entered into any service contract with the Company. However, the terms and conditions of service of the Directors have been approved by the Company in the general meeting.

**Compensation paid to Managing Director/Whole Time Directors: -**

<b>Sr. No.</b>	<b>Name and Designation</b>	<b>Compensation paid for the year ended March 31, 2011 (₹ Lac)</b>
1.	Mr. Ganesh Samant Chairman and Managing Director	16.85
2.	Mr. Vivek Pandit Whole Time Director	28.21
3.	Mr. Swatantra Kumar Whole Time Director	29.49
4.	Mr. Subodh Raut Whole Time Director	27.72
5.	Mr. Hemant Mohite Whole Time Director	17.40
<b>Total</b>		<b>119.67</b>

We have not entered into any service agreement with our Managing Director and the Whole-time Directors, however, the terms of their appointment are ratified by the shareholders of the Company.

By a resolution dated May 19, 2011 passed at the Extra-Ordinary General Meeting of the Company, the following persons were re-appointed with effect from April 1, 2011 for a period of 3 years: -

<b>Sr. No.</b>	<b>Name</b>	<b>Re-appointed as</b>	<b>Monthly Compensation (₹)</b>
1.	Mr. Ganesh Samant	Managing Director	Upto 2.5 Lac
2.	Mr. Vivek Pandit	Whole-time Director	Upto 2.5 Lac
3.	Mr. Hemant Mohite	Whole-time Director	Upto 2.5 Lac
4.	Mr. Subodh Raut	Whole-time Director	Upto 2.5 Lac
5.	Mr. Swatantra Kumar	Whole-time Director	Upto 2.5 Lac

**Non-Executive Directors**

Our Independent Directors are not entitled to any sitting fees for attending meetings of the Board, or of any committee of the Board.



**Interest of the Promoter, Directors**

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The Managing Director and Whole Time Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, our Company has entered into a Royalty Agreement dated May 23, 2006 (renewed by the Royalty Renewal Agreement dated May 20, 2011) with our Promoter Director, Mr. Ganesh Samant for use of technology developed and owned by him. Our Company uses this technology for manufacture of its products being “Thermol” and “Thermact”. Under the said agreement, our Company has agreed to pay a consideration being 2% of “Net Sales” of the Company to Mr. Ganesh Samant. Therefore, in addition to the abovementioned, Mr. Ganesh Samant is interested to the extent of said royalty paid to him by the Company.

Except as stated in the section titled “*Related Party Transactions*” on page 129 of this Draft Red Herring Prospectus, and to the extent of shareholding in the Company, the Promoters do not have any other interest in the business.

**Interest as to Property**

Other than the above, our Directors have no interest other than in the normal course of business in any property acquired by our Company within 2 (two) years from the date of this Draft Red Herring Prospectus.

**Shareholding of the Directors in the Company**

The following are details of the shareholding of the directors in the Company at the time of filing this Draft Red Herring Prospectus:-

Sr. No	Name of the Director	No. of Equity Shares held	% of Pre-issue share Capital
1.	Mr. Ganesh Dattatraya Samant	74,00,139	77.89
2.	Mr. Vivek Vijay Pandit	4,27,500	4.50
3.	Mr. Hemant Mohite	4,27,500	4.50
4.	Mr. Swatantara Kumar	NIL	NIL
5.	Mr. Subodh Raut	NIL	NIL

From the abovementioned Directors, Mr. Ganesh Samant, Mr. Vivek Pandit and Mr. Hemant Mohite are also the Promoters of the Company.

#### **Changes in the Board of Directors during the last 3 (three) years**

Following changes have taken place in the Board of Directors of our Company during the last 3 (three) years: -

Sr. No.	Name	Appointment/ Cessation	Date of Change	Reasons for Change
1.	Mr. Shardashis Prasad	Cessation	April 12, 2010	Resigned
2.	Mr. Kodand Deodhar	Cessation	June 16, 2010	Demise
3.	Mr. Prasad Samant	Cessation	April 01, 2011	Resigned
4.	Mr. Vijay Kamble	Cessation	April 01, 2011	Resigned
5.	Mr. Girish Trivedi	Cessation	April 01, 2011	Resigned
6.	Mr. Suresh Risbud	Appointment	May 17, 2011	Appointment
7.	Mr. Sanjaykumar Patil	Appointment	May 17, 2011	Appointment
8.	Mr. Prakash Khot	Appointment	May 17, 2011	Appointment
9.	Mr. Subramaniam Narayan	Appointment	May 17, 2011	Appointment
10.	Mr. Shreepad Khanolkar	Appointment	May 17, 2011	Appointment

#### **Corporate Governance**

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

In terms of the Clause 49 of the Listing Agreement, our Company has equal number of executive and non-executive Directors and independent and non-independent Directors. Further, also the following Committees have been formed: -

- a) Audit Committee;
- b) Shareholders' / Investors' Grievance Committee; and
- c) Remuneration Committee

##### **(a) Audit Committee**

The Audit Committee was constituted by our Board of Directors at their meeting held on May 18, 2011. The Audit Committee has to meet at least 4 (four) times a year with maximum interval of 4 (four) months between 2 (two) meetings of the Audit Committee. The Company Secretary of the Company is the Secretary of the Audit Committee. The quorum of the Audit Committee is either 2 (two) members or one third of the members of the Audit Committee whichever is greater, but with a minimum of 2 (two) independent members present. The scope and functions of the Audit Committee are in accordance with section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The members of the Audit Committee are:

- |                      |                                      |
|----------------------|--------------------------------------|
| 1. Mr. Suresh Risbud | – Independent Director and Chairman; |
| 2. Mr. Prakash Khot  | – Independent Director; and          |
| 3. Mr. Ganesh Samant | – Managing Director.                 |

The Company Secretary of our Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee include the following: -

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to: -
  - (i) 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;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (f) 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;
- (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (h) 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;

- (i) Discussion with internal auditors any significant findings and follow up there on;
- (j) 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;
- (k) 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;
- (l) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- (m) To review the functioning of the Whistle Blower mechanism;
- (n) 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;
- (o) Review of management discussion and analysis of financial condition and results of operations;
- (p) Review of statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (q) Review of management letters / letters of internal control weaknesses issued by the statutory auditors;
- (r) Review of internal audit reports relating to internal control weaknesses;
- (s) Appointment, removal and terms of remuneration of the Chief internal auditor, if any; and
- (t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**(b) Shareholders/ Investors Grievance Committee: -**

A Shareholders/Investors Grievance Committee of the Board of Directors of the Company was constituted by the Board of our Company on May 18, 2011. The frequency of meetings of Shareholders/ Investors Grievance Committee shall be on fortnightly basis. The quorum shall be either 2 members or one third of the members of the Shareholders/ Investors Grievance Committee whichever is greater, but with a minimum of 2 independent members present.

The Shareholders/ Investors Grievance committee consists of the following 3 (three) directors of the Company:-

1. Mr. Suresh Risbud – Independent Director and Chairman;
2. Mr. Ganesh Samant – Managing Director;
3. Mr. Subramanian Narayanan – Independent Director.

The Company Secretary of our Company is the Secretary of the Shareholders/ Investors Grievance Committee.

Following is the role of Shareholders/ Investors Grievance Committee: -

- (a) to approve the share transfer requests and requests for issue of duplicate or split share certificates, if any, received by the Company from time to time;
- (b) to redress investors' complaints like non-receipt of balance sheet, non-receipt of declared dividends etc.; and
- (c) to overview of investor grievance handling mechanism of the Company and other incidental matters.

**(c) Remuneration Committee: -**

A Remuneration Committee of the Board of Directors of the Company was constituted by the Board of our Company on April 23, 2011. The Remuneration Committee consists of: -

The Remuneration Committee consists of the following 3 (three) Directors of the Company: -

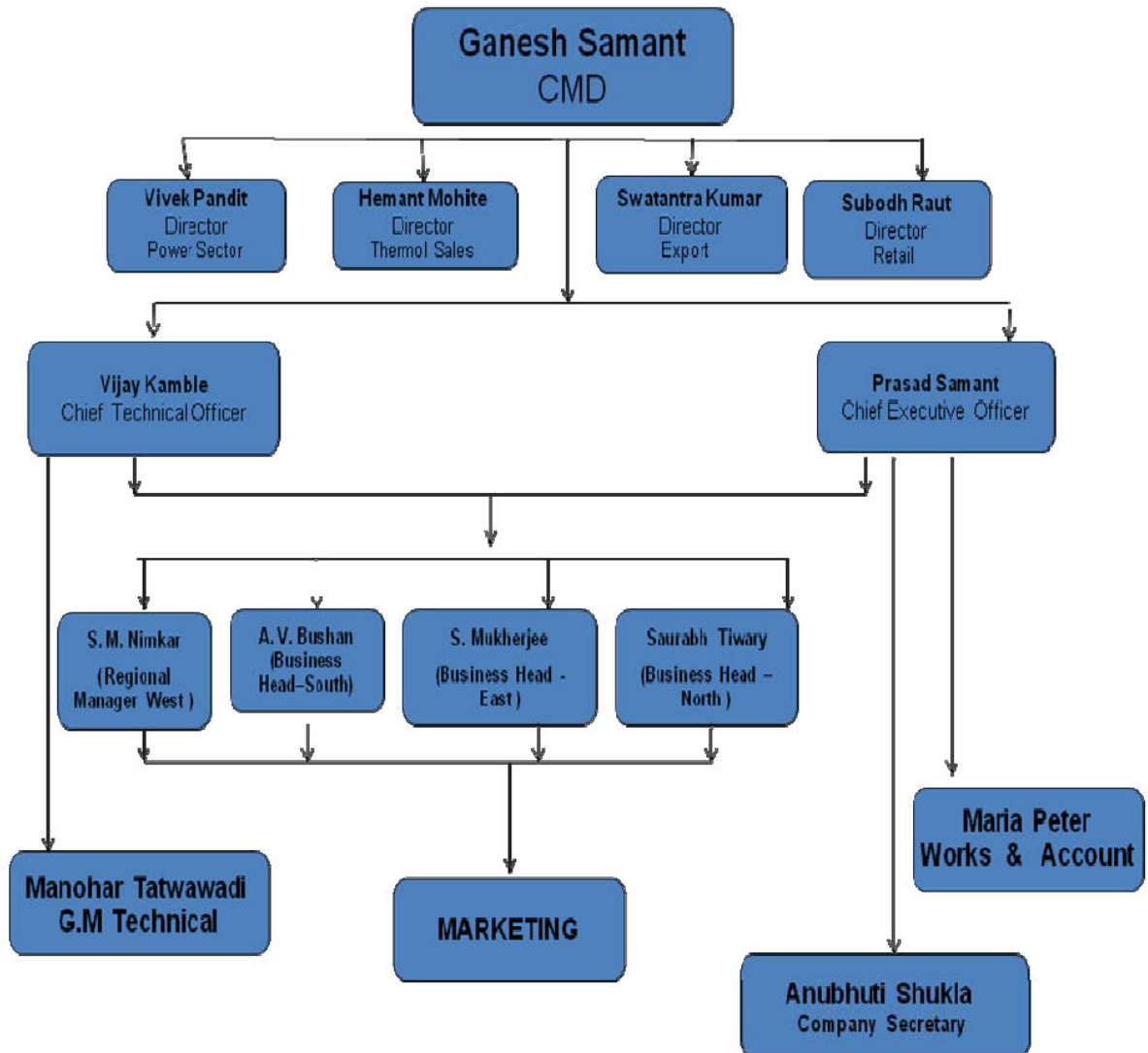
1. Mr. Sanjaykumar Patil – Non-Executive Independent Director;
2. Mr. Subramian Narayanan - Non-Executive Independent Director; and
3. Mr, Suresh Risbud – Non Executive Independent Director.

The scope of Remuneration Committee shall include but shall not be restricted to the following:

- (a) to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
- (b) to develop and implement a plan for identifying and assessing competencies of directors;
- (c) to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to: -
  - (i) the range of skills currently represented on the board;
  - (ii) the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
  - (iii) the individual's understanding of technical, accounting, finance and legal matters;
- (d) to make recommendations for the appointment and removal of directors;
- (e) ensure that our Company has in place a programme for the effective induction of new directors;
- (f) to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
- (g) to recommend to the Board, the remuneration packages of our Company's Chairman and Managing Director, 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.);
- (h) to be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;

- (i) to implement, supervise and administer any share or stock option scheme of our Company;
- (j) to attend to any other responsibility as may be entrusted by the Board within the terms of reference; and
- (k) The quorum necessary for a meeting of the Remuneration Committee shall be two members.

### ORGANISATION CHART



### **KEY MANAGERIAL PERSONNEL**

The brief profile of the Key Managerial Personnel is given below: -

**Mr. Prasad Tulshidas Samant**, aged 48 years, holds a Diploma in Materials Management from the Institute of Management and Professional Studies, Mulund (W), Mumbai. He has over 23 years of experience in the field of marketing sales and purchase. He was a “Director” of our Company since incorporation. He resigned as a Director on April 1, 2011 and was thereafter appointed as Chief Executive Officer. He is responsible for the day to day administration of our Company. His annual remuneration in fiscal 2011 was ₹ 29.46 Lac.

**Mr. Vijay Chandrakant Kamble**, aged 40 years, holds a Bachelor of Engineering degree from Mumbai University. He has over 13 years of experience in the Chemical industry. He has been associated with our Company as a “Director” since 2003. He has resigned as a Director on April 1, 2011 and was subsequently appointed as Chief Technical Officer and is responsible for evaluating the requirements of our clients and conducting trials of our new products. His annual remuneration in fiscal 2011 was ₹ 29.86 Lac.

**Mr. A. V. Bhushan**, aged 45 years, holds a Bachelor of Science degree from Bangalore University and has over 23 years of experience in the manufacturing industry. He has been associated with our Company since 2009 as Business Head (South). His annual remuneration in fiscal 2011 was ₹11 Lac.

**Mr. Saurabh Tiwary**, aged 38 years, holds a Bachelor’s degree in Arts (Economics) and M.M.S – Masters in Management Studies in Marketing from Mumbai University and has over 13 years of experience in the marketing industry. He has been associated with our Company since 2009 as Business Head (North). His annual remuneration in fiscal 2011 was ₹ 8.93 Lac.

**Mr. Subhajit Mukherjee**, aged 41 years, holds a Bachelor’s degree in Science from Calcutta University. He has over 20 years of experience in the field of Sales and Marketing. He has been associated with our Company since 2003. He was initially appointed as a Regional Manager and was thereafter promoted as Business Head (East) in 2009. His annual remuneration in fiscal 2011 was ₹ 15.72 Lac.

**Mr. Sudhakar Madhukar Nimkar**, aged 58 years, holds a Bachelor’s degree in Arts from University of Mumbai. He has over 17 years of experience in the Marketing industry. He has been associated with our Company since 2003. He was initially appointed as a Vice President (Marketing) and was thereafter promoted to the post of Regional Manager (West) in 2011. His annual remuneration in fiscal 2011 was ₹ 8.31 Lac.

**Mr. Manohar Tatwawadi**, aged 56 years, holds a Diploma in Electrical Engineering from Board of Technical Examination, Maharashtra. He has been associated with our company since 2008. He was previously associated with Maharashtra State Energy Generation Company Limited. He is presently the General Manager of Technical division of our Company. His annual remuneration in fiscal 2011 was ₹10 Lac.

**Mrs. Maria Peter**, aged 33 years, holds a Bachelor’s degree of Commerce from Mumbai University. She has over 9 years of experience in the field of Accounts. She has been associated with our Company since 2001 and is presently, the Works and Accounts - Head of our Company. Her annual remuneration in fiscal 2011 was ₹ 3.25 Lac.



**Ms. Anubhuti Shukla**, aged 23 years, holds a Bachelor's degree of Commerce from Jabalpur University. She is also a qualified Company Secretary. She joined our Company as Company Secretary on September 1, 2011. Since, she was not employed by our Company in FY 2011, no annual remuneration was paid to her by us.

**Notes:**

1. All the key managerial personnel mentioned above are permanent employees of our Company and none of them are related to each other or to any Director of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. Our Company does not have a performance linked bonus or a profit sharing plan with the key management personnel.
4. No non-salary-related payments or benefits have been made to our key management personnel

**Shareholding of Key Managerial Personnel**

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares (Face Value of ₹ 10 each)	Percentage
1.	Mr. Prasad Tulshidas Samant	4,27,500	4.5
2.	Mr. Vijay Chandrakant Kamble	4,27,500	4.5

Other than the abovementioned Key Managerial Personnel, no other Key Managerial Personnel hold any shares in the Company.

**Changes in Key Managerial Personnel during last 3 (three) years**

Sr. No	Name	Appointment/Cessation	Date of Joining	Reasons for Change
1.	Mr. Prasad Samant	Appointment	April 1, 2011	Appointment
2.	Mr. Vijay Kamble	Appointment	April 1, 2011	Appointment
3.	Mr. Saurabh Tiwary	Appointment	October 1, 2009	Appointment
4.	Mr. A.V.Bhushan	Appointment	December 24, 2008	Appointment

**Payment or benefit to the officers on termination of their services**

Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of his employment in the Company or superannuation.

**Other non-monetary benefits**

Other than the non-salary related benefit to the Officers of our Company as mentioned below, our Company provides no non-monetary benefits its Key Managerial Personnel.

**Employees Stock Option scheme**

Currently, the Company does not have any Employees Stock Option Scheme.

**Loans to Key Managerial Personnel**

The Company has not extended any loans to any Key Managerial Personnel as on the date of filing of this Draft red Herring prospectus.


**Payment or Benefit (Non-Salary Related) to Officers of the Company**

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding 2 (two) years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.


## PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

### OUR PROMOTERS:


**Mr. Ganesh Dattatraya Samant, Mr. Vivek Vijay Pandit, Mr. Prasad Tulshidas Samant, Mr. Vijay Chandrakant Kamble and Mr. Hemant Raghunath Mohite are the Promoters of our Company. Their details are mentioned hereinbelow: -**

	<p><b>Mr. Ganesh Dattatraya Samant</b>, aged 38 years, is the Chairman &amp; Managing Director of our Company. He holds a Bachelor's degree in Engineering from Sardar Patel College of Engineering, Mumbai University (Honours in the First Class with Distinction). He has over 13 years of experience in Chemical industry. He is one of the Promoter Directors of our Company and is responsible for the overall functioning, operations and growth of our Company. <i>For further details, please refer to the chapter "Our Management" on page no.92 of this Draft Red Herring Prospectus.</i></p>
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	<b>Permanent Account Number</b>	AAXPS0026K
	<b>Passport Number</b>	Z2177975
	<b>Driving License Number</b>	MHO3 20090016991


	<p><b>Mr. Vivek Vijay Pandit</b>, aged 40 years, is the Non-Independent, Executive Director of our Company. He holds a Bachelor's degree in Automobile Engineering from Shivaji University, Maharashtra. He has over 15 years of experience in the petrochemical and steel industry. He is one of the Promoter Directors of our Company and is responsible for developing marketing strategies for selling Thermact range of products in the power sector. <i>For further details, please refer to the chapter "Our Management" on page no. 92 of this Draft Red Herring Prospectus</i></p>
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	<b>Permanent Account Number</b>	ADJPP3234F
	<b>Passport Number</b>	Z1785755
	<b>Driving License Number</b>	NA


	<p><b>Mr. Hemant Raghunath Mohite</b>, aged 39 years is the Non-independent, Executive Director of our Company. He holds a Bachelor's degree in Engineering from Mumbai University. He has over 13 years of experience in the Chemical Industry. He has been one of the Promoter Directors of the Company and is responsible for the sales of our product "Thermol". <i>For further details, please refer to the chapter "Our Management" on page no.92 of this Draft Red Herring Prospectus</i></p>
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	<b>Permanent Account Number</b>	AHRPM8431F
	<b>Passport Number</b>	E6999432
	<b>Driving License Number</b>	MHO2-96-15047

	<b>Voter ID</b>	MT/09/044/405479
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	<p><b>Mr. Vijay Chandrakant Kamble</b>, aged 40 years, holds a Bachelor of Engineering degree from Mumbai University. He has over 13 years of experience in the Chemical industry. He has been associated with our Company as a “Director” since 2003. He has resigned as a Director on April 1, 2011 and was subsequently appointed as Chief Technical Officer and is responsible for evaluating the requirements of our clients and conducting trials of our new products. <i>For further details, please refer to the chapter “Our Management” on page no.92 of this Draft Red Herring Prospectus</i></p>
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	<b>Permanent Account Number</b>	AJCPK2277L
	<b>Passport Number</b>	E7000120
	<b>Driving License Number</b>	MHO2/581/3830

	<p><b>Mr. Prasad Tulshidas Samant</b>, aged 48 years, holds a Diploma in Materials Management from the Institute of Management and Professional Studies, Mulund (West), Mumbai. He has over 23 years of experience in the field of marketing sales and purchase. He was a “Director” of our Company since incorporation. He resigned as a Director on April 1, 2011 and was thereafter appointed as Chief Executive Officer. He is responsible for the day to day administration of our Company. <i>For further details, please refer to the chapter “Our Management” on page no.92 of this Draft Red Herring Prospectus</i></p>
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	<b>Permanent Account Number</b>	AOJPS3625J
	<b>Passport Number</b>	G8935209
	<b>Driving License Number</b>	MHO3/171/888/34021
	<b>Voter ID</b>	MT/07/052/658787

*We confirm that the Permanent Account Number, Bank Account Number, and Passport Number of the abovementioned Promoters has been submitted to BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.*

*Further our Promoters have not been identified as willful defaulters by RBI or any other Government authority and there are no violations of Securities Law committed by our Promoters in past or pending against him. Our Promoters are not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.*

*Currently, the Promoters hold holds 95.90%, of our pre-Issue equity share capital. For details of the build-up of our Promoter’s shareholding in our Company, see “Capital Structure” on page 41 of this Draft Red Herring Prospectus.*

#### **Companies with which the Promoters have disassociated in the last 3 years**

Following are the details with respect to dissociation of Promoters during last 3 (three) years: -

Sr. No.	Name of the Promoter	Name of entity	Nature of Interest	Manner of dissociation	Date of resignation/transfer of shares
1.	Mr. Ganesh Samant	Compact Properties Private Limited	Directorship	Resignation	December 31, 2010
2.	Mr. Prasad Samant	Navjot Savings and Finleas Private Limited	Shareholding (1000 equity shares)	Transfer	October 1, 2010
3.	Mr. Ganesh Samant	Ocean Distributors Private Limited	Directorship	Resignation	October 1, 2009
4.	Mr. Ganesh Samant	Sun Automation Limited	Directorship	Resignation	October 1, 2009
5.	Mr. Vivek Pandit	Sainath Informatics Private Limited	Directorship	Resignation	December 6, 2009

### **Common Pursuits**

Further, the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by the Company.

### **Interest of Promoters**

Our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. Our Promoter Directors may also be deemed to be interested to the extent of Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Further, our Promoter Director, Mr. Ganesh Samant is also interested in the amounts paid to him under the Royalty Agreement dated May 23, 2006 (renewed by the Royalty Renewal Agreement dated May 20, 2011) for use of technology developed and owned by him. *For further details, please refer to Chapter titled “History and Certain Corporate Matters” beginning on page 88 of this Draft Red Herring Prospectus.*

### **Interest in the property of our Company**

Except as disclosed in the Chapter titled Our Business at page 74 and Financial Statements – Related Party Transactions at page 129 of this Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this DRHP.

### **Interest as members of our Company**

Currently, the Promoters hold almost 95.90% of our pre-Issue equity share capital. *For details of the build-up of our Promoters’ shareholding in our Company, see “Capital Structure” on page 41 of this Draft Red Herring Prospectus.*

### **Related Party Transactions**

*For details on related party transactions, see “Related Party Transactions” on page 129 of this Draft Red Herring Prospectus.*

**Payment of Amounts or Benefits to our Promoters or Promoter Group during the last two years**

Except as stated in “*Financial Statements– Related Party Transactions*”, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the last two years preceding the date of this Draft Red Herring Prospectus.

**Litigation**

Other than the Income tax proceedings against Mr. Ganesh Samant as mentioned in this DRHP, the Promoters of our Company do not have any legal proceeding against them.

## PROMOTER GROUP

Our Promoter Group as defined under Regulations 2 (zb) (iv) of the SEBI (ICDR) Regulations, 2009, includes the following individuals and body corporates:

### (i) Natural Persons

The following natural persons form part of our Promoter Group as relative of Mr. Ganesh Samant: -

Name	Relationship
Mr. Dattatraya Narayan Samant	Father
Mrs. Vinita Dattatraya Samant	Mother
Mr. Prakash Dattatraya Samant	Brother
Mr. Bhushan Dattatraya Samant	Brother
Mrs. Chitra Vijay Shetty	Sister
Mrs. Anuja Amol Chury	Sister
Mrs. Sarika Ganesh Samant	Spouse
Master Atharav Ganesh Samant	Son
Mr. Shrinivas Bhargav Dharap	Wife's father
Mrs. Supriya Shrinivas Dharap	Wife's mother
Mr. Ugam Shrinivas Dharap	Wife's brother

The following natural persons form part of our Promoter Group as relative of Mr. Vijay Pandit: --

Name	Relationship
Mrs. Rashmi Vivek Pandit	Spouse
Mr. Vijay Balkrishna Pandit	Father
Mrs. Vaidehi Vijay Pandit	Mother
Mrs. Vidya Manoj Nirokhekar	Sister
Master Anirudh Vivek Pandit	Son
Ms. Aarya Vivek Pandit	Daughter
Mr. Rajanikant Bhaskar Naik	Wife's Father
Mrs. Lata Rajanikant Bhaskar	Wife's Mother
Mr. Rohit Rajanikant Naik	Wife's Brother

The following natural persons form part of our Promoter Group as relative of Mr. Prasad Samant: -

Name	Relationship
Mrs. Pooja Prasad Samant	Spouse
Mr. Tulshidas Anant Samant	Father
Mrs. Sarojini Tulshidas Samant	Mother
Mr. Dattatreya Tulshidas Samant	Brother
Mrs. Vaidhehi Vijay Pandit	Sister
Mrs. Shilpa Arun Mahajan	Sister
Master. Omkar Prasad Samant	Son
Master. Varad Prasad Samant	Son
Mr. Atmaram Sitaram Khanolkar	Wife's Father
Mrs. Mangala Atmaram Khanolkar	Wife's Mother
Mr. Shripad Atmaram Khanolkar	Wife's Brother
Mr. Krishnakihor Atmaram Khanolkar	Wife's Brother
Mrs. Aruna Sanjay Rege	Wife's Sister

The following natural persons form part of our Promoter Group as relative of Mr. Vijay Kamble: -

<b>Name</b>	<b>Relationship</b>
Mrs. Elizabeth Vijay Kamble	Spouse
Mr. Chandrakant Mahadeo Kamble	Father
Mrs. Shobha Chandrakant Kamble	Mother
Mr. Rajesh Chandrakant Kamble	Brother
Master Kshitij Vijay Kamble	Son
Mr. Anthony B. Fernandes	Wife's Father
Mrs. Claudine A. Fernandes	Wife's Mother
Mr. Francis A. Fernandes	Wife's Brother
Mr. Deryck A. Fernandes	Wife's Brother

The following natural persons form part of our Promoter Group as relative of Mr. Hemant Mohite: -

<b>Name</b>	<b>Relationship</b>
Mrs. Manasi Hemant Mohite	Spouse
Mr. Raghunath Ramji Mohite	Father
Mrs. Rekha Raghunath Mohite	Mother
Mr. Narendra Raghunath Mohite	Brother
Mrs. Vijaylaxmi Dayanand Kadam	Sister
Mrs. Hemangini Pawan Gaikwad	Sister
Master Siddarth Hemant Mohite	Son
Mr. Ramchandra Sonawane	Wife's Father
Mrs. Vimal Sonawane	Wife's Mother
Mr. Tushar Sonawane	Wife's Brother
Mrs. Vidya Ashok Sawakhande	Wife's Sister
Mrs. Sushma Umesh Bagade	Wife's Sister

**(ii) Body Corporate**

Body Corporate forming a part of the Promoter Group of Mr. Ganesh Samant is **Navjot Saving and Finleas Private Limited.**

**GROUP COMPANIES**

There are no Group Companies.



## **CURRENCY OF PRESENTATION**

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lacs”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” [●] “₹” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

No dividend has been declared by our Company during the past 5 years.

## SECTION VII – FINANCIAL INFORMATION

### AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To  
The Board of Directors,  
Abhitech Energycon Limited  
Oberoi Gardens, Chandivali  
Mumbai – 400 072

Dear Sir,

We have examined the annexed restated financial information of Abhitech Energycon Limited (the 'Company') for last 5 financial years ended on 31<sup>st</sup> March, 2011, 2010, 2009, 2008 and 2007. The said financial information is prepared by the management from the financial statements for the year ended on 31<sup>st</sup> March, 2011, 2010, 2009, 2008 and 2007, and the same has been approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with:

- i. Paragraph B(I) of Part II to the Companies Act, 1956 ('the Act')
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (the SEBI ICDR Regulations, 2009) in pursuant to Section 11 of SEBI Act 1992 and related amendments/ clarifications.
- iii. Our terms of reference with the Company letter dated 10<sup>th</sup> June, 2011 requesting us to carry out work in connection with the Offer Documents as aforesaid.
- iv. In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Abhitech Energycon Limited, we, M/s. K M Gupta & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.
- v. Audit of the financial statements for the years ended 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008 and 31st March 2007 has been conducted by Company's Statutory Auditor, M/s Awinash Verma & Associates, Chartered Accountants. Further, financial statements for the year ended 31st, March 2011 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended 31st March 2010, 31st March 2009, 31st March 2008, and 31st March 2007 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s Awinash Verma & Associates, Chartered Accountants and whose Auditors' report has been relied upon by us for the said periods.

#### **Financial Information as per Audited Financial Statements:**

1. We report that the restated summary of assets and liabilities of the Company as at 31<sup>st</sup> March, 2011, 2010, 2009, 2008 and 2007 examined by us are as set out in Annexure A to this report after making such adjustments/restatements as shown in Notes to Account B (6) and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.

2. We report that the restated summary of profit/loss of the Company for the year ended 31<sup>st</sup> March, 2011, 2010, 2009, 2008 and 2007 examined by us are as set out in Annexure B to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate in the years to which they relates as shown in Notes to Account B (5) and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.
3. We report that the restated Cash Flow of the Company for the year ended 31<sup>st</sup> March, 2011, 2010, 2009, 2008 and 2007 are as set out in Annexure C to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.
4. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating the qualifications and material adjustments relating to the relevant previous years and after adjusting for the material amounts in the respective financial years to which they relate.
5. There are no extraordinary items which need to be disclosed separately in the Restated Financial Statements.

**Other Financial Information:**

6. We have examined the following financial information relating to the Company proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:

Annexure	Particulars
A	Summary of Restated Assets & Liabilities
B	Summary of Restated Profit & Loss Account
C	Summary of Restated Cash Flow Statement
D	Significant Accounting Policies and Notes to Accounts
E	Statement of Contingent Liabilities
F	Statement of Dividend Declared
G	Details of Related Party Transactions
H	Details of Other Income
I	Summary of Accounting Ratios
J	Statement of Secured Loans
K	Statement of Unsecured loans
L	Statement of Debtors
M	Details of Loans & Advances
N	Details of Investments
O	Capitalization Statement
P	Statement of Tax Shelters

7. In our opinion the financial information of the Company attached to this report as mentioned in paragraph above read with significant accounting policies and notes to accounts and after making rounding off figures in lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI (ICDR) Regulation, 2009.
8. This report should not in any way be constructed as a re-statement or re-dating of any of the previous audit issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

With Regards,  
For **K M Gupta & Co.**  
Chartered Accountants  
(Firm Registration No. 309107E)

(Kamal Agrawal)  
Partner  
Membership No. 058748  
Place: Mumbai  
Date: September 28, 2011

## Annexure A

## Summary of Restated Assets &amp; Liabilities

(₹ Lac)

Particulars	As at				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>A. Tangible Assets</b>					
Fixed Assets					
Gross Block	594.43	471.26	403.63	397.45	292.97
Less: Accumulated Depreciation	242.76	208.36	167.82	127.59	92.54
Net Block	351.67	262.90	235.81	269.86	200.43
<b>Total</b>	<b>351.67</b>	<b>262.90</b>	<b>235.81</b>	<b>269.86</b>	<b>200.43</b>
<b>C. Investments</b>	-	-	-	-	-
<b>D. Deferred Tax Assets</b>	8.97	10.66	8.74	5.98	4.65
<b>E. Current Assets, Loans and Advances</b>					
Sundry Debtors	1,770.25	1,329.38	908.72	745.68	355.38
Inventories	201.85	130.74	149.97	119.59	73.67
Cash & Bank Balances	156.53	60.15	16.35	21.38	5.72
Loans & Advances	195.32	111.20	74.79	53.81	27.87
<b>Total</b>	<b>2,323.95</b>	<b>1,631.47</b>	<b>1,149.83</b>	<b>940.46</b>	<b>462.64</b>
<b>F. Liabilities &amp; Provisions</b>					
Current Liabilities & Provisions	745.38	444.10	260.59	391.83	223.93
Share Application Money	-	-	-	-	-
Secured Loans	408.43	481.53	353.13	552.57	372.75
Unsecured Loan	-	-	0.36	21.09	29.22
<b>Total</b>	<b>1,153.81</b>	<b>925.63</b>	<b>614.08</b>	<b>965.49</b>	<b>625.90</b>
<b>G. Net Worth (A+B+C+D+E-F)</b>	<b>1,530.78</b>	<b>979.40</b>	<b>780.30</b>	<b>250.81</b>	<b>41.82</b>
Net Worth Represented by:					
<b>H. Equity Share Capital</b>	950.00	50.00	50.00	14.02	14.02
<b>I. Reserve &amp; Surplus</b>					
Share Premium	286.52	286.52	286.52	44.24	46.83
Profit and Loss Account	294.26	642.88	443.78	192.55	(19.03)
<b>Total</b>	<b>580.78</b>	<b>929.40</b>	<b>730.30</b>	<b>236.79</b>	<b>27.80</b>
J. Less: Miscellaneous Expenditure to extent not w/off or adjusted	-	-	-	-	-
<b>K. Net Worth (H+I-J)</b>	<b>1,530.78</b>	<b>979.40</b>	<b>780.30</b>	<b>250.81</b>	<b>41.82</b>

## Annexure B

## Summary of Restated Profit &amp; Loss Account

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>I. Income</b>					
Sales	3,115.39	2,482.73	2,106.84	1,304.96	830.78
Other Income	2.82	2.69	25.27	2.54	-
Total -A	3,118.21	2,485.42	2,132.10	1,307.50	830.78
<b>II. Expenditure</b>					
Material Consumed & Other Direct Expenses	672.63	601.75	840.04	406.14	424.33
Administration & Distribution Expenses	1,153.87	1,144.80	546.77	344.12	151.10
Employee Remuneration & Benefits	495.07	410.55	307.37	200.02	122.26
Finance Charges	55.36	58.23	73.53	65.44	51.15
Depreciation	39.97	40.54	40.23	35.05	64.30
Total -B	2,416.89	2,255.88	1,807.93	1,050.77	813.13
<b>III. Profit before taxation (A-B)</b>	<b>701.32</b>	<b>229.54</b>	<b>324.17</b>	<b>256.73</b>	<b>17.65</b>
Less: Provision for taxation					
Current	148.24	32.36	44.81	32.31	26.33
Fringe benefit tax	-	-	19.91	14.18	6.21
Deferred	1.70	(1.92)	(2.76)	(1.33)	(2.36)
<b>IV. Profit after taxation</b>	<b>551.38</b>	<b>199.10</b>	<b>262.21</b>	<b>211.58</b>	<b>(12.53)</b>
Surplus/ (deficit) brought forward from the Previous Year	642.88	443.78	192.55	(19.03)	(6.50)
V. Profit available for Appropriation	1,194.26	642.88	454.76	192.55	(19.03)
Less: Issue of Bonus Shares	900.00	-	10.98	-	-
<b>VI. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>294.26</b>	<b>642.88</b>	<b>443.78</b>	<b>192.55</b>	<b>(19.03)</b>

## Annexure C

## Summary of Restated Cash Flow Statement

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>					
Net Profit before Taxation and Extraordinary Items	701.32	229.54	324.17	256.73	17.65
Adjustments for:					
Depreciation	39.97	40.54	40.23	35.05	64.30
(Profit)/Loss on Sale of Fixed Assets	1.48	4.47	(20.91)	-	-
Interest & Finance Charges	55.36	58.23	73.53	65.44	51.15
Interest Received	(2.14)	(0.28)	(0.63)	(0.03)	-
<i>Operating Profit before Working Capital Changes</i>	<i>795.98</i>	<i>332.50</i>	<i>416.39</i>	<i>357.19</i>	<i>133.10</i>
Adjustments for:					
(Increase)/ Decrease in Trade & Other Receivables	(440.87)	(420.66)	(163.04)	(390.30)	(241.03)
(Increase)/ Decrease in Inventories	(71.11)	19.23	(30.38)	(45.92)	(16.91)
Increase/ (Decrease) in Trade Payables	153.05	168.03	(156.44)	131.13	101.60
(Increase)/ Decrease in Loans & Advances	(9.93)	(9.71)	28.22	(23.94)	4.99
<i>Cash Generated from / (used in) Operations</i>	<i>427.12</i>	<i>89.39</i>	<i>94.75</i>	<i>28.16</i>	<i>(18.25)</i>
Taxes Paid	74.21	43.58	88.74	11.68	6.67
<b>Net Cash Flow from Operating Activities</b>	<b>352.91</b>	<b>45.81</b>	<b>6.01</b>	<b>16.48</b>	<b>(24.92)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>					
Purchase of Fixed Assets	(135.31)	(86.74)	(17.26)	(107.48)	(6.03)
Sale of Fixed Assets	5.09	14.63	31.99	3.00	-
Interest Received	2.14	0.28	0.63	0.03	-
<b>Net Cash used in Investing Activities</b>	<b>(128.08)</b>	<b>(71.83)</b>	<b>15.36</b>	<b>(104.45)</b>	<b>(6.03)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>					
Issue of Shares (Including Share Premium)	-	-	267.28	-	-
Refund of Share Application	-	-	-	(2.59)	(22.54)
Proceeds in Secured Loan	(73.10)	128.40	(199.42)	179.80	129.76
Proceeds in Unsecured Loan	-	(0.36)	(20.73)	(8.13)	(23.51)
Interest & Finance Charges Paid	(55.36)	(58.23)	(73.53)	(65.44)	(51.15)
<b>Net Cash Flow from Financing Activities</b>	<b>(128.46)</b>	<b>69.81</b>	<b>(26.40)</b>	<b>103.64</b>	<b>32.56</b>



Net Increase / (Decrease) in Cash and Cash Equivalents	96.38	43.79	(5.03)	15.67	1.61
Cash and Cash Equivalents at the beginning of the year	60.15	16.35	21.38	5.72	4.11
Cash and Cash Equivalents at the end of the year	156.53	60.15	16.35	21.38	5.72
Components of Cash and Cash Equivalent					
Cash and Cheque on hand	4.69	1.61	1.87	0.66	-
With banks					
On Current Account	113.36	54.16	14.48	20.72	5.72
On Deposits Account	38.48	4.38	-	-	-

**Significant Accounting Policies and Notes to Accounts****A. Significant Accounting Policies and Notes to Accounts for the period ended 31<sup>st</sup> March 2011**

**The notes forming part of the restated financial statement of the company for the period ended 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2011**

a) Basis of Preparation of Financial Statements :

The Financial Statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the Companies Act, 1956 except those items covered under “Accounting Standard -30” on “Financial Instruments: Recognition and Measurement” which have been measured at their fair value.

b) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialized.

c) System of Accounting:

The Company follows mercantile system of accounting and recognize Income and Expenditure on accrued basis. The accounts are prepared in accordance with Accounting Standards prescribed by the Institute of Chartered Accountants of India and provisions of Companies Act, 1956.

d) Revenue Recognition:

1. Revenue on sale of goods is recognized on transfer of significant risk & rewards of ownership which is generally on dispatch of goods. Gross sales are stated inclusive of excise duty, service tax, value added tax as applicable but net of returns and trade discounts.
2. Income from services is recognized on completion of services or part completion of assignment as per Contract.
3. All expenses are accounted for on accrual basis unless otherwise specified.
4. Dividend income is recognised on establishment of right to receive.

e) Fixed Assets:

Fixed Assets are stated at cost of acquisition including expenses incurred incidental to their acquisition less accumulated depreciation & impairment.

f) Depreciation:

Depreciation on fixed assets is provided on the written Down Value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

g) Investments:

Long term investments are valued at cost after appropriate adjustment if any for diminution in their value which are other than temporary in nature.

h) Foreign Currency Transactions:

During the year foreign currency transactions relating to sales & purchases are translated at the rates prevailing at the time of settlement of transactions. Amounts remaining unsettled of these transactions at the Balance sheet date are translated at the rates prevailing at the end of the accounting year. The net gain/loss arising from such transactions are charged to relevant heads in Profit & Loss Account.

i) Employee Benefits:

1. Short Term Employee Benefits: All employee benefits payable within twelve months of rendering services are recognised in the period in which the employee renders the related service.
2. Post Employment/ Retirement Benefits: Contribution to defined contribution plans such as Provident Fund etc are charged to the profit and loss account.
3. Gratuity: Liability towards gratuity covering eligible employees is provided and funded on the basis of year end actuarial valuation.

j) Borrowing Cost:

Interest and other costs in connection with the borrowing of funds are capitalized up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

k) Impairment of Fixed Assets:

When the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

l) Provision, Contingent Liabilities and contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

m) Taxation:

Provision for current tax has been made on the basis of estimated total income computed in accordance with provisions of Income Tax Act, 1961.

Deferred tax resulting from “timing differences” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

n) Earning per Share

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

o) Cash Flow Statement

The company has prepared the cash flow statement using indirect method in compliance of Accounting Standard issued by The Institute of Chartered Accountants of India.

p) Segmental Reporting

The Company is engaged in only one segment of business which is Energy Conservation, the risk and returns of which are similar. Hence segmental reporting is not applicable.

q) Related Party Transactions:

Parties are considered to be related if at any time during the year, one party has the ability to control the other party or to exercise significant influence over the other party in making financial and /or operating decisions. The related party relationships have been determined on the basis of the requirements of the Accounting Standard – 18 “Related Party Disclosures”.

r) Inventories :

Inventories are valued at cost or market value whichever is lower.

**Notes on Restated Accounts :**

1. Current Tax and other Relevant Taxes :

The income tax paid in a year against the short provisions made in the earlier years was taken to the respective years in the restated financial statements.

2. Deferred Tax Asset/Liability :

The resultant changes in the deferred tax asset/liability due to the changes made in the retirement benefits etc have been given to respective years in the restated financial statements.

3. In the restated accounts, the figures from the audited accounts for the respective years have been regrouped / reclassified wherever required for proper comparison.

4. Employee benefits:

5. Gratuity payable to employees in accordance with the provisions of The Payment of The Gratuity Act, 1972 is a defined benefit plan as per Accounting Standard (AS) – 15 “Employee Benefits” as per Actuarial valuation certificates. The Company started providing for gratuity liability from the F.Y.2010-11 on the basis of actuary valuation. During F.Y.2010-11 Provision for Gratuity liability was made for ₹ 19.54 Lacs for the gratuity liability accrued up to 31.03.2011. The gratuity liability for FY 2010-11 is ₹ 5.28 Lacs. For the purpose of restatement, gratuity liability of ₹ 14.26 Lacs pertaining to earlier years has been adjusted against profits of earlier years.

6. Statement of Adjustments to Audited Profit & Loss Accounts in the Restated Financial Statement.

(₹ in Lacs)

#	Particulars	31-03- 2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
A	Profit after tax & extra ordinary item as per audited financial statement	537.12	160.69	263.36	191.88	13.23
	Adjustment to Profit & Loss Account	Nil	Nil	Nil	Nil	Nil
B	Gratuity Provision					
	Gratuity provided for earlier years	(19.54)	-	-	-	-

C	Gratuity related to respective year.	5.28	8.19	1.31	1.17	0.99 2.59*
D	Income Tax for Earlier Year					
	Income Tax for Earlier Years debited	-	(46.60)	(0.17)	(20.87)	-
	Total d	-	(46.60)	(0.17)	(20.87)	-
E	Income Tax Relates to Following Years					
	FY 2008-09					
	FY 2007-08					
	FY 2006-07					24.76
	Earlier Years					42.88*
	Total E	-	-	-	-	24.76
F	Gross effect on P & L for the year F = B+C+E	(14.26)	(38.41)	1.14	(19.70)	25.75
G	Net Profit as per restated Profit & Loss Account	551.38	199.10	262.21	211.58	(12.53)

Note:- Amount in Bracket denotes that the Profit as per Audited financial statement will increase or Loss will reduce.

7. Statement of adjustments to Audited Financial Statement Assets and Liabilities in the Restated Financial statement

(₹ in Lacs)						
#	Particulars	31-03- 2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
	<b>Adjustment to Liabilities</b>					
	Profit & Loss Account	+14.26	+38.41	-1.14	+19.70	- 25.75
	Provision for Taxation	-	-46.60	-0.17	-20.87	+24.76
	Current Liabilities	-14.26	+8.19	+1.31	+1.17	+0.99
	Total Effect on Liabilities	-	-	-	-	-
	<b>Adjustment to Assets</b>					
	Total Effect on Assets	-	-	-	-	-

8. Auditors Qualification:

There were no audit qualifications during any of the five years which required any corrective adjustments in the financial information.

9. **Notes on Accounts**

a. Contingent Liabilities:

(Figure in Lac)					
Particulars	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Bank Guarantee	2.00	2.00	-	-	-
Income Tax Demand *	166.59	-	-	-	-

- The management believes that the company has a good chance of success in the above mentioned cases and hence no provision there against is considered necessary.

b. Payment to Auditors:

(Figure in Lacs)

Particulars	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Audit Fee	0.39	0.28	0.33	0.17	0.56

c. Foreign Exchange Earning & Expenditure:

(Figure in Lacs)

Particulars	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Earning in Foreign Currency - Export Sales	104.61	133.34	255.68	46.09	75.49
Expenditure in foreign Currency - Travelling etc	26.81	35.49	38.14	-	8.84

d. Related Party Disclosure:

(Figure in Lacs)

Particulars	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Directors Remuneration	179.02	170.29	123.38	90.68	26.60
Royalty Paid to Directors	62.31	49.65	42.14	26.09	-

- e. The company has not received any memorandum (as require to be filed by the Supplier with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31<sup>st</sup> March, 2011 as Micro, Small or Medium Enterprises. Consequently the amount paid/ payable to these parties during the year is Nil.
- f. The balances in accounts of sundry debtors and creditors are subject to confirmation and consequent reconciliations. Adjustments in this respect in the opinion of the management are not likely to be material and would be carried out as and when ascertained.
- g. In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

## Annexure E

## Statement of Contingent Liabilities

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Bank Guarantee Outstanding	2.00	2.00	-	-	-
Income Tax Demands*	166.59	-	-	-	-
<b>Total</b>	<b>168.59</b>	<b>2.00</b>	-	-	-

## Annexure F

## Statement of Dividend Declared

The Company has not declared any dividend in last five financial years.

## Annexure G

## Details of Related Party Transactions

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>a. Share Holders having Substantial Interest (No. of Shares)</b>					
Ganesh Dattatarya Samant	77,89,620	2,09,980	1,59,980	89,703	89,703
Vivek Vijay Pandit	4,27,500	22,500	22,500	12,618	12,618
Prasad Tulsidas Samant	4,27,500	22,500	22,500	12,618	12,618
Hemant Raghunath Mohite	4,27,500	22,500	22,500	12,618	12,618
Vijay Chandrakant Kamble	4,27,500	22,500	22,500	12,618	12,618
Compact Capital Limited	-	2,00,000	2,50,000	-	-
<b>b. Key Management Personnel (KMP)</b>					
Director:					
Ganesh Dattatarya Samant	Yes	Yes	Yes	Yes	Yes
Vivek Vijay Pandit	Yes	Yes	Yes	Yes	Yes
Prasad Tulsidas Samant	Yes	Yes	Yes	Yes	Yes
Hemant Raghunath Mohite	Yes	Yes	Yes	Yes	Yes
Vijay Chandrakant Kamble	Yes	Yes	Yes	Yes	Yes
Swatantra Kumar	Yes	Yes	Yes	Yes	Yes
Subhodh Hareshwar Raut	Yes	Yes	Yes	Yes	Yes
<b>c. Transactions with Related Parties</b>					<b>(₹Lacs)</b>

<i>Transactions with KMP &amp; Shareholders' having substantial interest:</i>					
Directors Remuneration	179.02	170.29	123.38	90.68	26.6
Royalty Paid to Directors	62.31	49.65	42.14	26.09	-
<i>Transaction with Relatives of Key Managerial Personnel:</i>					
	Nil	Nil	Nil	Nil	Nil
<i>Transaction with Subsidiary:</i>					
	Nil	Nil	Nil	Nil	Nil
<i>Transaction with Enterprise Owned or Controlled by KMP/ Relatives:</i>					
	Nil	Nil	Nil	Nil	Nil

#### Annexure H

##### Details of Other Income

(₹ Lacs)

Particulars	For the Year Ended					Nature of Income Recurring/ Non-Recurring	Related/ Non-Related To business Activity
	31st March , 2011	31st March , 2010	31st March , 2009	31st March , 2008	31st March , 2007		
<b>Other Income</b>							
Interest Income	2.14	0.28	0.63	0.03	-	Non-Recurring	Non-Related
Others	0.68	2.41	24.64	2.51		Non-Recurring	Non-Related
Total (Gross other Income)	2.82	2.69	25.27	2.54	-		
Net profit before tax as restated	701.32	229.54	324.17	256.73	17.65		
<b>% of Other Income</b>	<b>0.40%</b>	<b>1.17%</b>	<b>7.80%</b>	<b>0.99%</b>	<b>0.00%</b>		



**Annexure I**

**Summary of Accounting Ratios**

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>Earning Per Share</b>					
Basic-₹	5.80	39.82	104.60	150.91	(8.93)
Diluted-₹	5.80	39.82	104.60	150.91	(8.93)
Net Assets Value per share- ₹	16.11	195.88	156.06	178.90	29.83
Return on Net Worth (%)	36.02%	20.33%	67.02%	84.36%	-29.95%
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Assets Value per share	95,00,000	5,00,000	2,50,685	1,40,195	1,40,195
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	95,00,000	5,00,000	2,50,685	1,40,195	1,40,195
No. of Equity Shares at the end of the year	95,00,000	5,00,000	5,00,000	1,40,195	1,40,195

**Annexure J**

**Statement of Secured Loans**

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Term Loan	23.55	45.52	44.09	92.01	78.56
Cash Credit Facility	384.88	436.01	309.04	460.56	294.19
<b>Total</b>	<b>408.43</b>	<b>481.53</b>	<b>353.13</b>	<b>552.57</b>	<b>372.75</b>

**Terms and Conditions of Secured Loans**

Nature of Borrowing /Debt	Name of the Institution	Sanction Amount	Outstanding Amount	Interest Rate pa	Repayment Terms	Security
Cash Credit Limit	Axis Bank	450.00	384.88	16%	₹ 10 L Reducing DP Limit w.e.f 30.04.2010.	Stock, Book Debts & Personal Guarantee of Directors
Term Loan	ICICI	30.00	23.55	9%	Monthly	Movable Assets
<b>Total</b>		<b>480.00</b>	<b>408.43</b>			

## Annexure K

## Statement of Unsecured Loans

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
From Corporates	-	-	-	13.88	9.87
From Banks	-	-	0.36	1.66	2.75
Others	-	-	-	5.55	16.60
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.36</b>	<b>21.09</b>	<b>29.22</b>

No interest was payable on the unsecured loans

## Annexure L

## Statement of Debtors

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Outstanding for a period exceeding six months					
Considered good	452.71	-	-	-	-
Considered doubtful	-	-	-	-	-
Other Debts					
Considered good	1,317.54	1,329.38	908.72	745.69	355.38
Considered doubtful	-	-	-	-	-
Less: Provision	-	-	-	-	-
<b>Total</b>	<b>1,770.25</b>	<b>1,329.38</b>	<b>908.72</b>	<b>745.69</b>	<b>355.38</b>
Note: The above includes debts dues from Related Parties as under:					
	Nil	Nil	Nil	Nil	Nil

## Annexure M

## Details of Loans &amp; Advances

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Advances recoverable in Cash or in Kind or for Value to be received					
Considered good	20.45	3.83	6.11	40.53	25.00
Considered doubtful				-	-
Advances to Subsidiaries				-	-
Loan to Employees	9.14	14.11	8.35	6.36	-
Deposits & Retention	11.36	13.08	6.85	2.64	0.59
Advance Tax	154.37	80.18	53.48	4.28	2.28
Less: Provision for doubtful advances				-	-
<b>Total</b>	<b>195.32</b>	<b>111.20</b>	<b>74.79</b>	<b>53.81</b>	<b>27.87</b>
Note: The above includes advances dues from Related Parties as under:					
	Nil	Nil	Nil	Nil	Nil

## Annexure N

## Details of Investments

The Company has not made any investments in last five years.

## Annexure O

## Capitalization Statement

(₹ Lacs)

Particulars	Pre-Issue	Post- Issue *
	31st March, 2011	
<b>Debt</b>		
Working Capital Loan	384.88	
Long Term Debt	23.54	
<b>Total Debt (A)</b>	408.42	
<b>Shareholders' Fund</b>		
Equity Share Capital	950.00	
Reserve & Surplus	580.78	
<b>Total Equity (B)</b>	1,530.78	
<b>Debt/ Equity Shareholders' fund (A/B) - In Times</b>	0.27	

\*Post issue capitalization will be determined after the finalisation of the issue price.

## Annexure P

## Statement of Tax Shelters

(₹ Lacs)

Particulars	For the Year Ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Profit/ (Loss) before tax as per books (A)	687.06	237.73	325.48	257.90	18.65
Tax Rate%	33.22%	33.99%	33.99%	33.99%	33.66%
Tax at Notional Rate on Profits	228.24	80.80	110.63	87.66	6.28
Adjustments:					
Permanent Differences:					
Disallowances	-	-	-	-	-
Penalty/ Interest on Statutory Dues	-	-	-	-	-
<b>Donations</b>					
Less Deduction u/s 80IB/IC	(701.11)	(43.46)	(318.08)	(263.50)	(25.67)
<b>Total Permanent Differences (B)</b>	701.11	43.46	318.08	263.50	25.67
Timing Differences:					
Depreciation difference as per IT and Company's Act	(5.49)	5.65	8.13	3.91	7.02
Disallowance / (Allowance) of Earlier year disallowance u/s 40a(ia) - Net	19.54	(98.50)	5.38	1.69	-
Loss on Sale of Fixed Assets	-	-	-	-	-
<b>Total Timing Differences (C)</b>	14.05	(92.85)	13.51	5.59	7.02
<b>Net Adjustment (B+C)</b>	715.15	(49.38)	331.59	269.09	18.65
Tax Impact thereon	237.57	(16.79)	112.71	91.46	6.28
Profit/(Loss) as per Income Tax Returns (D= A-B+C)	-	101.42	20.91	-	-
Brought forward losses adjusted (E)	-	-	-	-	-
Taxable Income/ (loss) (D+E)	-	101.42	20.91	-	-
Taxable Income/ (loss) as per MAT	687.06	-	325.48	257.90	18.65
Tax as per Income Tax Return	136.74	32.36	41.88	29.22	1.57
Interest u/s 234 as returned	-	-	2.93	-	-
<b>Total Tax as per Return</b>	136.74	32.36	44.81	29.22	1.57

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

*The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements as of and for the years ended March 31, 2007, 2008, 2009, 2010 and 2011 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 117 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.*

*Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. 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 the Companies Act, Indian GAAP and ICDR Regulations.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on page 14 and page 13, respectively.*

### OVERVIEW

Our Company is engaged in business of manufacturing of fuel additives for solid and petroleum fuels. It was originally incorporated as Abhitech Energycon Services Private Limited on October 10, 1997. Subsequently, it was renamed as Abhitech Energycon Private Limited on July 17, 2003. Thereafter, it was converted into a public company on August 13, 2003 and in pursuance thereof the name of the Company further changed to Abhitech Energycon Limited. Our Company is promoted by Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Vijay Kamble and Mr. Hemant Mohite.

Our products are broadly classified in two categories i.e. additives for solid fuel and additives for petroleum fuel. We manufacture and market multifunctional fuel additives for petroleum fuels and solid fuels. Our products are aimed at catalyzing combustion of various fuels and are useful in the field of energy conservation by ensuring complete combustion and reducing emissions. Our **THERMOL** range of petroleum fuel combustion catalyst i.e. **THERMOL** for Heavy Fuel Oils, **THERMOL-D** for Diesel, **THERMOL-P** for Petrol, **THERMOL THUNDER** for 2 wheelers and the solid fuel combustion catalyst **THERMACT** for coal, **THERMACT-B** for Bagasse, **THERMACT BIOsp** for Biomass, **THERMACT-L** for Lignite and **THERMACT-BR** for brick kilns are established, as the combustion catalysts, giving benefits to the customers.

Our Company is headquartered in Mumbai, India, where our registered office is situated. Our manufacturing plant is located at Baddi, Himachal Pradesh. Our products are also exported to countries like Nepal, Cambodia, Slovenia, Brazil and Sri Lanka.

Our Company has its manufacturing unit, situated in Baddi, Himachal Pradesh which has a capacity to manufacture 1,000 litres of liquid fuel additive per day and 2,500 kgs of solid fuel additive per day.

### Significant developments subsequent to the last financial year: -

After the date of last financial year i.e. March 31, 2011, the Directors of our Company confirm that, there have not been any significant material developments.

## **FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Our business, results of operations and financial condition are affected by a variety of factors, including the following: -

### **Economic Conditions in India**

The results of operations of our Company are influenced by performance of the overall Indian economy. India has experienced rapid economic growth in recent years. According to the World Economic Outlook Database, June 2011, India's GDP growth year on year was 10.4% in CY2010 and the projected growth rate for CY2011 is 8.2% and 7.8% for CY2012.

We believe that there is a positive correlation between fuel consumption pattern and India's GDP growth. We expect the financial performance of our Company to improve in years of high GDP growth and vice versa.

### **Fuel Prices**

In the recent years the prices of most forms of fuel have been rising globally. With increase in fuel prices the focus on fuel additives to enhance the efficiency of the fuel will become a rising trend. We expect the financial performance of our Company to improve if the prices of various forms of solid and liquid fuel continue to increase.

### **Change in fuel consumption pattern**

It is well known that coal and petroleum are few of the most widely used fuels, globally. They are non renewable sources of energy and their conservation is of predominant importance. In future, with further rise in industrialization, the demand for these fuels will also increase. Therefore, focus on fuel efficiency is expected to increase and so is the use of fuel additives.

### **Environmental regulations**

With the increase in global warming the efforts of the Government towards preservation of environment has increased. The environmental regulations are expected to get more stringent, thereby promoting the use of more efficient forms of fuel.

We expect that this will also help in improving the sales of fuel additives and in turn help improving the financial performance of our Company.

### **Competition**

Few competitors exist in the market like Exxon Mobil Elf Lubricants. However we endeavor to differentiate from those based on parameters like product quality, affordability and cost and product reach and availability.

Our profit margins may be affected if competition intensifies.

### **Discussion on Results of Operation:**

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of the Company for the years ended March 31, 2007, 2008, 2009, 2010 & 2011.

### **Other factors include:**

- Non – receipt of pending approvals for the proposed project. We have not yet applied for the approvals for the proposed project. The applications will be made once the project implementation begins.
- Foreign exchange rate fluctuations could have an impact on our revenues.
- Company’s ability to successfully implement their marketing, business and growth strategies.
- Changes in the regulations/regulatory framework/economic policies in India and/or in foreign countries.

## **KEY COMPONENTS OF OUR PROFIT AND LOSS STATEMENT**

### **Income**

Our income primarily comprises income from sales and other income.

### **Sales**

Sales primarily comprises of sales of Thermact and Thermol.

### **Other Income**

Other income comprises of fixed deposit interest, duty drawback and scrap sales.

### **Expenditures**

Expenditures includes direct and indirect expense like material cost, employee salary, office rent, etc.

### **Material Consumed and Other Direct Expenses**

Material consumed and other direct expenses include material cost, transport charges, electricity charges, testing charges, repairs and maintenance.

### **Administration and Distribution Expenses**

Administration and distribution expenses primarily consists of travelling and conveyance, remuneration to directors, telephone expenses, office expenses, etc.

### **Employee Remuneration & Benefits**

Employee Remuneration & Benefits consists of salaries, contribution to provident fund and expenses towards staff welfare.

### **Finance Charges**

Finance Charges includes bank charges and interest expenses.

### **Depreciation**

We recognize depreciation on a written down value method as per the rates set forth as per schedule XIV to the Companies Act.1956.

## **OUR SIGNIFICANT ACCOUNTING POLICIES**

For Significant accounting policies please refer *Significant Accounting Policies*, “Annexure D” beginning on page 124 under Chapter titled “Auditors’ Report and Financial Information of our Company” beginning on page 117 of the Draft Red Herring Prospectus.

## RESULTS OF OPERATIONS

(₹ Lacs, unless otherwise mentioned)

Particulars	For the year ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
<b>Sales</b>	<b>3,115.39</b>	<b>2,482.73</b>	<b>2,106.84</b>	<b>1,304.96</b>	<b>830.78</b>
Increase/Decrease (%)	25.48%	17.84%	61.45%	57.08%	
<b>Other Income</b>	<b>2.82</b>	<b>2.69</b>	<b>25.27</b>	<b>2.54</b>	<b>0.00</b>
<b>Total Income</b>	<b>3,118.21</b>	<b>2,485.42</b>	<b>2,132.10</b>	<b>1,307.50</b>	<b>830.78</b>
Increase/Decrease (%)	25.46%	16.57%	63.07%	57.38%	
<b>Expenditure</b>					
<b>Material Consumed &amp; Other Direct Expenses</b>	<b>672.63</b>	<b>601.75</b>	<b>840.04</b>	<b>406.14</b>	<b>424.33</b>
Increase/Decrease (%)	11.78%	-28.37%	106.83%	-4.28%	
% to Turnover	21.59%	24.24%	39.87%	31.12%	51.08%
<b>Employee Remuneration &amp; Benefits</b>	<b>495.07</b>	<b>410.55</b>	<b>307.37</b>	<b>200.02</b>	<b>122.26</b>
Increase/Decrease (%)	20.59%	33.57%	53.67%	63.60%	
% to Turnover	15.89%	16.54%	14.59%	15.33%	14.72%
<b>Administration &amp; Distribution Expenses</b>	<b>1,153.87</b>	<b>1,144.80</b>	<b>546.77</b>	<b>344.12</b>	<b>151.10</b>
Increase/Decrease (%)	0.79%	109.38%	58.89%	127.75%	
% to Turnover	37.04%	46.11%	25.95%	26.37%	18.19%
<b>Total Expenditure</b>	<b>2,321.57</b>	<b>2,157.11</b>	<b>1,694.17</b>	<b>950.28</b>	<b>697.68</b>
Increase/Decrease (%)	7.62%	27.33%	78.28%	36.21%	
% to Turnover	74.52%	86.88%	80.41%	72.82%	83.98%
<b>Profit Before Interest, Depreciation and Tax</b>	<b>796.64</b>	<b>328.31</b>	<b>437.93</b>	<b>357.22</b>	<b>133.10</b>
Increase/Decrease (%)	142.65%	-25.03%	22.60%	168.38%	
% to Turnover	25.57%	13.22%	20.79%	27.37%	16.02%
<b>Depreciation</b>	<b>39.97</b>	<b>40.54</b>	<b>40.23</b>	<b>35.05</b>	<b>64.30</b>
Increase/Decrease (%)	-1.42%	0.78%	14.78%	-45.49%	
% to Turnover	1.28%	1.63%	1.91%	2.69%	7.74%
<b>Profit Before Interest and Tax</b>	<b>756.68</b>	<b>287.77</b>	<b>397.70</b>	<b>322.17</b>	<b>68.80</b>
Increase/Decrease (%)	162.95%	-27.64%	23.45%	368.25%	
% to Turnover	24.29%	11.59%	18.88%	24.69%	8.28%
<b>Financial Charges</b>	<b>55.36</b>	<b>58.23</b>	<b>73.53</b>	<b>65.44</b>	<b>51.15</b>
Increase/Decrease (%)	-4.92%	-20.82%	12.37%	27.93%	
% to Turnover	1.78%	2.35%	3.49%	5.01%	6.16%
<b>Profit before Taxation</b>	<b>701.32</b>	<b>229.54</b>	<b>324.17</b>	<b>256.73</b>	<b>17.65</b>
Increase/Decrease (%)	205.53%	-29.19%	26.27%	1354.29%	
% to Turnover	22.51%	9.25%	15.39%	19.67%	2.12%
<b>Tax Expense</b>	<b>149.94</b>	<b>30.44</b>	<b>61.96</b>	<b>45.16</b>	<b>30.18</b>



Increase/Decrease (%)	392.60%	-50.87%	37.20%	49.63%	
% to Turnover	4.81%	1.23%	2.94%	3.46%	3.63%
<b>Profit After Tax</b>	<b>551.38</b>	<b>199.10</b>	<b>262.21</b>	<b>211.58</b>	<b>-12.53</b>
Increase/Decrease (%)	176.93%	-24.07%	23.93%	-1789.04%	
% to Turnover	17.70%	8.02%	12.45%	16.21%	-1.51%

## COMPARISON OF FY 2011 AND 2010

### Income

Our total income has increased to ₹ 3,118.21 Lac in FY 2011 from ₹ 2,485.42 Lac in FY 2010 showing an increase of 25.46%, resulting primarily from an increase in sales.

### Sales

Our sales has increased by 25.48%, to ₹ 3,115.39 Lac in FY 2011 from ₹ 2,482.73 Lac in FY 2010. This increase was mainly due to increase in sales of Thermol. During FY 2010 the production of Thermol was 119703 litres which increased to 166044 litres during FY 2011.

### Other income

Other income was ₹2.82 Lac for FY 2011 and ₹2.69 Lac for FY 2010. The increase was primarily due to increase in interest on fixed deposit.

### Expenditure

#### Material Consumed and Other Direct Expenses

Material Consumed and other direct expenses increased by 11.78%, from ₹ 601.75 Lac in FY 2011 to ₹ 672.63 Lac in FY 2010. The increase was due to increase in purchases due to increase in turnover during the year.

#### Administration and Distribution expenses

Administration and distribution expenses increased by 0.79%, to ₹1,153.87 Lac in FY 2011 from ₹ 1,144.80 Lac in FY 2010. The increase was primarily on account of increase in travelling and conveyance expenses and bad debts.

#### Employee Remuneration and Benefits

Employee Remuneration and Benefits increased by 20.59%, to ₹495.07 Lac in FY 2011 from ₹ 410.55 Lac in fiscal 2010. The increase was primarily on account increase in salaries.

### PBIDT

PBIDT was ₹ 796.64 Lac in FY 2011, which represented an increase of 142.65%, from ₹ 328.31 Lac in FY 2010. The PBIDT margin stood at 25.57% for FY 2011 and 13.22% for FY 2010. Our PBDIT increased due to proportionate decrease in our operating expenditure. Our total operating expenditure as percent to turnover stood at 86.88% for FY 2010 and 74.52% during FY 2011. Our margins increased due to operational efficiencies.

### Finance Expense

Finance expenses have decreased by 4.92% to ₹ 55.36 Lac in the year ended March 31, 2011 from ₹ 58.23 Lac in FY 2010. The decrease was primarily due to decrease in bank Interest.

#### **Depreciation**

Depreciation decreased by 1.42% to ₹ 39.97 Lac in FY 2011 from ₹ 40.54 Lac in FY 2010. The decrease was primarily due to the use of written down value method for calculation of depreciation.

#### **Net profit after tax**

Net profit after tax increased by ₹ 352.28 Lac or 176.93%, to ₹ 551.38 Lac in FY 2011 from ₹ 199.10 Lac in FY 2010, due to the factors discussed above. The PAT margin stood at 17.70% for FY 2011 and 8.02% for FY 2010.

### **COMPARISON OF FY 2010 AND 2009**

#### **Income**

Our total income has increased by ₹ 353.31 Lac or 16.57% to ₹ 2,485.42 Lac in FY 2010 from ₹ 2,132.10 Lac in FY 2009, resulting primarily from an increase in sales.

#### **Income from sales**

Income from sales has increased by 17.84%, to ₹ 2,482.73 Lac in FY 2010 from ₹ 2,106.84 Lac in FY 2009. The increase was due to increase in volume and more focus on direct sales.

#### **Other income**

Other income was ₹ 2.69 Lac for FY 2009 and ₹ 25.27 Lac for FY 2008.

#### **Expenditure**

#### **Material Consumed and Other Direct Expenses**

Operating and other direct expenses decreased by 28.37%, to ₹ 601.75 Lac in FY 2010 from ₹ 840.04 Lac in FY 2009. The Company had conducted trials of its products at the client site in the earlier years, which was realized during FY 2010. The decrease in the Material Consumed and Other Direct Expenses was on account of the realization of the benefits of the trial conducted on the earlier year i.e. FY 2010.

#### **Administration and Distribution Expenses**

Administration and other expenses increased by 109.38%, to ₹ 1,144.80 Lac in FY 2010 from ₹ 546.77 Lac in FY 2009. The increase was primarily on account of marketing and business promotion expenses which increased from ₹ 65.75 Lacs during FY 2009 to ₹ 429.76 Lacs during FY 2010. Further there was in travelling & conveyance and other office expenses.

#### **Employee Remuneration and Benefits**

Employee Remuneration and Benefits increased by 33.57% to ₹ 410.55 Lac in FY 2010 from ₹ 307.37 Lac in FY 2009. The increase was primarily due to increase in number of employees.

#### **PBIDT**

PBIDT was ₹ 328.31 Lac in FY 2010, which represented a decrease of 25.03%, from ₹ 437.93 Lac in FY 2009. The decrease was mainly due to increase in business promotion, marketing and other administrative expenses. The PBIDT margin stood at 13.22% for FY 2010 and 20.79% for FY 2009.

**Finance Expense**

Finance expenses decreased by 20.82 % to ₹ 58.23 Lac in FY 2010 from ₹ 73.53 Lac in FY 2009. The increase was primarily due to repayment of secured loans.

**Depreciation**

Depreciation increased by 0.78% to ₹ 40.54 Lac in FY 2010 from ₹ 40.23 Lac in FY 2009. The increase was primarily due to the depreciation on new assets purchased.

**Net profit after tax**

Net profit after tax decreased by ₹ 63.11 Lac or 24.07%, to ₹ 199.10 Lac in FY 2010 from ₹ 262.21 Lac in FY 2009, due to the factors discussed above and since our total operating expenditure increased by 27.33%.

**COMPARISON OF FY 2009 AND 2008****Income**

Our total income has increased by 63.07 % to ₹ 2,132.10 Lac in FY 2009 from ₹ 1,307.50 Lac in FY 2008, resulting primarily from increase in sales.

**Income from sales**

Income from sales has increased by 61.45%, to ₹ 2,106.84 Lac in FY 2009 from ₹ 1,304.96 Lac in FY 2008. The increase was due to increase in volume and more focus on direct sales.

**Other income**

Other income was ₹ 25.27 Lac for FY 2009 and ₹ 2.54 Lac for FY 2008. This increase was mainly due to profit on sale of land of ₹ 20.91 Lacs during FY 2009.

**Expenditure****Material Consumed and Other Direct Expenses**

Material Consumed and Other Direct Expenses increased by 106.83% to ₹ 840.04 Lac in FY 2009 from ₹ 406.14 Lac in FY 2008. The increase was primarily due to increase in material consumed from ₹ 346.95 lacs during FY 2008 to ₹ 748.15 lacs during FY 2009. Further there was increase in freight charges and repairs and maintenance charges.

**Administration and Distribution Expenses**

Administration and other expenses increased by 58.89% to ₹ 546.77 Lac in FY 2009 from ₹ 344.12 Lac in FY 2008. The increase was primarily on account of increase in travelling & conveyance, brokerage & commission, sales promotion and other office expenses.

**Employee Remuneration and Benefits**

Employee Remuneration and Benefits increased by 53.67% to ₹ 307.37 Lac in FY 2009 from ₹ 200.02 Lac in FY 2008. The increase was primarily due to decrease in salaries.

**PBIDT**

PBIDT was ₹ 437.93 Lac in FY 2009, which represented an increase of 22.60%, from ₹ 357.22 Lac in FY 2008. The PBIDT margin stood at 20.79% for FY 2009 and 27.37% for FY 2008. The increase is mainly due to increase in sales and reduction in margin is mainly due to increase in material cost.

#### **Finance Expense**

Finance expenses increased by 12.37% to ₹ 73.53 Lac in FY 2009 from ₹ 65.44 Lac in FY 2008. The increase was primarily due to marginal increase in bank charges and interest.

#### **Depreciation**

Depreciation increased by 14.78% to ₹ 40.23 Lac in FY 2009 from ₹ 35.05 Lac in FY 2008. The increase was primarily due to the depreciation on new assets purchased.

#### **Net profit after tax**

Net profit after tax increased by ₹ 50.64 Lac or 23.93%, to ₹ 262.21 Lac in FY 2009 from ₹ 211.58 Lac in FY 2008, due to the factors discussed above. The PAT margin stood at 12.45% for FY 2009 and 16.21% for FY 2008.

### **LIQUIDITY AND CAPITAL RESOURCES**

As of March 31, 2011 and March 31, 2010, we had cash and bank balances of ₹ 156.53 Lacs and ₹ 60.15 Lacs respectively.

#### **Cash flows**

The following table sets forth the principal components of cash flows for FY 2011, FY 2010 and FY 2009:

<b>Particulars</b>	<b>For the Year Ended</b>				
	<b>31st March, 2011</b>	<b>31st March, 2010</b>	<b>31st March, 2009</b>	<b>31st March, 2008</b>	<b>31st March, 2007</b>
Net Cash Flow from Operating Activities	<b>352.91</b>	<b>45.81</b>	<b>6.01</b>	<b>16.48</b>	<b>(24.92)</b>
Net Cash used in Investing Activities	(128.08)	(71.83)	15.36	(104.45)	(6.03)
Net Cash Flow from Financing Activities	(128.46)	69.81	(26.40)	103.64	32.56

### **Off-Balance Sheet Arrangements and Financial Instruments**

#### **Contingent liabilities**

As of March 31, 2011, our contingent liabilities were ₹168.59 Lac, which consist of Bank Guarantees given and income tax demand.

#### **Capital Expenditures**

Our capital expenditures are primarily related buying plant and machinery.

#### **Related Party Transactions**

*For further information please refer “Annexure G” beginning on page 129 under Chapter titled “Auditors’ Report and Financial Information of our Company” beginning on page 117 of the Draft Red Herring Prospectus.*

## **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

### **Operating Risk**

Our operations are subject to various operating risks that may materially increase our cost of operations and delay or disrupt provision of goods and services either permanently or for varying lengths of time, which could have a material adverse effect on our business, results of operations and financial condition. We currently only maintain insurance for our business premises and our data centre. We may not maintain third-party insurance for all projects.

### **Interest Rate Risk**

Changes in interest rates would affect our results of operations and financial condition. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. We do not enter into any derivatives transactions to hedge against our exposure to interest rates risks.

### **Currency Exchange Risk**

Changes in currency exchange rates may affect our results of operations. Our Revenue also depends on the export to the other countries. Depreciation of the Indian Rupee against the U.S. dollar and other foreign currencies may adversely affect our results of operations by decreasing the income from sales.

### **Effect of Inflation**

We are affected by inflation as it has an impact on the operating cost, staff costs, fuel cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

## **ANALYSIS OF CERTAIN CHANGES**

- 1. Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

There have been no unusual or infrequent events or transactions that have taken place.

- 2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

- 3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section titled “Risk Factors” beginning on page 14 in the Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

- 4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by service providers.

**5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

Increases in revenues are by and large linked to increases in volume of business.

**6. Total turnover of each major industry segment in which the issuer company operated.**

We operate in only one industry segment. For details on the total turnover of the industry *please refer to Chapter titled "Industry Overview" beginning on page 69 of the Draft Red Herring Prospectus.*

**7. Status of any publicly announced new products or business segment.**

Our Company has not announced any new product and segment, other than through the Draft Red Herring Prospectus.

**8. The extent to which business is seasonal.**

Our Company's business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers.**

**Customers'/Suppliers contribution:**

Particulars	Year ended March 31, 2011
Customer Top 5 (%)	42.05
Suppliers Top 5 (%)	36.31

**10. Competitive conditions.**

Competitive conditions are as described under the *Chapters titled "Industry Overview" and "Business Overview" beginning on pages 69 and 74, respectively of the Draft Red Herring Prospectus.*

## FINANCIAL INDEBTEDNESS

Our Company's outstanding secured borrowing amounted to ₹ 266 Lac as of August 31, 2011.  
Our Company has availed of working capital and term loan facilities from Axis Bank. Given below is a brief description of certain significant terms of the financing arrangements: -

Agreements with Lender	Nature of Borrowing	Amount Sanctioned as on date March 31, 2011 (₹)	Principal Amount Outstanding as on August 31, 2011 (₹)	Interest	Term/ Tenure	Repayment	Prepayment	Security	Negative Covenants
Sanction Letter dated June 6, 2011 issued by Axis Bank	Cash Credit (working capital)	330 Lac	266 Lac	14.75% per annum (payable monthly)	1 (one)	₹ 10 Lac per month from April 30, 2011	--	Note 1	Note 2

### Notes: -

#### 1. Security –

##### (i) Primary Security: -

First charge by way of hypothecation of current assets of the Company, both present and future;

##### (ii) Collateral: -

- (a) First charge on entire movable and immovable fixed assets of the Company, present and future excluding vehicles;
- (b) Equitable mortgage of office premises situated at A-1020, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Mumbai – 400 072; and
- (c) Assignment of Keyman Insurance policies of Mr. Hemant Mohite and Mr. Ganesh Samant amounting to ₹ 50 Lac (Rupees Fifty Lac only) each.

##### (iii) Guarantees: -

Personal Guarantees of the 5 (five) Promoter Directors being Mr. Ganesh Samant, Mr. Vivek Pandit, Mr. Prasad Samant, Mr. Hemant Mohite and Mr. Vijay Kamble.

#### 2. Further, the following corporate actions would require the prior permission in writing of Axis Bank: -

- (i) Undertake any expansion or fresh project or acquire fixed assets, while normal capital expenditure;
- (ii) Invest by way of share capital in or lend or advance to or place deposits with any other concern;

- (iii) Declare dividend for any year except out of profits relating to that year after making all the due and necessary provisions provided that no default had occurred in any repayment obligation; and
- (iv) Make any substantial change in their management set-up.

However, for the purposes of this Issue, our Company has obtained relevant waiver from Axis Bank.



## **OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES**

*Except as stated in this Draft Red Herring Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors. Further, except as stated in this Draft Red Herring Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by the Promoters by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.*

*Neither our Company nor its Promoters, members of the Promoter Group, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.*

### **A) LITIGATION AGAINST OUR COMPANY**

#### **Civil cases**

##### ***I. Cases filed against our Company***

Nil

##### ***II. Cases filed by our Company***

Nil

#### **Claims and notices from statutory authorities**

##### ***I. Income tax related proceedings***

###### ***1. Assessment year 2004 - 2005***

A search and seizure action was carried out by the Department of Income Tax under section 132(1) of the IT Act on April 26, 2007 and on subsequent dates, against our Company. Subsequently, a notice under section 153C of the IT Act was issued to our Company July 15, 2008. In response to the same, our Company filed a revised return on August 22, 2008 declaring a total income of ₹ 14.03 Lac. However, since during the course of the said search and seizure action, no cash, jewellery or other valuable article or thing or books of accounts or documents belonging to the Company was seized, the proceeding under section 153C was dropped and on request of the Company the abovementioned return of income filed under section 153C was treated as having filed pursuant to a notice under section 148 of the IT Act.

Subsequently, the said Assessment Order dated December 14, 2009 was passed by the Assistant Commissioner of Income Tax, with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income would include the amount of delayed payments of employees' contribution towards Provident Fund amounting to ₹ 1.84 Lac. It was, therefore, observed that the Total Assessed Income of the Company was ₹ 15.87 Lac. A total amount of ₹ 1.39 Lac was made payable by the Company by way of interest and tax on the Assessed income by a demand notice dated December 14, 2009. In addition to the same, a notice dated December 14,

2009 was issued under section 274 read with section 271 of the IT Act (penalty) to the Company to appear before the Assistant Commissioner of Income Tax. Pursuant to the abovementioned notice pertaining to levy of penalty, the Company sent a reply to the Assistant Commissioner of Income Tax stating that the Company had paid the entire amount of contribution towards Provident Fund within the period allowed under the Income Tax Act and requested the said penalty proceedings against the Company to be dropped. However, our Company has not received any communication from the Assistant Commissioner of Income Tax pursuant to the said reply.

## **2. Assessment Year: 2005-06**

A search and seizure action was carried out by the Department of Income Tax under section 132(1) of the IT Act on April 26, 2007 and on subsequent dates, against our Company. During the search and seizure action, it was recorded that the plant and machinery of the Company at Baddi, Himachal Pradesh was old and was transferred from the plant of the Company at Wada, Maharashtra. Subsequently, a notice under section 153C of the IT Act was issued to our Company July 15, 2008. In response to the said notice, the Company agreed to the same and withdrew the claim of deduction under section 80 – IB (3) and filed a revised return on August 22, 2008 declaring a total income of ₹10.7 Lac. However, since during the course of the said search and seizure action, no cash, jewellery or other valuable article or thing or books of accounts or documents belonging to the Company was seized, the proceeding under section 153C was dropped and on request of the Company the abovementioned return of income filed under section 153C was treated as having filed pursuant to notice under section 148 of the IT Act.

Subsequently, an Assessment Order dated December 14, 2009 was passed by the Assistant Commissioner of Income Tax, with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that claim withdrawn under section 80-IB(3) for deduction of ₹ 9.7 Lac and offer of ₹ 10.7 Lac as additional income in the return filed under section 153C of the IT Act was accepted and certain other amounts were included in the Assessed Income like the amount of delayed payments of employees' contribution towards Provident Fund amounting to ₹ 2.66 Lac and the default in deduction and payment of TDS and claiming the same as expenditure amounting to ₹ 16.48 Lac in Profit and Loss Account, were disallowed under various provisions of the IT Act. It was, therefore, observed that the Total Assessed Income of the Company was ₹ 29.85Lac. A total amount of ₹ 11.22Lac was made payable by the Company by way of interest and tax on the Assessed income by a demand notice dated December 14, 2009. In addition to the same, a notice dated December 14, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to the Company to appear before the Assistant Commissioner of Income Tax. Further, pursuant to hearings before the Assistant Commissioner of Income Tax, an Order dated June 29, 2010 under section 271(1) (c) of the IT Act was passed by the Assistant Commissioner of Income Tax whereby the Company was ordered to pay ₹ 3.91Lac by way of penalty under the said section.

The Company has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

## **3. Assessment Year: 2006-07**

A search and seizure action was carried out by the Department of Income Tax under section 132(1) of the IT Act on April 26, 2007 and on subsequent dates, against our Company. During the search and seizure it was recorded that the plant and machinery of the Company at Baddi, Himachal Pradesh was old and was transferred from the plant of the Company at Wada, Maharashtra. Subsequently, a notice under section 153C of the IT Act was issued to our Company July 15, 2008. In response to the same the Company agreed to the same and withdrew the claim of deduction under section 80 – IB (3) and filed a revised return on August 22, 2008 declaring a total income of ₹18.58 Lac. However, since during the course of the said search and seizure action, no cash, jewellery or other valuable article or

thing or books of accounts or documents belonging to the Company was seized, the proceeding under section 153C was dropped and on request of the Company the abovementioned return of income filed under section 153C was treated as having filed pursuant to notice under section 148 of the IT Act.

Subsequently, an Assessment Order dated December 14, 2009 was passed by the Assistant Commissioner of Income Tax, with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that claim withdrawn under section 80-IB (3) for deduction of ₹ 17.08 Lac and offer of ₹ 18.58 Lac as additional income in the return filed under section 153C of the IT Act was accepted and certain other amounts were included in the Assessed Income like the amount of delayed payments of employees' contribution towards Provident Fund amounting to ₹ 3.19 Lac and the default in deduction and payment of TDS and claiming the same as expenditure amounting to ₹ 23.15 Lac in Profit and Loss Account were disallowed under various provisions of the IT Act. It was, therefore, observed that the Total Assessed Income of the Company was ₹ 44.93 Lac. A total amount of ₹ 13.27 Lac was made payable by the Company by way of interest and tax on the Assessed income by a demand notice dated December 14, 2009. In addition to the same, a notice dated December 14, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to the Company to appear before the Assistant Commissioner of Income Tax. Further, pursuant to hearings before the Assistant Commissioner of Income Tax, an Order dated June 29, 2010 under section 271(1)(c) of the IT Act was passed by the Assistant Commissioner of Income Tax whereby the Company was ordered to pay ₹ 6.25 Lac by way of penalty under the said section.

The Company has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

#### **4. Assessment Year: 2007-08**

A search and seizure action was carried out by the Department of Income Tax under section 132(1) of the IT Act on April 26, 2007 and on subsequent dates, against our Company. During the search and seizure it was recorded that the plant and machinery of the Company at Baddi, Himachal Pradesh was old and was transferred from the plant of the Company at Wada, Maharashtra. Subsequently, a notice under section 153C of the IT Act was issued to our Company July 15, 2008. In response to the same the Company agreed to the same and withdrew the claim of deduction under section 80 – IB (3) and filed a revised return on August 22, 2008 declaring a total income of ₹27.66 Lac. However, since during the course of the said search and seizure action, no cash, jewellery or other valuable article or thing or books of accounts or documents belonging to the Company was seized, the proceeding under section 153C was dropped and on request of the Company the abovementioned return of income filed under section 153C was treated as having filed pursuant to notice under section 148 of the IT Act.

Subsequently, an Assessment Order dated December 14, 2009 was passed by the Assistant Commissioner of Income Tax, with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that claim withdrawn under section 80-IB(3) for deduction of ₹ 25.66 Lac and offer of ₹ 27.66 Lac as additional income in the return filed under section 153C of the IT Act was accepted and certain other amounts were included in the Assessed Income like the amount of delayed payments of employees' contribution towards Provident Fund amounting to ₹ 3.61 Lac and the default in deduction and payment of TDS and claiming the same as expenditure amounting to ₹ 29.69Lac in Profit and Loss Account were disallowed under various provisions of the IT Act. It was, therefore, observed that the Total Assessed Income of the Company was ₹ 60.96 Lac. A total amount of ₹ 15.24 Lac was made payable by the Company by way of interest and tax on the Assessed income by a demand notice dated December 14, 2009. In addition to the same, a notice dated December 14, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to the Company to appear before the Assistant Commissioner of Income Tax. Further, pursuant to hearings before the Assistant Commissioner of Income Tax, an Order dated June 29, 2010 under section 271(1)(c) of the IT Act was passed by the Assistant Commissioner of Income Tax whereby the Company was ordered to pay ₹ 9.31 Lac by way of penalty under the said section.

The Company has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

**5. Assessment Year: 2008-09**

Our Company e-filed a return of income on September 29, 2008 of ₹ 263 Lac. the Company claimed deduction under section 80-IC of the IT Act. Subsequently, the case of the Company was selected for scrutiny and the authorized representative of the Company was asked to submit justification of 80-IC deduction claimed by the Company. The authorized representative of the Company explained the reasons for claiming deduction under the said section.

Subsequently, an Assessment Order dated December 31, 2010 was passed by the Assistant Commissioner of Income Tax. In the said Assessment Order, it was observed that the Company had wrongly claimed deduction under section 80-IC of the IT Act and therefore, the deduction claimed by the Company was disallowed. It was, further, observed that the Total Assessed Income of the Company was ₹ 263 Lac.

A total amount of ₹ 106 Lac was made payable by the Company by way of interest and tax on the Assessed income by a demand notice dated December 31, 2010.

In addition to the same, a notice dated December 31, 2010 was issued under section 274 read with section 271 of the IT Act (penalty) to the Company to appear before the Assistant Commissioner of Income Tax.

The Company has filed an appeal against the said Assessment Order dated December 31, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on January 20, 2011. The said Appeal is still pending.

***II. Sales tax related proceedings***

Nil

***III. Central Excise related proceedings***

Nil

***IV. Customs related proceedings***

Nil

***V. Other Statutory Notice***

Nil

**B) LITIGATION INVOLVING PROMOTERS/DIRECTORS**

**Criminal Cases**

***I. Cases filed against Promoters/Directors***

Nil

***II. Cases filed by the Promoter/Directors***

Nil

## **Civil Cases**

### ***I. Cases filed against Promoters/Directors***

Nil

### ***II. Cases filed by Promoters/Directors***

Nil

## **Claims and notices from statutory authorities**

### ***I. Income tax related proceedings against Mr. Ganesh Samant***

#### **1. Assessment Year: 2002-03**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates, against Mr. Ganesh Samant. Subsequently, a notice under section 153A dated July 15, 2008 was issued to Mr. Ganesh Samant. In response to the said notice, Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹90,000/-. Subsequently, an Assessment Order was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 5.63 Lac and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 90,000/-. It was therefore observed that the total assessed income of Mr. Ganesh Samant was ₹ 6.53 Lac. A total amount of ₹ 3.28 Lac was made payable by Mr. Ganesh Samant by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009. In addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh Samant was ordered to pay ₹ 1.45 Lac by way of penalty under the said section.

Mr. Ganesh Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

#### **2. Assessment Year: 2003-04**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates. Subsequently, a notice under section 153A of the IT Act was issued to Mr. Ganesh Samant. In response to the said notice, Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹ 1.07 Lac. Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 6.61 Lacs and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 1.07 Lac. It was therefore observed that the total assessed income of Mr. Ganesh D. Samant was ₹ 7.68 Lac. A total amount of ₹ 3.78 Lac is payable by the Assessee by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009. In addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order

dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh D. Samant was ordered to pay ₹ 1.79 Lac by way of penalty under the said section.

Mr. Ganesh Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

### **3. Assessment Year: 2004-05**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates. Subsequently, a notice under section 153A of the IT Act was issued to Mr. Ganesh Samant. Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹ 3.15. Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 5.89 Lac and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 3.15 Lac. It was therefore observed that the total assessed income of Mr. Ganesh Samant is ₹ 9.04 Lac. A total amount of ₹ 3.39 Lac is payable by the Mr. Ganesh Samant by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009. In addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh Samant was ordered to pay ₹ 1.48 Lac by way of penalty under the said section.

Mr. Ganesh D. Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

### **4. Assessment Year: 2005-06**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates, against Mr. Ganesh Samant. Subsequently, a notice dated July 15, 2008 under section 153A was issued to Mr. Ganesh Samant. In response to the same, Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹ 3.66. Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 6.97 Lac and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 3.66 Lac. It was therefore observed that the total assessed income of Mr. Ganesh D. Samant was ₹ 10.64 Lac. A total amount of ₹ 3.82 Lac was made payable by the Assessee by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009. In addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the IT Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh Samant was ordered to pay ₹ 1.87 Lac by way of penalty under the said section.

Mr. Ganesh Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

### **5. Assessment Year: 2006-07**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates. Subsequently, a notice under section 153A was issued to Mr. Ganesh Samant. In response to the said notice, Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹ 4.37.

Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 8.14 Lac and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 4.37 Lac. It was therefore observed that the total assessed income of Mr. Ganesh D. Samant was ₹ 12.52 Lac.

A total amount of ₹ 4.09 Lac is payable by the Assessee by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009 and in addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh Samant was ordered to pay ₹ 1.98 Lac by way of penalty under the said section.

Mr. Ganesh D. Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said Appeal is still pending.

#### **6. Assessment Year: 2007-08**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates, against Mr. Ganesh Samant. Subsequently, a notice under section 153A of the IT Act was issued to Mr. Ganesh Samant. In response to the same, Mr. Ganesh Samant filed his return of income on August 22, 2008 declaring a total income of ₹ 5.53 Lac. Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh Samant included the unexplained household expense amounting to ₹ 9.19 Lacs and Return of Income filed u/s 153A and u/s 139(1) amounting to ₹ 5.53 Lacs. It was therefore observed that the total assessed income of Mr. Ganesh Samant is ₹ 14.72 Lacs. A total amount of ₹ 4.27 Lacs was made payable by the Assessee by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009 and in addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh D. Samant was ordered to pay ₹ 2.53 Lacs by way of penalty under the said section.

Mr. Ganesh D. Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

#### **7. Assessment Year: 2008-09**

A search and seizure action u/s 132(1) of the Act was carried on May 30, 2007 and on subsequent dates, against Mr. Ganesh Samant. Subsequently, an Assessment Order dated December 30, 2009 was passed by the Assistant Commissioner of Income Tax with the approval of Additional Commissioner of Income Tax. In the said Assessment Order, it was observed that the Assessed Income of Mr. Ganesh D. Samant included the unexplained investment in jewellery amounting to ₹ 10.99 Lacs and Return of

Income filed under section 139(1) amounting to ₹ 48.71 Lacs. It was therefore observed that the total assessed income of Mr. Ganesh D. Samant is ₹ 59.70 Lacs. A total amount of ₹ 5.16 Lacs was made payable by the Assessee by way of interest and tax on the Assessed income by a demand notice dated December 30, 2009 and in addition to the same, a notice dated December 30, 2009 was issued under section 274 read with section 271 of the Act (penalty) to appear before Assistant Commissioner of Income Tax. Further, pursuant to hearing before Assistant Commissioner of Income Tax an Order dated June 29, 2010 u/s 271(1)(c) was passed by Assistant Commissioner of Income Tax whereby Mr. Ganesh D. Samant was ordered to pay ₹ 3.15 Lacs by way of penalty under the said section.

The Mr. Ganesh Samant has filed an appeal against the said Order dated June 29, 2010 to the Deputy Commissioner (Appeals) of Income Tax and Commissioner of Income Tax (Appeals) on August 24, 2010. The said appeal is still pending.

## **II. Other Statutory Notice**

Nil

### **C) PENALTIES IMPOSED IN PAST CASES IN THE LAST FIVE YEARS**

Nil

### **D) AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS**

Nil.

### **Material developments occurring after the last Balance Sheet Date**

*Except as disclosed in the section title "Management Discussion and Analysis of Financial Conditions and Results of Operations" at page no. 135 there are no material developments which would affect the business and operations of our Company.*

### **Adverse Events**

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI.



## GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for the purposes of our present businesses. It must be distinctly understood that, in granting these licenses, consents, permissions and approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these licenses, consents, permissions and approvals are all valid as of the date of this Draft Red Herring Prospectus.

### A. APPROVALS FOR THE ISSUE

The following approvals have been obtained or will be obtained in connection with the Issue:

1. Our Board of Directors has, pursuant to a resolution passed at its meeting held on August 5, 2011, authorized the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.
2. The shareholders of our Company have approved this Issue under Section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company's Extra-ordinary General Meeting held on September 6, 2011.
3. In-principle approval for listing from the National Stock Exchange of India Limited dated [●].
4. In-principle approval for listing from the Bombay Stock Exchange Limited dated [●].

### B. APPROVALS/LICENSES/PERMISSIONS RECEIVED TO CONDUCT OUR BUSINESS

#### 1. Constitutional Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
1.	Certificate of Incorporation	11-111233	Asst. Registrar of Companies	October 10, 1997
2.	Fresh Certificate of Incorporation pursuant to change of name from Abhitech Energycon Services Private Limited to Abhitech Energycon Limited	--	Asst. Registrar of Companies, Mumbai	July 17, 2003
3.	Fresh Certificate of Incorporation pursuant to conversion to public limited Company	11-111233	Asst. Registrar of Companies, Mumbai	August 13, 2003

#### 2. Taxation Registration

Sr. No.	Nature of Registration/License	Registration Number	Issuing Authority	Issuing Date / Commencement Date	Date of Expiry
1.	Permanent Account Number	AABCA3856C	Income Tax Department	October 10, 1997	--
2.	Tax Deduction Account Number	MUMA25346G	Income Tax Department	May 27, 2005	--
3.	Registration as an "Employer" under the Maharashtra State Tax on Professions, Trades,	PT/R/1/1/32/8997	Sales Tax Officer (6), Registration Branch	November 29, 2002	--

	Callings and Employments Act, 1975				
4.	Registration as a “Dealer” under the Central Sales Tax Act, 1956	400076/C/307	Sales Tax Officer (6), Registration Branch	May 8, 1998	--
5.	Registration as a “Dealer” under the Bombay Sales Tax Act, 1959	400076/S/401	Sales Tax Officer (6), Registration Branch	May 8, 1998	--
6.	Registration as a “Dealer” under the Himachal Pradesh Value Added tax Act, 2005	02030200922	Department of Excise and Taxation	March 2, 2004	--
7.	Registration as a “Dealer” under the Himachal Pradesh General Sales Tax Act, 1968	SOL-III 8007	Assessing Authority, Kalagarh District, Solan	June 30, 2004	--

### 3. Labour Registration

Sr. No.	Nature of Registration/ License	Registration Number	Issuing Authority	Issuing Date / Commencement Date	Date of Expiry
1.	Registration under the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952	MH/THN/98160	Office of the Regional Provident Fund Commissioner, Thane	July 1, 2002	--
2.	Registration under the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 pertaining to the plant at Baddi, Himachal Pradesh	HP – 6339	Assistant Provident Fund Commissioner	April 1, 2004	--
3.	Registration under the Employees’ State Insurance Act, 1948 pertaining to the plant at Baddi, Himachal Pradesh	HP 14 – 43698-31	Regional Director, Employees’ State Insurance Corporation, Himachal Pradesh	September 29, 2008	--
4.	Registration Certificate of an Establishment under the Bombay Shops and Establishment Act, 1948 pertaining to the Registered Office of the Company	L011100/Commercial II	Inspector under the Bombay Shops and Establishments Act, 1948	December 16, 2010	December 31, 2011
5.	Registration and Licence to work a factory	L&E (Fac) 9-59/10	Chief Inspector of Factories,	March, 2010	December 31, 2013








			Himachal Pradesh		
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#### 4. Quality Certification

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement/Issue	Date of expiry
1.	ISO 9001:2008 (Development, Manufacturing and Supply of Fuel Additives such as Thermol range for Liquid Fuels and Thermact range of Solid Fuels)	1232-QMS-0232	MAX Certifications Private Limited	June 30, 2010	June 29, 2013

#### 5. Intellectual Property Rights

Our Company has procured the following Trademark Registrations: -

Sr. No.	Mark	Certification Date	Issuing Authority	Description of Class
1.		September 1, 2005	Registrar of Trademarks	1
2.		September 5, 2005	Registrar of Trademarks	4
3.		November 24, 2005	Registrar of Trademarks	1
4.		November 29, 2005	Registrar of Trademarks	1
5.		August 29, 2005	Registrar of Trademarks	1
6.		February 23, 2008	Registrar of Trademarks	1
7.		November 29, 2005	Registrar of Trademarks	1

#### 6. Pending Government Approval

Sr. No.	Particulars	Date of Application	Authority
1.	Consent to operate under the applicable environmental laws	July 29, 2011	Environmental Engineer, Himachal Pradesh State Environmental Protection and Pollution Control Board, Baddi, District Solan.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

This Issue has been authorized by a resolution of the Board passed by their meeting held on August 5, 2011, subject to the approval of shareholders through a special resolution to be passed pursuant to section 81(1A) of the Companies Act.

The shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 *vide* a Special Resolution passed at our Company's Extra Ordinary General Meeting held on September 6, 2011.

### Prohibition by SEBI and/or RBI

Our Company, our Directors, our Promoters, our Promoter Group and companies or entities with which our Company's Directors are associated as Directors / Promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Directors, our Promoters and their relatives have not been identified as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them. Our Directors are not, in any manner, associated with the securities market and SEBI has not initiated any action against the Directors.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with restated financial statements:

(₹ Lacs)					
Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Net Tangible Assets <sup>1</sup>	1,930.24	1,450.27	1,125.05	818.49	439.14
Monetary Assets <sup>2</sup>	156.53	60.15	16.35	21.38	5.72
Monetary Assets as a % of Net Tangible Assets	8.11%	4.15%	1.45%	2.61%	1.30%
Net Worth <sup>3</sup>	1,530.78	979.40	780.30	250.81	41.82
Distributable Profits <sup>4</sup>	551.38	199.10	262.21	211.58	-12.53

<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 in hand, non trade Investments, balance with scheduled bank in current accounts, fixed deposits and public deposit account with the Government, if any.

<sup>3</sup>Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves and share application money) and after deducting miscellaneous expenditure not written off, if any.

<sup>4</sup>Distributable profits have been computed in terms Section 205 of the Companies Act, 1956.

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 + Promoter's 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. Further, there has not been any change in the name of our Company in last 1 (one) year.

Further, 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 of 15% per annum for the delayed period.

#### **Disclaimer Clauses**

##### **SEBI DISCLAIMER CLAUSE**

**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 TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2011, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - a) THIS DRAFT RED HERRING PROSPECTUS IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS 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 THIS 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 THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS 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 PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS. – NOTED FOR COMPLIANCE
7. WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C ) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE NOT APPLICABLE TO THE ISSUER.
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 SHALL BE 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 THIS DRAFT RED HERRING PROSPECTUS. WE SHALL ENSURE THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT MODE ONLY.
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 THIS DRAFT RED HERRING PROSPECTUS:
  - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY 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. – NOTED FOR COMPLIANCE

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND 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 THE DRAFT RED HERRING PROSPECTUS.**

**All legal requirements pertaining to the Issue will be complied with at the time of filing of the Draft Prospectus with the RoC 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 RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.**

#### **Disclaimer from the Issuer and the BRLM**

Investors may note that Abhitech Energycon Limited, its Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one, placing reliance on any other source of information including our Company's website, [www.abhitechenergycon.com](http://www.abhitechenergycon.com), would be doing so at his own risk.

All information will be made available by the BRLM, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

#### **Caution**

Neither our Company nor the BRLM or any other member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

**Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the BRLM 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 of our Company.**



### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**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 Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create 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 from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **Disclaimer Clause of the Bombay Stock Exchange Limited**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Disclaimer Clause of National Stock Exchange of India Limited**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Disclaimer Clause of IPO Grading Agency [●]**

## **Filing**

A copy of the Draft Red Herring Prospectus has been filed with the SEBI at the division of Issues and Listing at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, 100, Everest, Marine Drive, Mumbai- 400002.

## **Listing**

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 (eight) days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors jointly and severally shall, on and from expiry of 8 (eight) days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within 12 (twelve) Working Days of finalization of Bid/Issue Closing Date.

## **Consents**

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company
2. Bankers to our Company
3. Lenders of our Company
4. Auditors to our Company
5. BRLM to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. IPO Grading Agency
9. Company Secretary
10. Compliance Officer
11. Syndicate Member(s)
12. Underwriter(s)
13. Escrow Collection Banker(s) to the Issue

The said consents will be filed along with a copy of the Draft Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus, for registration with the Registrar of Companies, Maharashtra at Bangalore.

In accordance with the Companies Act and the SEBI Regulations, M/s. K M Gupta and Company, Chartered Accountants, our Auditors to the Issue have given their written consent to the inclusion of their

report on restated financial statements in the form and context in which it appears in the DRHP and such consent and report has not been withdrawn up to the time of delivery of the DRHP for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, M/s Awinash Verma & Associates, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of statement of possible tax benefits which may be available to our Company and its shareholders, which it appears in the DRHP and such consent and report has not been withdrawn up to the time of delivery of the DRHP for registration with the RoC.

#### **Expert Opinion**

Our Company has not procured any expert opinion.

#### **Public Issue Expenses**

The expenses for this Issue include Issue management fees, IPO Grading Expenses, 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:

Activity	Expenses	% of	% of Issue expenses
	(₹ Lac)	Issue Size	
Lead management*	[●]	[●]	[●]
Registrar Fees*	[●]	[●]	[●]
Advisors *	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and stationery (including expenses on transportation of the material) *	[●]	[●]	[●]
Others (Filing fees with SEBI, BSE, NSE, IPO Grading fees, listing fees, travelling and other misc expenses) *	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

\* Will be incorporated at the time of filing of the Prospectus

#### **Previous Public or Rights Issues in the last 5 years**

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

#### **Previous Issue of Shares otherwise than for Cash**

*Our Company has not issued any Equity Shares for consideration other than cash except as mentioned in the Chapter titled “Capital Structure” beginning on page 41 of the Draft Red Herring Prospectus.*

#### **Commission or Brokerage on Previous Issues**

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

#### **Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.**

There have been no capital issues during last 3 (three) years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last 3 (three) years.

#### **Promise vis-à-vis Performance – Last 3 issues**

Our Company has not made any Public Issue in the past.

#### **Listed ventures of the Promoters**

There are no listed ventures of our Promoters.

#### **Promise vis-à-vis Performance – Last One Issue of Group Companies**

There are no listed ventures of our Promoter.

#### **Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue.**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

#### **Stock Market Data**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

#### **Mechanism for redressal of Investors' grievance**

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. *For further details on this committee, please refer paragraph titled "Shareholders'/Investors' Grievance Committee" beginning on 102 under the Chapter titled "Our Management" beginning on page 92 of the Draft Red Herring Prospectus.* To expedite the process of share transfer, our Company has appointed Sharepro Services (India) Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

#### **Disposal of Investors' Grievances and Redressal Mechanism**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of Bidders applying through ASBA process for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Prasad Samant as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

**Mr. Prasad Samant**  
**Abhitech Energycon Limited,**  
A - 1020, Oberoi Garden Estates,  
Chandivali Farms Road,  
Chandivali,  
Mumbai – 400072,  
Maharashtra, India.  
**Tel. No:** 91-22-2847 9999  
**Fax No:** 91-22-2847 9988  
**Email:** [ipo@abhitechenergycon.com](mailto:ipo@abhitechenergycon.com)

Our Company has not received any investor complaints during the three years preceding the filing of the Draft Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Draft Red Herring Prospectus with SEBI.

**Changes in Auditors during the last three years and reasons thereof**

There has been no change in the Auditors in last 3 (three) years.

**Capitalization of Reserves or Profits during last five years**

*Except as stated in the Chapter titled “Capital Structure” beginning on page 41 of the Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.*

**Revaluation of assets during the last 5 (five) years**

There has not been any revaluation of assets during the last 5 (five) years.

## SECTION IX – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, ASBA Bid cum Application Form the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. *For further details, please refer to Chapter titled “Main Provisions of Articles of Association” on page 209 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 and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

#### Face Value and Issue Price per Share

The face value of the Equity Shares is ₹ 10 each. The price band is ₹ [•] to ₹ [•] and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value. The Issue Price of ₹ [•] is [•] times the face value. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. 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, 2009

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 disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;

- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, *please refer to the Chapter titled “Main Provisions of Articles of Association” beginning on page 209 of this Draft Red Herring Prospectus.*

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of Allocation and Allotment, please refer to the paragraph titled “*Basis of Allotment*” beginning on page [●] under Chapter titled “*Issue Procedure*” beginning on page 175 of this Draft Red Herring Prospectus.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

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

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

### **BID/ISSUE**



**Bidding /Issue Programme\*\***

<b>BID/ISSUE OPENS ON</b>	<b>[●]</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●]*</b>
<b>BID/ISSUE CLOSES FOR NON QIB BIDDERS ON</b>	<b>[●]</b>

*\* Our Company may consider closing the Bidding Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations*

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

**Arrangements for Disposal of Odd Lots**

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to the Chapter titled “Main Provisions of Articles of Association” on page 209 of this Draft Red Herring Prospectus.

**Option to Receive Securities in Dematerialized Form**

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

## SECTION VIII – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The present Issue comprising of 35,10,000<sup>1</sup> Equity Shares of ₹ 10/- each for cash at a price of ₹ [●] (including a premium of ₹ [●]) aggregating to ₹ [●] Lac is being made through the 100% Book Building process. The Issue shall constitute 26.98 % of the fully diluted post issue capital of our Company. Details of the Issue structure are tabulated below: -

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
<b>Number of Equity Shares available for allocation</b>	Not more than 17,55,000 Equity Shares	Not less than 5,26,500 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 12,28,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders
<b>Percentage of Issue Size available for allocation</b>	Not more than 50% of the Issue to the public (of which 5% shall be reserved for Mutual Funds) *  Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue to the public or Issue size less allocation to QIBs and retail individual bidders.*	Not less than 35% of the Issue to the public or Issue size less allocation to QIBs and non institutional bidders.*
<b>Basis of Allocation if respective category is oversubscribed</b>	In the QIB Portion, proportionate as follows : (a) upto 87,750 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 16,67,250 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
<b>Minimum Bid</b>	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
<b>Maximum Bid</b>	Not exceeding the size of the Issue, subject to regulations as applicable to	Not exceeding the size of the Issue, subject to regulations as applicable to	Such number of Equity Shares per retail individual investor so as

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
	the Bidder.	to the Bidder.	to ensure that the Bid amount does not exceed ₹ 2,00,000 which has to be in multiples of [●] Equity Shares.
<b>Mode of Allotment</b>	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
<b>Bid Lot</b>	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
<b>Allotment Lot</b>	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
<b>Trading Lot/Market lot</b>	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
<b>Who can apply**</b>	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor and sub-accounts registered with SEBI (other than subaccounts being foreign corporate or foreign individuals), multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of ₹ 2,500 Lac and pension funds with minimum corpus of ₹ 2,500 Lac, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India, in accordance with applicable	Resident Indian individuals, eligible NRIs, HUF, applying through their Karta, minors applying through their natural guardian companies, corporate bodies, scientific institution, societies, trust, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUF, applying through their Karta, minors applying through their natural guardian) and eligible NRIs applying for Equity Shares such that the Bid amount does not exceed ₹ 2,00,000 in value.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
	law, insurance funds set up and managed by Army, Navy or Air Force of the Union of India and insurance funds set up and managed by the Department of Posts, India.		
<b>Terms of payment</b>	Full Bid Amount applicable to QIB Bidders at the time of submission of the ASBA Bid-cum-Application Form.	Full Bid Amount applicable to Non-institutional Bidder at the time of submission of the ASBA Bid-cum-Application Form.	Full Bid Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate or the ASBA Bid-cum-Application Form.

<sup>1</sup>Our Company is considering a Pre-IPO Placement upto 2,50,000 Equity Shares and ₹ 500 Lac with various investors. The Pre-IPO Placement will be at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post-Issue paid-up equity share capital being offered to the public.

\* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI ICDR Regulations.

\*\*In case the Bid-cum-Application Form/ ASBA 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, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid-cum-Application Form.

Note: Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. 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 the Non-ASBA Bidders are required to make payment of the full Bid Amount along with the Bid-cum-Application Form and the ASBA Bidders shall instruct the relevant SCSB to block the full Bid Amount along with the application.*

*By a Circular dated April 29, 2011 issued by SEBI and bearing no. CIR/CFD/DIL/1/2011, it is now mandatory for all QIB Bidders and Non-Institutional Bidders to apply through the ASBA process only. Further, the Syndicate/ sub-syndicate members shall also accept Bid-cum-Application Forms from all Bidders applying through the ASBA process at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat only (“**Syndicate ASBA Centres**”). However, before accepting these ASBA forms syndicate/sub-syndicate members shall satisfy themselves that the SCSBs whose name has been filled in the ASBA form has named a branch in that centre to accept ASBA forms.*

*Our Company 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 the 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 Red Herring Prospectus.*

### **Book Building Procedure**

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above 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.

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.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders may submit their Bids either to the Designated Branch of the SCSBs or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid-cum-Application Forms which do not have the details of the Bidders' depository account including the DP ID Numbers, PAN and the beneficiary account number shall be treated as incomplete and rejected. In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

### **Bid-cum-Application Form**

**The prescribed colour of the Bid-cum-Application Form for various categories is as follows:**

<b>Category</b>		<b>Colour of Bid-cum-Application Form</b>
<b>Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis (ASBA as well as Non-ASBA)</b>	:	[●]
Non-residents, 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)	:	[●]

Copies of the Bid-cum-Application Form and the Red Herring Prospectus will be available for categories of Bidders, with the members of the Syndicate and at our Registered office and Corporate Office. Before being issued to Bidders, the Bid-cum-Application Forms must be serially numbered. The ASBA Bid cum Application Form will also be available on the websites of the Stock Exchanges and SCSBs at least one day prior to the Bid/Issue Opening Date and shall bear an unique application number. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options will not be considered as multiple Bids.

Upon filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate or to a Designated Branch of the SCSB or in electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding), the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bidders shall submit an ASBA Bid cum Application Form in physical form either to the Designated Branches of the SCSBs or to any of the members of the Syndicate/ sub-syndicate at the Syndicate ASBA Centres or in electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding), authorising the SCSBs to block funds equal to the Bid Amount in the ASBA Accounts.

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 three Bids in the Bid-cum-Application Form and such options shall not be considered multiple Bids.

#### **Who can Bid?**

- Any person eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the “*Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual bidding in the QIB portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 2,500 Lac and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 2,500 Lac and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution F. No. 2/3/2005 – DDII dated November 23, 2005, by the GoI, published in the gazette 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.

As per the existing regulations, OCBs cannot participate in this Issue.

#### **Participation by associates and affiliates of the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis. Such holding or subscription may be on their behalf or on behalf of their clients.

### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion.

As per the ICDR Regulations, 5% of the Net QIB Portion is reserved for allocation to Mutual Funds on a proportionate basis. 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 from Mutual Funds 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 QIB Portion, after excluding the allocation in the Mutual Fund Portion.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**As per the existing regulations, no mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

**The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.**

### **Bids by Non Residents**

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. As per the existing regulations, OCBs cannot participate in this Issue.

### **Bids by Eligible NRIs**

1. Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office and with the members of the Syndicate.
2. Eligible NRIs applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the Bid cum Application form meant for Resident Indians (White in colour).

### **Bids by FIIs**

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up share capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid-up share capital or 5% of our total paid-up share capital in case such sub-account is a foreign corporate or a foreign individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, deal or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as



any instrument, by whatever name called, which is issued overseas by a 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's norms. An FII 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 or claim or claim on or an interest in, our Company.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 Lac, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

#### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe the following investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI:

The holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds and foreign venture capital investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

**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 Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 2,500 Lac (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 Lac a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged with the Bid-cum-Application Form. 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FVCIs, FIIs 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 with the Bid-cum-Application Form.
- (c) With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 Lac (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 Lac, 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.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

*Maximum and Minimum Bid Size*

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. In case the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the SEBI Regulations, a **QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date**. If the Bid/Issue Period for QIBs shall close one day prior to the Bid/Issue Closing Date, QIBs are not allowed to withdraw their Bids after [●], i.e., one Working Day prior to the 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 ₹ 2,00,000 for being considered for allocation in the Non-

Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at “Cut-off Price”.

**Information for the Bidders:**

- (a) Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the Registrar of Companies, publish pre-Issue advertisement, in the form prescribed under the SEBI Regulations, in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation..
- (b) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (c) Copies of the Bid-cum-Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (d) Eligible Bidders who are interested in subscribing for the Equity Shares should approach BRLM or any of the Syndicate Members or their authorised agent(s) or to the Designated Branches of the SCSBs to register their Bids.
- (e) Any Bidders (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can be obtain the same from our Registered Office, Corporate Office and from the BRLM and the members of the syndicate.
- (f) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bid cum Application Forms (except electronic ASBA Bid cum Application Forms) which do not bear the stamp of a member of the Syndicate or the Designated Branch are liable to be rejected.
- (g) The Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches will accept Bids during the Bidding Period in accordance with the terms of the Red Herring Prospectus.
- (h) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

**Bidders may note that in case the DP ID and 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 and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.**

**Additional information specific to ASBA Bidders**

1. ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate at the Syndicate ASBA Centres; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites.

2. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. Eligible ASBA Bidders may also approach the Designated Branches to register their Bids through the ASBA process.
3. The SCSBs shall accept Bids only during the Bid Period and only from the ASBA Bidders. The SCSB shall not accept any ASBA Bid cum Application Form after the closing time of acceptance of Bids on the Issue Closing Date.
4. The ASBA Bid cum Application Form shall bear the stamp of the Designated Branch or the members of the Syndicate (in case of Bids through Syndicate ASBA), if not, the same shall be rejected.

#### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Form or the ASBA Revision Form may be submitted to the Designated Branches of the SCSBs or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate and SCSBs, as applicable, will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

#### **Method and Process of Bidding**

- (a) Our Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in widely circulated national newspapers (one each in English and Hindi) and a widely circulated Marathi newspaper. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.
- (b) Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date.
- (c) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. 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 Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLM, at the terminals of the Syndicate and by intimation to the SCSBs.
- (d) During the Bid/Issue Period, Bidders (other than ASBA Bidders), who are interested in subscribing for the Equity Shares should approach the Syndicate Members or their authorised agents to register their Bids. The Syndicate Members shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders applying through the ASBA process may approach the Designated Branches of the SCSBs or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres to register their Bids.

- (e) Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” 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 Amount, will become automatically invalid.
- (f) The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid-cum-Application Form or ASBA Bid Cum Application Form to either the same or to another member of the Syndicate or SCBS 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”.
- (g) In case of Bidders applying through the ASBA process has submitted the Bid-cum-Application Forms to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres or its authorized agents, the Syndicate members shall upload the Bid details in the electronic bidding system of the Stock Exchange. Before accepting the Bid-cum-Application Forms, the Syndicate/sub-syndicate members shall ensure that SCSBs whose name has been entered in the Bid-cum-Application Form has designated a branch in that particular bidding center to accept such Bid-cum-Application Forms. Within two days of the Bid/Issue Closing date, the Syndicate members shall forward a schedule containing the application and amount along with the application forms to the branch of the SCSBs so authorised to accept the ASBA forms procured by the Syndicate members. Upon receipt of such application forms the SCSBs shall verify whether sufficient funds are available in the ASBA account as mentioned in the application forms. In the event sufficient funds are not available in the relevant ASBA Account, the Designated Branch of the SCSB shall reject such Bids.
- (h) The members of the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
- (i) Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in “Escrow Mechanism- Terms of payment and payment into the Escrow Accounts” on page 184.
- (j) In case of receipt of the ASBA Form directly from the Bidder, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSBs shall block an amount equivalent to the Bid Amount mentioned in the ASBA 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.
- (k) 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 Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking

the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **Bids at Different Price Levels and Revision of Bids**

- (a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLM and advertised at least two working days prior to the Bid/ Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.
- (b) 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 that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the Syndicate Member(s).
- (d) Our Company, in consultation with the BRLM will finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (e) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non- Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid-cum-Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (g) In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

#### **Escrow mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, please see “Issue Procedure - Payment Instructions” on page 194.

#### **Electronic Registration of Bids**

- (a) The members of the Syndicate and the Designated branches of the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the 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 on a regular basis.
- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: 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 – Individual, Corporate, FII, NRI, Mutual Fund, etc.
  - Price Option
  - Numbers of Equity Shares Bid for.
  - Bid Amount.
  - Cheque Details.
  - Bid-cum-Application Form number.
  - DP ID and client identification number of the beneficiary account of the Bidder.
  - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs or the Syndicate/ Sub-Syndicate members shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);

- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non- Institutional	QIB
(No sub category)	<ul style="list-style-type: none"> <li>• Individual</li> <li>• corporate</li> <li>• other</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• Financial Institutions</li> <li>• Insurance companies</li> <li>• Foreign Institutional Investors other than corporate and individual sub-accounts</li> </ul>

- Number of Equity Shares Bid for.
  - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
  - Bid Amount
  - Bank Account number
- (g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the SCSBs as the case may be. The registration of the Bid by the member of the Syndicate or the SCSB does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIB Bidders, bidding through the members of the Syndicate, only the BRLM and their affiliate Syndicate Members also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds.
- (j) The permission given by BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, or the BRLM are cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (k) It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE.

#### **Build up of the book and revision of Bids**

- (a) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges main frame on a regular basis.
- (b) The Book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/Issue Period and can be obtained from them.



- (c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form or ASBA Bid Cum Application Form.
- (d) 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 such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such 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.
- (f) 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 ₹ 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards 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.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (h) 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.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

### **Price Discovery and Allocation**

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalize the 'Issue Price', the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation available to QIBs for not more than 50% of the Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- f) QIBs shall not be allowed to withdraw their Bid after the Bid Closing Date applicable to QIBs. Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.

The allotment details shall be uploaded on the website of the Registrar to the Issue.

#### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, Our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the "Prospectus". The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

#### **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 Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Marathi language daily newspaper, each with wide circulation.

#### **Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**Issuance of Confirmation of Allotment Note (“CAN”)**

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allocated to such Bidder.

**Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that (i) the 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.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

**GENERAL INSTRUCTIONS****Do's:**

- (a) Check if you are eligible to apply in terms of the Red Herring Prospectus and under applicable law;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (d) Ensure that the details about the Depository Participant, PAN and the 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 a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted either at a Designated Branch of the SCSB or to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres.;
- (f) With respect to ASBA Bids ensure that the ASBA 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 Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) In case of Bids submitted through ASBA process, ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Form to the respective Designated Branch of the SCSBs or the Syndicate members;

- (i) In case of Non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and in case of Bids under the ASBA process funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (j) In case of Bids submitted through the ASBA process, instruct the relevant SCSBs not to release the funds blocked in the ASBA Account in respect of the relevant Bid Amounts until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount, based on finalization of the Basis of Allotment;
- (k) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court and subject to the SEBI circular dated April 3, 2008 from the residents of the state of Sikkim, all Bidders should mention their PAN allotted under the IT Act. Bid Cum-Application Form in which the PAN is not provided will be rejected;
- (m) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (n) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. 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.
- (o) All QIB Bidders and Non-Institutional Bidders shall apply only through the ASBA process.

**Don'ts:**

- (a) Do not Bid if you are prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- (b) Do not Bid if you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise, or if you are not competent to contract under the Indian Contract Act, 1872, as amended;
- (c) Do not Bid if you are a US resident;
- (d) Do not bid after the time prescribed as per the Bid cum Application Form, Pre-issue advertisement and the Red Herring Prospectus and if the Bid is not as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- (e) Do not submit your Bids on plain paper;
- (f) Do not forget to tick the Bidder category on the Bid cum Application Form;
- (g) In case of ASBA Bids, do not forget to tick the authorization to the SCSB to block funds in the ASBA Account;
- (h) Do not Bid for lower than the minimum Bid size;
- (i) Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (j) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;

- (k) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (l) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (m) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹ 2,00,000);
- (n) Do not Bid for a Bid Amount exceeding ₹ 2,00,000 (for Bids by Retail Individual Bidders);
- (o) With respect to ASBA Bids, do not bid if there are inadequate funds in the ASBA Account for enabling the SCSB to block the Bid Amount specified in the ASBA Bid cum Application Form;
- (p) Do not Bids under power of attorney or if you are a limited company, corporate, trust, etc., unless the Bid is supported with relevant documents;
- (q) Do not forget to mention the sole or first Bidder's PAN (except for Bids on behalf of the Central or State Government, residents of Sikkim and officials appointed by the courts), DP ID and BAN in the Bid-cum-Application Form;
- (r) Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (s) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- (t) Do not submit the Bids without the full Bid Amount.

#### **INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM**

Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Bidders must provide details of valid and active DP ID, BAN and PAN clearly and without error. Invalid accounts/ suspended accounts or where such account is classified as invalid or suspended may not be considered for allotment. Incomplete or incorrect Bid-cum-Application Forms or Revision Forms are liable to be rejected. Bidders should note that 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.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2,00,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a

single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (h) If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should also be signed by the account holder as provided in the Bid cum Application Form.

#### **Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar will obtain from the Depository the demographic details including 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) or unblocking of ASBA Account. It is mandatory to provide the bank account details in the space provided in the Bid-cum-Application Form and Bid-cum-Application Form that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor Our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (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 such Bidder's sole risk and neither our Company, the Escrow Collection**

**Banks, Registrar, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

**Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis**

Bids and revision to Bids must be:

1. On the Bid-cum-Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained in the Red Herring Prospectus, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision are liable to be rejected.
2. Bids by Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum Bid Amount of ₹ 2,00,000.
3. Bids by QIBs bidding in the Net QIB Portion and Non- Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ [●] and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders.
4. Made in a single name or joint names (not more than three and in the same order as their Depository Participant Details).
5. 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 ₹2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹2,00,000 would be considered under Non- Institutional Portion for the purposes of allocation.

**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.**

**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 under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article 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.

Certain additional documents are required to be lodged along with the Bid cum Application Form by the following entities:

- (a) With respect to Bids by FVCIs, FIIs 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 IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with minimum corpus of ₹ 25.00 crore (subject to applicable law) and pension funds with a minimum corpus of ₹ 25.00 crore, a certified copy

Our Company in our absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney and additional documents, as specified above, along with the Bid cum Application Form, subject to such terms and conditions that the Bank and the BRLMs may deem fit.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Retail Individual Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Retail Individual Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Retail Individual Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

### **Payment into Escrow Account for Bidders other than ASBA Bidders**



Each Retail Individual Bidder shall draw a cheque or demand draft or remit the funds electronically through the NEFT/RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Retail Individual Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid-cum-Application Form.
2. The Retail Individual Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid-cum-Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident Retail: “[●]”
  - (b) In case of Non-Resident Retail “[●]”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
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. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
8. Within 12 Working Days from the Bid/Issue Closing Date, the Refund Bank shall also 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/Allotment to such Bidders.
9. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

#### **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In this regard, the procedures which would be followed by the Registrar to detect multiple Bids are given below:

1. All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid data and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The Bids with same name and same address will be treated as multiple Bids.
5. The Bids will be scrutinised 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.

### **Permanent Account Number or PAN**

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid-cum-Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

### **REJECTION OF BIDS**

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by NEFT/NECS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of

the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

#### ***Grounds for Technical Rejections***

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid-cum-Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [ ];
- Category not ticked;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Bid-cum-Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- Bid-cum-Application Forms does not have Bidder's depository account details;
- Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- ASBA Bids for QIBs not intimated to the BRLM;
- Bids by persons in the United States;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids by QIBs and Non-Institutional Bidders through the non-ASBA process;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

**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 OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES.**

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar:

Agreement dated, between NSDL, Our Company and the Registrar;

Agreement dated, between CDSL, Our Company and the Registrar.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

- (d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading “Bidders Depository Account Details” in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of Our Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar 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 in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs/ to the Syndicate Member(s)/sub-syndicate members at the Syndicate ASBA Centres, the Bidders can contact the Designated Branches of the SCSBs or the Syndicate/ Sub-Syndicate members, as the case may be.**

### **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 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, nor the Book Running Lead Managers, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, 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 for Bidders other than ASBA Bidders*

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. **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 abovementioned centres, except where the applicant, being eligible, opts to receive refund through direct credit.

2. **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.
3. **RTGS** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds such amount as may be prescribed by the RBI from time to time, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC Code"). 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. The process flow in respect of refunds by way of NEFT is at an evolving stage, 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.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### *Mode of making refunds for ASBA Bidders*

In case of ASBA Bidders, the Registrar 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 Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

With respect to Bidders other than ASBA Bidders, Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, NEFT, direct credit 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 12 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 within 12 Working Days of the Bid/Issue Closing Date; and

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 the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date.

If the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT or ECS, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/ Issue Closing Date or on refusal by stock exchanges to grant listing permission for the Equity Shares being offered, our Company shall, within 8 days, repay the money failing which it shall pay interest with interest at 15% per annum, as prescribed under section 73 of the Companies Act.

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

***“Any person who:***

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

## **BASIS OF ALLOTMENT**

### **A. For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares

and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

**B. For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs and Retail shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

**C. For QIBs**

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Issue size less Allotment to Non Institutional Bidders and Retail shall be available for Allotment to Non- QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. The Allotment to all the QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
  - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
  - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
  - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
  - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for up to 95% of the QIB Portion.
  - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate



basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.

- (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis. The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

The Book Running Lead Managers, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the 'Basis of Allocation' is finalized in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalize the 'Basis of Allocation' shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

**A. Illustration of Allotment to QIBs and Mutual Funds ("MF")**

Sr. No	Particulars	Issue Details
1.	Issue Size	200 Lac equity shares
2.	Allocation to QIB (50%)	100 Lac Equity Shares
3.	Of which	
	a. Allocation to Mutual Funds	5 Lac Equity Shares
	b. Balance for all QIBs including MFs	95 Lac Equity Shares
4.	No. of QIB applicants	10
5.	No of Shares applied for	500 Lac Equity shares

**B. Details of QIB Bids**

Sr.No	QIB Bidders	No. of shares bid (in crores)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

#A1-A5 : (QIB bidders other than MFs), (MF1-MF5) : (QIB Bidders other than Mutual Funds)

**C. Details of Allotment to QIB Bidders**

Type of QIB Bidders	Equity shares bid for	Allocation of 3.5 crores equity shares to MFs proportionately	Allocation of balance 66.5 crores equity shares to QIBs proportionately	Aggregate allocation to MFs
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF1	40	0.7	5.32	6.02
MF2	40	0.7	5.32	6.02

MF3	80	1.4	10.64	12.04
MF4	20	0.35	2.66	3.01
MF5	20	0.35	2.66	3.01
	<b>500</b>	<b>3.5</b>	<b>66.5</b>	<b>30.1</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “*Issue Structure*” on page 171.
2. Out of 70 crores equity shares allocated to QIBs, 3.5 crores (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 equity shares in QIB category.
3. The balance 66.5 crores equity shares (i.e. 70 – 3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including five MF applicants who applied for 200 equity shares).
4. The figures in the fourth column entitled “Allocation of balance 66.5 crores 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 66.5 / 496.5

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 66.5 / 496.5

The numerator and denominator for arriving at allocation of 66.5 crore Equity shares to the 10 QIBs are reduced by 3.5 crores Equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

#### **Method of Proportionate Allotment**

In the event of the Issue being over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director/Managing Director/authorized employees of the Bombay Stock Exchange Limited (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (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, in that category subject to a minimum allotment of [●] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- (d) In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that 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 decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will not have the option of being allocated Equity Shares in physical form.

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 Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### **Letters of Allotment or Refund Orders or instructions to the SCSBs, disposal of application and application moneys**

Our Company 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. Our Company will ensure dispatch of any refund orders by speed or registered post or direct credit, NEFT or NECS, at the sole or first Bidders' sole risk, within 12 Working Days from the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar 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 Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar.**

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT or ECS, the refund instructions have not been given in the disclosed manner within 12 working days from the Bid/ Issue Closing Date or on refusal by stock exchanges to grant listing permission for the Equity Shares being offered, our Company shall, within 8 days, repay the money failing which it shall pay interest with interest at 15% per annum, as prescribed under section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. 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 the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed are taken within 12 Working Days of Bid/Issue Closing Date;
3. that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
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 closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.
6. that no further issue of securities shall be made till the securities offered through the Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

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

If our Company withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft offer document with SEBI.

#### **UTILIZATION OF ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

- i) All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- ii) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and
- iii) Details of all unutilized monies out of the issue of Equity Shares, referred to in sub-item (i) 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;
- iv) Our Company shall comply with the requirements of Clause 49 of the listing agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
- v) Our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Manufacturing and Services) is allowed upto 100% under the automatic route.

RBI, *vide* its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

### **Investment by Non-Resident Indians**

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of Directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

**Registration of Equity Shares under US Laws**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended 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 U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to 'qualified institutional buyers', as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of the Draft Red Herring Prospectus.**

## SECTION X – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

The Authorized capital of our Company is ₹ 1700 lacs divided into 1,70,00,000 Equity shares of ₹ 10/- each.

### MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

1. No regulation contained in Table “A” in the First Schedule to Companies Act, 1956 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 1956 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 1956 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 1956 or any re-enactment thereof. **Table A not to apply.**

#### Interpretation Clause

2. In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:
  - (a) "The Act" means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force. **Act**
  - (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution. **Articles**
  - (c) "Auditors" means and includes those persons appointed as such for the time being of the Company. **Auditors**
  - (d) "Board" or "Board of Directors" means a meeting of the directors duly called and constituted or as the case may be, the Directors assembled at Board. **Board or Board of Directors**
  - (e) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company. **Capital**
  - (f) "The Chairman" means the Chairman of the Board of Directors, for the time being, of the Company. **Chairman**
  - (g) "Charge" includes a mortgage. **Charge**
  - (h) "The Company" shall mean ABHITECH ENERGYCON LIMITED. **Company**
  - (i) "Debenture" includes debenture stock, bonds and any other securities of the Company, whether constituting a charge on the assets of the Company or not. **Debenture**

- (j) "Directors" means the Board of 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. **Directors**
- (k) "Dividend" includes bonus unless otherwise stated. **Dividend**
- (l) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963. **Executor or Administrator**
- (m) "Legal Representative" means a person who in law represents the estate of a deceased Member. **Legal Representative**
- (n) Words importing the masculine gender also include the feminine gender. **Gender**
- (o) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form. **In Writing and Written**
- (p) The marginal notes hereto shall not affect the construction thereof. **Marginal notes**
- (q) "Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of Association of the Company. **Member**
- (r) "Meeting" or "General Meeting" means a meeting of members. **Meeting or General Meeting**
- (s) "Memorandum" means the Memorandum of Association of the Company as originally framed and/or altered from time to time. **Memorandum**
- (t) "Month" means a calendar month. **Month**
- (u) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 166 of the Act. **Annual General Meeting**
- (v) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof. **Extra-Ordinary General Meeting**
- (w) "Non-retiring Directors" means a director not subject to retirement by rotation. **Non-retiring Directors**
- (x) "Office" means the registered Office for the time being of the Company. **Office**
- (y) "Ordinary Resolution" and "Special Resolution" shall have **Ordinary and Special**



	the meanings assigned thereto by Section 189 of the Act.	<b>Resolution</b>
(z)	"Paid-up" includes capital credited as paid up.	<b>Paid-up</b>
(aa)	"Person" shall be deemed to include corporations and firms as well as individuals.	<b>Person</b>
(bb)	"Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
(cc)	"Public Holiday" means public holiday within the meaning of the Negotiable Instruments Act, 1881 provided that no date declared by the Central Government to be a public holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issue of the notice convening such meeting.	<b>Public Holiday</b>
(dd)	"The Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act.	<b>Register of Members</b>
(ee)	"The Registrar" means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated.	<b>Registrar</b>
(ff)	"Secretary" means a Company Secretary within the meaning of clause(c) of sub section (i) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a Secretary under this Act and any other ministerial or administrative duties.	<b>Secretary</b>
(gg)	"Seal" means the common seal for the time being of the Company.	<b>Seal</b>
(hh)	"Shares" means share in the share capital of the Company and includes stock where a distinction between stocks and share is expressed or implied.	<b>Shares</b>
(ii)	"Special Resolution" shall have the meanings assigned to it by Section 189 of the Act.	<b>Special Resolution</b>
(jj)	Words importing the Singular number include where the context admits or requires the plural number and vice versa.	<b>Singular number</b>
(kk)	"The Statutes" means the Companies Act, 1956 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
(ll)	"These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	<b>These presents</b>
(mm)	"Variation" shall include abrogation; and "vary" shall	<b>Variation</b>

include abrogate.

- (nn) “Year” means the calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(17) of the Act. **Year and Financial Year**

Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force. **Expressions in the Act to bear the same meaning in Articles**

### **CAPITAL**

3. a) The Authorised Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time. **Authorised Capital.**
- b) The minimum paid up Share capital of the Company shall be ₹5,00,000/- or such other higher sum as may be prescribed in the Act from time to time.
4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act. **Increase of capital by the Company how carried into effect**
5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. **New Capital same as existing capital**
6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force. **Non Voting Shares**
7. Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at **Redeemable Preference Shares**

such times and for such consideration as the Board thinks fit.

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| 8.  | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.   | <b>Voting rights of preference shares</b>                           |
| 9.  | On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:<br>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;<br><br>(b) No such Shares shall be redeemed unless they are fully paid;<br><br>(c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;<br><br>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and<br><br>(e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorised Share Capital | <b>Provisions to apply on issue of Redeemable Preference Shares</b> |
| 10. | The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce<br>(a) the share capital;<br>(b) any capital redemption reserve account; or<br>(c) any security premium account<br>in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.  | <b>Reduction of capital</b>   |
| 11. | 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  | <b>Debentures</b>   |

not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

- (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.
- (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.
- (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.
- (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.
- (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

**Debentures with voting rights not to be issued**

- 12.** The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:
- (a) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;
  - (b) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and
  - (c) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

**Issue of Sweat Equity Shares**

- 13.** Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called. **ESOP**
- 14.** (a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the General Meeting of the Company. **Buy Back of shares**
- (b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Act and the applicable guidelines and regulations that may be issued in this regard.
- Provided that nothing in this clause shall be taken to prohibit:
- (i) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
- (ii) the making by the Company of loans, within the limit laid down in subsection (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership;
- (c) No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.
- 15.** Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (I) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting **Consolidation, Sub-Division And Cancellation**

from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## MODIFICATION OF CLASS RIGHTS

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| 16. | (a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.   | <b>Modification of rights</b>  |
|     | (b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.  | <b>New Issue of Shares not to affect rights attached to existing shares of that class.</b> |
| 17. | Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting. | <b>Shares at the disposal of the Directors.</b>  |
| 18. | (a) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is   | <b>Power to issue shares.</b>  |

proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- (i) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;
  - (ii) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from the date of the offer and the offer if not accepted, will be deemed to have been declined;
  - (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (ii) hereof 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; and
  - (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think fit, in their sole discretion;
- (b) Notwithstanding anything contained in sub-clause a(i) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever:
- (i) if a special resolution to that effect is passed by the company in General Meeting; or
  - (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in 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 most beneficial to the company.
- (c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:
- (i) to extend the time within which the offer should be accepted; or
  - (ii) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by

the company:

- (i) to convert such debentures or loans into shares in the company; or
- (ii) to subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
  - (ii) in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.
- (e) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 16 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 the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such 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.

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| <b>19.</b> | The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.  | <b>Shares should be numbered progressively and no share to be subdivided.</b> |
| <b>20</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. | <b>Acceptance of Shares.</b>  |



21. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid. **Directors may allot shares as full paid-up**
22. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly. **Deposit and call etc. to be a debt payable immediately.**
23. 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. **Liability of Members.**
24. Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind. **Registration of Shares.**

#### CERTIFICATES

25. (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of **Share Certificates.**

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 whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

26. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

**Issue of new certificates in place of those defaced, lost or destroyed.**

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 this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

27. (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.
- The first named jointholder deemed sole holder.**
- (b) The Company shall not be bound to register more than three persons as the joint holders of any share.
- Maximum number or joint holders.**
28. 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.
- Company not bound to recognise any interest in share other than that of registered holders.**
29. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.
- Installment on shares to be duly paid.**

#### UNDERWRITING AND BROKERAGE

30. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
- Commission**
31. The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.
- Brokerage**
32. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.
- Commission to be included in the annual return**

#### INTEREST OUT OF CAPITAL

33. Where any shares are issued for the purpose of raising money to
- Interest may be paid**

defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant. **out of capital.**

## CALLS

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| <p><b>34.</b> (1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.</p> <p>(2) A call may be revoked or postponed at the discretion of the Board.</p> <p>(3) A call may be made payable by installments.</p> | <p><b>Directors may make calls</b></p>       |
| <p><b>35.</b> Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.</p>   | <p><b>Notice of Calls</b></p>                |
| <p><b>36.</b> A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.</p>  | <p><b>Calls to date from resolution.</b></p> |
| <p><b>37.</b> Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.</p>  | <p><b>Calls on uniform basis.</b></p>        |
| <p><b>38.</b> The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.</p>  | <p><b>Directors may extend time.</b></p>     |
| <p><b>39.</b> If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.</p>  | <p><b>Calls to carry interest.</b></p>       |

40. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly. **Sums deemed to be calls.**
41. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. **Proof on trial of suit for money due on shares.**
42. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided. **Judgment, decree, partial payment not to proceed for forfeiture.**
43. (a) The Board may, if it thinks fit, 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 Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits. **Payments in anticipation of calls may carry interest.**
- (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. The provisions of this Article shall mutatis

mutandis apply to calls on debentures issued by the Company.

#### **LIEN**

- 44.** The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
- Company to have lien on shares.**
- 45.** For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.
- As to enforcing lien by sale.**
- 46.** The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
- Application of proceeds of sale.**

#### **FORFEITURE AND SURRENDER OF SHARES**

- 47.** If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid
- If call or instalment not paid, notice may be given.**

together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

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| <p><b>48.</b> The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.</p> <p>The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.</p>    | <p><b>Terms of notice.</b></p>  |
| <p><b>49.</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 thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.</p>   | <p><b>On default of payment, shares to be forfeited.</b></p>                              |
| <p><b>50.</b> When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.</p>  | <p><b>Notice of forfeiture to a Member</b></p>  |
| <p><b>51.</b> Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.</p>  | <p><b>Forfeited shares to be property of the Company and may be sold etc.</b></p>         |
| <p><b>52.</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 rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.</p> | <p><b>Members still liable to pay money owing at time of forfeiture and interest.</b></p> |
| <p><b>53.</b> The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.</p>  | <p><b>Effect of forfeiture.</b></p>   |



54. A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. **Evidence of forfeiture.**
55. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares. **Title of purchaser and allottee of forfeited shares.**
56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto. **Cancellation of share certificate in respect of forfeited shares.**
57. In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable. **Forfeiture may be remitted.**
58. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. **Validity of sale**
59. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit. **Surrender of shares.**

#### **TRANSFER AND TRANSMISSION OF SHARES**

60. (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. **Execution of the instrument of shares.**



- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

61. The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 108 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. Further, a common form of transfer shall be used as an instrument of transfer of any share or debenture of the Company.\*

**Transfer Form.**

62. The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on

**Transfer not to be registered except on production of instrument of transfer.**

behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this

Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

63. 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 whether fully paid or not and the right of refusal, shall not be affected by the 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 the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.

**Directors may refuse to register transfer.**

64. If the Company refuses to register the transfer of any share or

**Notice of refusal to**

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 there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

**be given to transferor and transferee.**

65. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.

**No fee on transfer.**

66. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

**Closure of Register of Members.**

67. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

**Custody of transfer Deeds.**

68. Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

**Application for transfer of partly paid shares.**

For this purpose the notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**Notice to transferee.**

69. (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his interest in the shares.
- (b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

**Recognition of legal representative.**

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to

dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.

- (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

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| 70. | The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act. | <b>Titles of Shares of deceased Member</b>  |
| 71. | Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.  | <b>Notice of application when to be given</b>   |
| 72. | Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.  | <b>Registration of persons entitled to share otherwise than by transfer. (transmission clause).</b> |
| 73. | Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.   | <b>Refusal to register nominee.</b>   |

74. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity. **Board may require evidence of transmission.**
75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit. **Company not liable for disregard of a notice prohibiting registration of transfer.**
76. In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit. **Form of transfer outside India.**
77. No transfer shall be made to any minor, insolvent or person of unsound mind. **No transfer to insolvent etc.**

#### NOMINATION

78. i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination. **Nomination**
- ii) No person shall be recognised by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956
- iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.

- iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.
- 79.** A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- Transmission of Securities by nominee**
- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

#### DEMATERIALISATION OF SHARES

- 80.** For the purpose of this Article, unless the context otherwise requires:
- Dematerialisation of Securities**

##### A. Definitions:

**Beneficial Owner** “Beneficial Owner” means a person whose name is recorded as such with a Depository.

**SEBI** “SEBI” means the Securities and Exchange Board of India.

**Bye-Laws** “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

**Depositories Act** “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

**Depository** “Depository” means a company formed and registered

under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

**Record** “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

**Regulations** “Regulations” mean the regulations made by SEBI;

**Security** “Security” means such security as may be specified by SEBI.

#### **B. Dematerialisation of Securities :**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

#### **C. Option for Investors :**

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

#### **D. Securities in Depositories to be in fungible form :**

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

#### **E. Rights of Depositories and Beneficial Owners :**

- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii) Save as otherwise provided in (i) above, the Depository as a

registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

- iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

**F. Service of information :**

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

**G. Transfer of Security :**

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

**H. Sections 83 and 108 of the Act not apply :**

Notwithstanding anything to the contrary contained in the Articles

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- i) Section 83 of the Act shall not apply to the shares with a Depository;
- ii) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

**I. Register and Index of beneficial owners :**

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

**J. Intimation to Depository :**

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

**K. Stamp duty on securities held in dematerialised form :**

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

**L. Applicability of the Depositories Act :**

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

**M. Company to recognise the rights of registered Holders as also the beneficial Owners in the records of the Depository :**

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

**N. Declaration by person not holding beneficial interest in any Shares**

- (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.
- (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such Beneficial Owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.
- (3) Whenever there is a change in the beneficial interest in a Share referred to above, the Beneficial Owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.
- (4) Notwithstanding anything contained in the Act and Articles



37 and 38 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

#### JOINT HOLDER

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| <p><b>81.</b> Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles :</p>  | <p><b>Joint Holders</b></p>   |
| <p>(a) the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.</p>  | <p><b>Joint and several liabilities for all payments in respect of shares.</b></p>  |
| <p>(b) on the death of any such joint holders the survivor or survivors shall be the only person recognised by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;</p> | <p><b>Title of survivors.</b></p>   |
| <p>(c) only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and</p>   | <p><b>Receipts of one sufficient.</b></p>   |
| <p>(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.</p>   | <p><b>Delivery of certificate and giving of notices to first named holders.</b></p> |

#### SHARE WARRANTS

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| <p><b>82.</b> The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.</p> | <p><b>Power to issue share warrants</b></p> |
| <p><b>83.</b> (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of</p>  | <p><b>Deposit of share warrants</b></p>     |

the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.

- (b) Not more than one person shall be recognized as depositor of the Share warrant.
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

- 84.** (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
- 85.** The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

**Privileges and disabilities of the holders of share warrant**

**Issue of new share warrant coupons**

#### CONVERSION OF SHARES INTO STOCK

- 86.** 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.
- 87.** 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.
- 88.** The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.
- 89.** 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.

**Conversion of shares into stock or reconversion.**

**Transfer of stock.**

**Rights of stock holders.**

**Regulations.**

## **BORROWING POWERS**

- 90.** Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. **Power to borrow.**
- 91.** Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting. **Issue of discount etc. or with special privileges.**
- 92.** The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be. **Securing payment or repayment of moneys borrowed.**
- 93.** 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. **Bonds, Debentures etc. to be under the control of the Directors.**
- 94.** If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the **Mortgage of uncalled capital.**

members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

- 95.** Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability. **Indemnity may be given.**

#### **MEETINGS OF MEMBERS**

- 96.** (a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General Meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next and the Annual General Meeting shall be held within six months of the expiry of its financial year. **Annual General Meeting.**
- Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three months, then such Annual General Meeting may be held within such extended period.
- (b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.
- (c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.
- 97.** All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings. **Distinction between AGM & EGM.**
- 98.** (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- **Requisitionists' meeting**
- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

- (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.
- (2) The number of Members necessary for a requisition under clause (1) hereof shall be -
  - (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or
  - (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.
- (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.
- (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:
  - (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.
    - (i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.
    - (ii) the case of any other requisition, not less than two weeks before the Meeting, and
  - (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company 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 properly deposited for the purposes also thereof.

- (5) The Company shall also not be bound under this Article to

circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

- (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

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| 99.  | (a)  | The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of  | <b>Extra-Ordinary<br/>General Meeting by<br/>Board and by<br/>requisition</b>                                     |
| 100. | (b)  | If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. | <b>When a Director or any<br/>two<br/>Members may call an<br/>Extra Ordinary General<br/>Meeting</b>              |
| 101. | (1)  | In case of requisition the following provisions shall have effect:   | <b>Contents of requisition,<br/>and number of<br/>requisitionists required<br/>and the conduct of<br/>Meeting</b> |
|      | (a)  | The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.   |   |
|      | (b)  | The requisition may consist of several documents in like form each signed by one or more requisitionists.  |   |
|      | (c)  | The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.   |   |
|      | (d)  | Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.   |   |
|      | (e)  | If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:  |   |
|      | (i)  | By the requisitionists themselves ; or   |   |
|      | (ii) | by such of the requisitionists as represent either a majority in   |   |

value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less.

PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

- (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:
  - (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but
  - (b) shall not be held after the expiration of three months from the date of deposit of the requisition.

PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.

- (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.
- (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

- 102.**
- (a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing. **Length of notice of General Meeting.**
  - (b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of the total voting power exercisable at that meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.



- 103.** No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened. **Meeting not to transact business not mentioned in notice.**
- 104.** At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman. **Chairman of General Meeting**
- 105.** For all purposes the quorum at a general meeting shall be five members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. **Quorum for General Meeting.**
- 106.** (a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting. **Business confined to election of Chairman whilst chair is vacant.**
- (b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.
- 107.** The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. **Chairman with consent may adjourn meeting.**
- When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.
- 108.** In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member. **Chairman's casting vote.**
- 109.** Any poll duly demanded on the election of Chairman of the **In what case poll**



meeting or any question of adjournment shall be taken at the meeting forthwith.

**taken without adjournment.**

- 110.** At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded :

**Questions at general meetings, how decided.**

- (a) by the Chairman; or
- (b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
- (c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

- 111.** A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes in favor or against such resolution.

- 112.** The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**Demand for poll not to prevent transaction of other business.**

#### **VOTES OF MEMBERS**

- 113.** No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

**Members in arrears not to vote.**

- 114.** Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

**Number of votes each member entitled.**

- 115.** 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

**Casting of votes by a member entitled to**

- 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. **more than one vote.**
- 116.** If any Member is lunatic, minor, unsound mind or, idiot, the vote in respect of his/ her shares shall be cast by his/her legal guardian(s) may vote whether on a show of hands or on a poll vote by proxy, provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting. **Vote of member of unsound mind and of minor**
- 117.** Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company. **Postal Pallot**
- 118.** If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof. **Votes of joint members.**
- 119.** Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Article 104. **Votes may be given by proxy or by representative**
- 120.** A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person 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 as if it were an individual member, creditor or holder of debentures of the Company. **Representation of a body corporate.**
- 121.** (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable. **Members paying money in advance.**
- (b) A member is not prohibited from exercising his voting rights **Members not**

- on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken. **prohibited if share not held for any specified period.**
- 122.** Any person entitled under Article 65 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof. **Votes in respect of shares of deceased or insolvent members.**
- 123.** No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorised under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment. **No votes by proxy on show of hands.**
- 124.** Any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll, instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled to one or more proxies. **Appointment of a proxy.**
- 125.** Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorised by it. **Form of proxy.**
- 126.** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting. **Validity of votes given by proxy notwithstanding death of a member.**
- 127.** Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the **inspection of proxies.**

Company.

- 128.** No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever. **Time for objections to votes.**
- 129.** The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll. **Chairman of the Meeting to be the judge of validity of any vote.**
- 130.** (1) Whereby any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- (2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.
- (3) The following resolution shall require special notice :
- (a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.
- (b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.
- (c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

#### **DIRECTORS**

- 131.** Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than twelve. **Number of Directors**
- As the date of adoption of these Articles the following are the Directors of the Company:

- 1. Mr. Ganesh Samant**
- 2. Mr. Prasad Samant**
- 3. Mr. Vivek Pandit**
- 4. Mr. Hemant Mohite**
- 5. Mr. Vijay Kamble**
- 6. Mr. Subodh Raut**
- 7. Mr. Swatantra Kumar**

## 8. Mr. Girish Trivedi

- 132.** A Director of the Company shall not be bound to hold any Qualification Shares in the Company. **Qualification shares.**
- 133.** (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. **Nominee Directors.**
- (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 133(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.
- 134.** Any trust deed for securing the debentures or debenture-stock (or a deed or mortgage of any assets of the Company) may if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock (or in the case of a deed of mortgage by the person or persons having such power) of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture stocks (or such person or persons) from time to time, remove any Director so appointed. The Director appointed under the article is herein referred to as the “Debenture Director” (or a **Debenture Directors or mortgage, Directors.**

“Mortgage Director”) and the term “Debenture Director” (or “Mortgage Director”) means the Director for the time being in office under this article. This Debenture Director (or the Mortgage Director) shall not be liable to retire by rotation, or be removed by the Company. The trust deed (or the mortgage deed) may contain such ancillary provisions as may be arranged between the Company and the trustees (or mortgage) and all such provisions shall (subject to the provisions of the Act) have effect notwithstanding any of the other provisions herein contained.

**135. Any advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company : Professional Directors.**

- (a) shall be entitled to charge the Company, professional remuneration for all work done by him for or on behalf of the Company at the rate agreed upon and on such terms and conditions as may be agreed upon;
- (b) shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advise upon or may have to deal with matters relating to any resolution after the same has been passed;
- (c) shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company; and
- (d) shall be indemnified by the Company in respect of and fines or penalties that may be imposed upon him as a Director of the Company as a result of any act or omission of the Company and/or any of its Officers in failing to comply with any requirements of the law whether with regard to any payments to be made or otherwise howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said Professional Director in his capacity as a Director.

**136. (1) 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 authorize such company , corporation ,firm or person herein-after in this clause referred to as “collaboration” to appoint from time to time any person as 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 and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter. Special Director**

- (2) The collaborators may at any time and from time to time

remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as 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 such person and shall be delivered to the Company at its registered office.

- (3) 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 collaborators eligible to make the appointment.

- 137.** The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director. **Appointment of alternate Director.**
- 138.** Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting. **Additional Director**
- 139.** Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him. **Directors power to fill casual vacancies.**
- 140.** (a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof. **Sitting Fees.**
- (b) The remuneration of a Director for his service shall be such sum as may be determined by the Board of Directors but not exceeding such sum as may be prescribed by the Act or Central Government and/or the listing agreement with Stock Exchange. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such **Remuneration of Directors.**



proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally.

- (c) Subject to the provisions of the Act, a Director who is neither in the wholtime employment of the Company nor a Managing Director, may be paid remuneration either;
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- (ii) by way of commission if the Company by a special resolution authorises such payment.

- |             |  |  |
|-------------|--|--|
| <b>141.</b> | The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.   | <b>Travelling expenses Incurred by Director on Company's business.</b> |
| <b>142.</b> | If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of the city of his normal residence or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.   | <b>Special remuneration to Directors</b>                               |
| <b>143.</b> | The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number falls below the minimum number fixed by Article 131 hereof the continuing Directors may act for the purpose of increasing the number of Directors to that minimum number, or for summoning a General Meeting of the Company or in emergencies but no other purpose.  | <b>Directors may act notwithstanding any vacancy.</b>                  |
| <b>144.</b> | Subject to the provisions of the Act and observance and fulfillment thereof and subject to restrictions imposed by Articles, no Director shall be disqualified by his office of a Director in the Company from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act. | <b>Directors may contract with the Company.</b>                        |
| <b>145.</b> | A Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of  | <b>Directors may be Directors of Companies</b>                         |



	the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.	<b>promoted by the Company.</b>
<b>146.</b>	The Company shall observe the restrictions imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.	<b>Loans to Directors.</b>
<b>147.</b>	Subject to the provisions of the Act and these Articles, the Company may by an Ordinary Resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.	<b>The Company may increase or reduce the number of Directors.</b>
<b>148.</b>	<p>(1) Subject to the provisions of Section 297 of the Act, 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 is 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> <p>(a) For the sale, purchase or supply of goods, materials or services; or</p> <p>(b) for underwriting the subscription of any Share in or debentures of the Company;</p> <p>(c) nothing contained in clause (a) of sub-clause (1) shall affect:-</p> <p>(i) 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>(ii) 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 the 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;</p> <p>(2) Notwithstanding any contained in sub-clause(1) hereof, 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 or supply 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;</p>	<b>Board resolution necessary for certain contracts</b>

but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into.

(3) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same 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 data on which was entered into.

(4) If 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.

(5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

**149.** When the Company:-

(a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or

(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

**Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director**

**150.** (1) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract 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 in the manner provided in Section 299 (2) of the Act.

**Directors of interest**

**151.** (2) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. 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 is brought up and read at the first meeting of the Board after it is given.

**General notice of disclosure**

**152.** A person shall not be capable of being appointed Director of the Company if:-

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudged an insolvent and his application is pending;

**Disqualification of the Director**

- (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

**153.** The office of Director shall become vacant if:-

**Vacation of office by Directors**

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudged an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or
- (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or
- (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
- (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or
- (k) if by notice in writing to the Company, he resigns his office, or

- (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 153 hereof, the disqualification referred to in these clauses shall not take effect:

- (a) for thirty days from the date of the adjudication, sentence or order;
- (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

**154.**

- (1) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.
- (2) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.
- (3) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.
- (4) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:
  - (a) in the notice of the resolution given to the 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 representation shall be read out at the

#### **Removal of Directors**

Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.

- (5) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 157 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 167 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.
- (6) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 157 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly.
- (7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (8) Nothing contained in this Article shall be taken:-
  - (a) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or
  - (b) as derogating from any power to remove a Director which may exist apart from this Article.

**155.** No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-

- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;
  - (i) in his being:
    - (a) a director of such company; and
    - (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or

**Interested Directors not to participate or vote in Board's proceedings**

- (ii) in his being a member holding not more than two percent of its paid-up share capital.

- 156.** (1) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.
- (2) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.
- Appointment of Sole Selling Agents**

#### **PROCEEDING OF THE BOARD OF DIRECTORS**

- 157.** (a) The Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) The Chairman of the Board of Directors or the Managing Director or any two- Directors may at any time convene a meeting of the Board of Directors.
- Meetings of Directors.**
- 158.** The Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.
- Chairman.**
- 159.** Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.
- Questions at Board meeting how decided.**
- 160.** Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
- Directors may appoint committee.**
- 161.** The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
- Committee Meetings how to be governed.**
- 162.** (a) A resolution passed by circular without a meeting of the Board or a committee of the Board appointed under Article 135 shall,
- Resolution by Circular.**

subject to the provisions of sub-clause (b) hereof and the Act be as valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.

(b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by a circular, if the Resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for a Meeting of the Board or the committee as the case may be) and to all other Directors or other members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the Resolution.

(c) Subject to the provisions of the Act, a statement signed by the Managing Director, Secretary or other person authorised in that behalf by the directors certifying the absence from India of any Directors shall for the purposes of this Article be prima facie conclusive.

- 163.** Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. **Acts of Board or Committee shall be valid notwithstanding defect in appointment.**
- 164.** Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher. **Quorum for Meeting of the Board.**

#### RETIREMENT AND ROTATION OF DIRECTORS

- 165.** (a) Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting. **Retirement by Rotation.**
- (b) The remaining Directors shall be appointed in accordance with the provisions of the Articles.
- (c) The Permanent Directors or Permanent Director if any shall not be liable to retirement by rotation from office of Directors nor shall they or he or she be counted in the number of retiring Directors or retiring Director so long as they or he or she shall fill the office of Permanent Director.
- 166.** At the Annual General Meeting in each year one-third of the **Directors to retire**



Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.

**annually how determined.**

- 167.** Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which the re-appointment is decided or his successor is appointed.

**Ascertainment of Directors retiring by rotation.**

- 168.** (1) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.
- (2) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

**Appointment of Technical or Executive Directors**

- 169.** Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.

**Eligibility for reappointment.**

- 170.** Subject to the applicable provisions of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by selecting the retiring Director or some other person thereto.

**Company to fill up vacancy.**

- 171.** (1) If the place of the retiring Director is not so filled up and the meeting had 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.
- (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:
- (a) At the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

**Provisions in default in appointment.**



- (b) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
- (c) He is not qualified or is disqualified for appointment;
- (d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act;
- (e) Sub-clause (2) of Section 263 of the Act is applicable to the case.

- 172.** (1) Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the Office of Director at any General Meeting if he or any member intending to propose him, has at least 14 clear days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for that office or the intention of such member to propose him as a candidate for that office as the case may be. The Company shall duly comply with the provisions of Section 257 of the Act for informing its members of the candidature of the Director concerned.
- (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the company, his consent in writing to act as a Director, if appointed.
- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the company, unless he has within 30 days of his appointment signed and filed with the Registrar his concerned in writing to act as such Director.

**Notice of candidature for office of Director.**

- 173.** At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved: Provided that where a resolution so moved is passed and no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

**Individual resolutions for Directors appointments.**

- 174.** The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words 'office' or

**Directors etc. not to hold office or place of profit.**

‘place of profit’ shall have the meaning assigned to them by Section 314 of the Act.

- 175.** The Board of Directors shall not except with the consent of the Company in General Meeting:
- Consent of Company necessary for the exercise of certain powers.**
- (a) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the Company the whole or substantially the whole of any such undertaking.
  - (b) remit, or give time for the repayment of any debt due by a Director;
  - (c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred in sub-clause (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on with difficulty or only after a considerable time;
  - (d) borrow moneys in excess of the limits prescribed in the Act.
  - (e) contribute, to charitable and other funds not directly relating to the business of the Company or the Welfare of its employees, any amounts the aggregate of which will in any financial year exceed Fifty Thousand Rupees or five percent of its average net profits as determined in accordance with the Act during the three financial years, immediately preceding, whichever is greater.
- 176.** (1) The Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolution passed at the meetings of the Board of Directors :
- (a) the power to make calls on members in respect of money unpaid on their shares;
  - (b) the power to issue debentures;
  - (c) the power to borrow moneys otherwise than on debentures;
  - (d) the power to invest the funds of the Company.
  - (e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any Committee of Directors or the Managing Director, or the Secretary, or any principal officer of the Company or of any of its branch offices the powers specified to in (c), (d) and (e) of this sub-clause to the extent specified below on such conditions as the Board may prescribe. 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 delegatee. Provided, however, that where the Company has an arrangement with its bankers for the borrowing of money by

way of overdraft, cash credit or otherwise, the actual day-to-day operation of the overdraft, cash credit or the accounts by means of which the arrangement made is availed of shall not require sanction of Board.

- (2) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amounts upto which the funds may be invested and the nature of the investments which may be made by the delegates.
- (3) 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.
- (4) Nothing contained in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board and any of the powers referred to in (a), (b), (c) and (d) of clause (1) above.

### **POWERS OF THE BOARD**

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| 177. | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. | <b>Powers of the Board</b>                   |
| 178. | Without prejudice to the general powers conferred by the Article 150 and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, it is hereby, declared that the Directors shall have the following powers, that is to say :   | <b>Certain powers of the Board</b>           |
|      | (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India.   | <b>To acquire any property , rights etc.</b> |
|      | (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.  | <b>To take on Lease.</b>                     |
|      | (3) To erect and construct, on the said land or lands, buildings,   | <b>To erect &amp; construct.</b>             |

houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

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| (4)  | At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. | <b>To pay for property.</b>                    |
| (5)  | To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.  | <b>To insure properties of the Company.</b>    |
| (6)  | To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.   | <b>To open Bank accounts.</b>                  |
| (7)  | To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.   | <b>To secure contracts by way of mortgage.</b> |
| (8)  | To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.   | <b>To accept surrender of shares.</b>          |
| (9)  | To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.   | <b>To appoint trustees for the Company.</b>    |
| (10) | To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to   | <b>To conduct legal proceedings.</b>           |

refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

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| (11) | To act on behalf of the Company in all matters relating to bankruptcy insolvency.  | <b>Bankruptcy &amp; Insolvency</b>                   |
| (12) | To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.   | <b>To issue receipts &amp; give discharge.</b>       |
| (13) | Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or 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. | <b>To invest and deal with money of the Company.</b> |
| (14) | 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 as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;                  | <b>To give Security by way of indemnity.</b>         |
| (15) | To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.  | <b>To determine signing powers.</b>                  |
| (16) | To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.  | <b>Commission or share in profits.</b>               |
| (17) | To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.   | <b>Bonus etc. to employees.</b>                      |
| (18) | Before recommending any dividend subject to provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or  | <b>Transfer to Reserve Funds.</b>                    |

for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

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| <p>(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, 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 or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.</p> | <p><b>To appoint and remove officers and other employees.</b></p> |
| <p>(20) To comply with the requirement of any local law which in their opinion it would be in the interest of the Company be necessary or expedient to comply with.</p>  | <p><b>To comply with the provisions of local law.</b></p>         |
| <p>(21) From time to time and at any time to establish any local board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remunerations;</p>  | <p><b>To appoint local Boards.</b></p>                            |
| <p>(22) Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make</p>   | <p><b>To delegate powers to Local Boards.</b></p>                 |

loans or borrow moneys; and to authorise the members for the time being of any local Board, or any of them to fill up any vacancies, and such appointment or delegation may be made on such terms and conditions to the Board may think fit, and the Board may at any time remove any person so appointed and may revoke or vary such delegation.

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| <p>(23) 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 such appointments may (if the Board think 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 shareholders, directors, nominees or manager 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 attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.</p> | <p><b>To appoint Attorneys.</b></p>                           |
| <p>(24) Subject to Sections 294 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p>  | <p><b>To enter into contracts.</b></p>                        |
| <p>(25) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.</p>  | <p><b>To make rules.</b></p>                                  |
| <p>(26) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.</p>  | <p><b>To effect contracts etc.</b></p>                        |
| <p>(27) To apply for, promote and obtain any act, charter, privilege, concession, license, authorisation, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.</p>  | <p><b>To apply &amp; obtain concessions licences etc.</b></p> |



- (28) 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 and of the provisions contained in these presents. **To pay commissions or interest.**
- (29) To redeem preference shares. **To redeem preference shares.**
- (30) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise. **To assist charitable or benevolent institutions.**
- (31) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (32) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
- (33) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
- (34) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
- (35) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
- (36) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose



aforesaid or any of them as they be thought necessary or expedient.

- (37) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.
- (38) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- (39) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
- (40) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
- (41) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

#### MANAGING AND WHOLE-TIME DIRECTORS

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| <b>179.</b> | Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. | <b>Powers to appoint Managing/Wholetime Directors.</b>                     |
| <b>180.</b> | Subject to the provisions of the Act and to these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation in accordance with the provisions of the Act but he shall subject to the provisions of any contract between him and company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time Director if he ceased to hold the office of Director from any cause.                  | <b>What provisions Managing or Wholetime Director shall be subject to.</b> |

Provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director of Managing Directors' or Whole-time Director or Whole-time Directors as the Directors shall from time to time determine as to who shall be made liable to retirement by rotation in accordance with the provisions of the Act to the intent that the number of directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

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| <p><b>181.</b> The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.</p>   | <p><b>Remuneration of Managing or Wholetime Director.</b></p>                |
| <p><b>182.</b> (1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the</p> | <p><b>Powers and duties of Managing Director or Whole-time Director.</b></p> |

management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.

- (5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

- 183.** If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company.
- Seniority of Whole Time Director and Managing Director**

#### **THE SECRETARY/MANAGER**

- 184.** The Directors may from time to time appoint a duly qualified person to be the Secretary/Manager of the Company and on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him from office and appoint another in his place. Subject to the provisions of the Act and these Articles the Directors may delegate to the Secretary such powers and entrust him with such duties as they may deem fit from time to time and revoke, cancel, alter or modify the same, and in particular, entrust to him the performance of the functions which, by the Act, are to be performed by the Secretary of the Company and other administrative and ministerial duties. The remuneration of the Secretary shall be such as may be determined by the Directors from time to time.
- Board to appoint Secretary/Manager**

#### **THE SEAL**

- 185.** (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
- The seal, its custody and use.**
- 186.** Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by any Director or a Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be
- Deeds how executed.**

affixed in accordance with Article 22(a).

#### **DIVIDEND WARRANTS**

- 187.** (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. **Division of profits.**
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 188.** 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. **The company in General Meeting may declare Dividends.**
- 189.** (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. **Dividend out of profits only.**
- PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such

declaration shall not be made except with the previous approval of the Central Government.

- (2) The depreciation shall be provided either —
  - (a) to the extent specified in Section 350 of the Act; or
  - (b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or
  - (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
  - (d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

- (3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.
- (4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

**190.** 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.

**Interim Dividend.**

**191.** 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.

**Debts may be deducted.**

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| 192. | 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.   | <b>Capital paid up in advance at interest not to earn dividend.</b>   |
| 193. | All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.  | <b>Dividends in proportion to amount paid-up.</b>   |
| 194. | The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 65 has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.   | <b>Retention of dividends until completion of transfer under Article 64.</b>  |
| 195. | 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>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b> |
| 196. | A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.  | <b>Effect of transfer of shares.</b>  |
| 197. | 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>Dividend to joint holders.</b>   |
| 198. | 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>Dividends how remitted.<br/>Notice of dividend.<br/>Dividend to be paid within thirty days.</b>                    |
| 199. | 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>Notice of dividend.</b>  |
| 200. | The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies  | <b>Reserves</b>   |

or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

- 201.** (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within “thirty” or such days as may be prescribed from the date of the declaration of the dividend unless -
- (a) where the dividend could not be paid by reason of the operation of any law;
  - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
  - (c) where there is a dispute regarding the right to receive the dividend;
  - (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
  - (e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
- (2) (a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.
- (b) If the dividend has not been paid within thirty days or such time as may be prescribed in the Act from time to time to a share holder, then the Company shall within seven days from the date of expiry of the said thirty days or such days as prescribed transfer the whole of the dividend amount to a special account called “Unpaid/Unclaimed Dividend Account- ABHITECH ENERGYCON LIMITED” to be opened with a scheduled bank.
- (c) Any money transferred to the unpaid/Unclaimed dividend account of the Company, which remains unpaid or unclaimed for a period of seven years or such time as may be prescribed in the Act from time to time from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act 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.
- 202.** All amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to the general revenue account of the Central Government. Any claims to any money so transferred to the general account may be preferred to the Central Government by the shareholders to whom the money is due.

**Dividend to be paid within thirty days.**

**Unclaimed amounts as per Section 205C.**

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| 203. | No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.  | <b>No interest on Dividends.</b>   |
| 204. | 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>Dividend and call together.</b> |

## CAPITALIZATION

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| 205. | <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and</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:</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(3) A Securities Premium Account, Share Premium Account and 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> | <b>Capitalization.</b>          |
| 206. | <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 capitalized 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>  | <b>Fractional Certificates.</b> |



- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also
- (b) to 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 capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.
- (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

#### MINUTES

- 207.**
- (1) The Company shall cause minutes of all proceeding of General Meetings and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
  - (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed;
    - (a) in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting; and
    - (b) in case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
  - (3) in no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
  - (4) the minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
  - (5) all appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- Minutes to be considered evidence.**

- (6) in the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall contain -
  - (a) the names of the Directors present at the meeting; and
  - (b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (7) nothing contained in Clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting;
  - (a) is or could reasonably be regarded as defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

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| 208. | <ul style="list-style-type: none"> <li>(a) The minutes of meeting kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.</li> <li>(b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company.</li> </ul>   | <p><b>Minutes to be evidence of the proceedings.</b></p> <p><b>Books of minutes of General Meeting to be kept</b></p>                      |
| 209. | <p>Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings, there at to have been duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.</p> <ul style="list-style-type: none"> <li>(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 196 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</li> <li>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of thirty-seven paise for every hundred words or fractional part thereof required to be copied.</li> </ul> | <p><b>Presumptions to be drawn where minutes duly drawn and signed.</b></p> <p><b>Inspection of Minutes Books of General Meetings.</b></p> |
| 210. | <p>No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters</p>  | <p><b>Publication of Report of proceedings of General Meeting.</b></p>   |

required by Section 193 of the Act, to be contained in the Minutes of the proceedings of such meeting.

### ACCOUNTS & AUDIT

- 211.** (1) The company shall keep at its head office proper Books of Account with respect to : **Books to be kept by the Company.**
- (a) all sums of money received or expended by the Company and the matters in respect of which the receipt and expenditure take place.
- (b) all sales and purchases of goods by the Company.
- (c) the assets and liabilities of the Company.
- (d) such particulars relating to utilisation of material or labour or other items of cost as may be prescribed by Section 209(1)(d) of the Act.

All or any of the books of account aforesaid may be kept at such other place In India as the Board of Director may decide and when the Board of Directors so decides the Company shall, within 7 days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

- (2) Where the Company has a branch office, whether in or outside India, the company shall be deemed to have complied with the provisions of clause (1) If proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarised returns are made upto dates at intervals of not more than three months are sent by the branch office to the Company at Its Registered Office or other place referred to in clause (1).
- (3) The books of account and other books and papers shall be open to inspection by any Director during business hours.
- (4) The books of account relating to a period of not less than eight years Immediately preceding the current year together with the vouchers relating to any entry in such books of account shall be preserved in good order.
- 212.** The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection by Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board. **As to inspection of accounts & books by members.**
- 213.** The Directors shall from time to time, in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheet, Profit and Loss Accounts and Reports as are required by the Act and within the periods therein mentioned. **Statement of Accounts to be furnished to General Meeting.**

- 214.** The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall, within 7 days of the appointment, give intimation thereto to every Auditor so appointed.
- Provided that before any appointment or reappointment of Auditor or Auditors is made by the Company at any Annual General Meeting a written certificate shall be obtained by the Company from the auditor or Auditors proposed to be so appointed to the effect that the appointment or reappointment if made will be in accordance with the limits specified in sub-section (IB) of Section 224 of the Act.
- 215.** Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company whether kept at the head office of the Company or elsewhere and shall be entitled to require from the officers of the Company such information and explanations as he may think necessary for the performance of his duties as Auditor.
- 216.** The Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be part of or annexed to the Balance sheet and Profit and Loss Account which are to be laid before the Company in General Meeting in terms of the Act.
- 217.** The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
- 218.** Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

**Appointment of Auditors.**

**Powers and duties of Auditors.**

**Auditors Report.**

**Inspection of Auditors' Report.**

**Accounts when audited and approved to be conclusive except as to errors discovered within 3 months**

**FOREIGN REGISTER**

- 219.** The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

**Foreign Register.**

**DOCUMENTS AND SERVICE OF NOTICES**

- 220.** Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or

**Signing of documents & notices to be served or given.**

lithographed.

- 221.** Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorised on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company. Provided that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company pursuant to sub-section 3 of Section 53 of the Act, the statement of material facts referred to in Section 173 need not be annexed to the notice, as is required by that Section, but is shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company. **To whom the notices or documents must be served.**
- 222.** (a) A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office or by leaving it at its Registered Office. **Service of documents on company.**
- (b) Subject to provisions of the Act, any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share whether held solely or jointly with other person by such Member until some other person be registered in his place as the holder or jointholders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such shares. **Notice valid.**
- 223.** Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company. **Authentication of documents and proceedings.**

#### REGISTERS AND DOCUMENTS

- 224.** The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following: **Registers Books and Documents to be kept by the Company.**
- (1) Register of Investment made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection by any member or debenture holder of the Company without charge.
- (2) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 134 of the Act and shall keep open for inspection of any creditor or member of the Company without fee and for inspection by any person on payment of a fee of such sum as may be prescribed by Central Government.

- (3) Register and Index of Members as required by Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of such sum as may be prescribed by Central Government.
- (4) Register and Index of Debenture Holders under Section 152 of the Act and keep it open for inspection by any member or debenture holder without fee and by any other person on payment of such sum as may be prescribed by Central Government.
- (5) Foreign Register if thought fit as required by Section 157 of the Act and it shall be open for inspection and may be closed and extracts may be taken there from and copies thereof as may be required, in the manner mutatis mutandis, as is applicable to the Principal Register.
- (6) Register of Contracts, and Companies and firms in which Directors are interested, as required, by Section 301 of the Act and shall keep it open for inspection of any member free of charge.
- (7) Register of Directors, and Secretary etc., as required by Section 303 of the Act and shall keep it open for inspection by any member of the Company without charge and of any other person on payment of a fee of Rupee one for each inspection.
- (8) Register as to Holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection by any member or debenture holder of the Company on any working day during the period beginning fourteen days before the date of the Company's Annual General Meeting and ending three days after the date of its conclusion.
- (9) Register of Loans and Investments made by the Company in shares and debentures of the bodies corporate as required by Section 372A of the Act.

## WINDING UP

- 225.** If the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the Members are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed
- Distribution of Assets**

amongst the. Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

226. a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind any part of the assets of the company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, shall think fit. **Distribution in specie or kind.**
- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.
- (c) In case any share to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution by notice in writing direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.
227. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section. **Rights of Shareholders in case of sale.**

#### INDEMNITY

228. 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 **Directors' and others right to indemnity.**



entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

- 229.** Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty. **Director Officer not responsible for acts of others.**
- 230.** Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty. **Not responsible for acts of others**

#### SECRECY

- 231.** (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts **Secrecy**



with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

- (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

**Access to property  
information etc.**

## **SECTION XI –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 (2) years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Draft Red Herring Prospectus will be 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 from date of filing this Draft Red Herring Prospectus with RoC to Bid / Issue Closing Date on Working Days from the date of filing of this Draft Red Herring Prospectus until the date of closure of the Issue.

#### **MATERIAL CONTRACTS**

1. Memorandum of Understanding dated September 28, 2011 between our Company and the BRLM appointing them as the BRLM to the Issue;
2. Memorandum of Understanding dated April 01, 2011 between our Company and Sharepro Services Private Limited appointing them as Registrar to this Issue;
3. Tripartite Agreement dated June 24, 2011 among our Company, NSDL and Sharepro Services (India) Private Limited;
4. Tripartite Agreement dated June 9, 2011 among our Company, CDSL and Sharepro Services (India) Private Limited;
5. Escrow Agreement dated [●] between our Company, the BRLM, Syndicate Member, Escrow Collection Banks and the Registrar to the Issue;
6. Syndicate Agreement dated [●] between our Company, BRLM, and the Syndicate Member;
7. Underwriting Agreement dated [●] between our Company, BRLM and the Syndicate Member;

#### **MATERIAL DOCUMENTS FOR INSPECTION**

8. Copy of our Memorandum and Articles of Association of our Company, as amended from time to time;
9. Copy of Certificate of Incorporation dated October 10, 1997, issued by the Registrar of Companies, Maharashtra, Mumbai in the name of Abhitech Energycon Services Private Limited;
10. Fresh Certificate of Incorporation dated July 17, 2003 issued by the Registrar of Companies, Maharashtra, Mumbai, in the name of Abhitech Energycon Private Limited;
11. Fresh Certificate of Incorporation dated August 13, 2003 issued by the Registrar of Companies, Maharashtra, Mumbai, in the name of Abhitech Energycon Limited;
12. Resolution of the Board of Directors dated August 5, 2011, authorising the Issue.

13. Special resolution of the shareholders passed at the Extra-ordinary General Meeting dated September 6, 2011, authorising the Issue.
14. Copy of resolution dated May 19, 2011 for reappointment and authorising the remuneration of our current Chairman and Managing Director and our Whole-time Directors;
15. Copy of the Royalty Agreement dated May 23, 2006 and the Royalty Renewal Agreement dated May 20, 2011 executed between Mr. Ganesh Samant and our Company;
16. Copy of Restated Audit report by, M/s. K.M. Gupta & Co, Chartered Accountants (peer review certified auditor) dated September 28, 2011, included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
17. Copy of Certificate from our Statutory Auditor, M/s. Awinash Verma & Associates, Chartered Accountants, dated September 20, 2011 regarding the source and deployment of funds as on September 20, 2011.
18. Copy of the Statement of Tax Benefits dated September 20, 2011 issued by our Statutory Auditor, M/s. Awinash Verma & Associates, Chartered Accountants.
19. IPO Grading Report issued by [●] dated [●];
20. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Peer Review Certified Auditor, Bankers to our Company, Bankers to the Issue/Escrow Collection Banks, Book Running Lead Manager, Syndicate Member(s), Underwriter(s), IPO Grading Agency, Registrar of the Issue, Legal Advisor to the Issue to act in their respective capacities;
21. Initial listing applications dated [●] and [●] filed with the BSE and the NSE respectively;
22. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively;
23. Due Diligence Certificate dated September 28, 2011, SEBI from the BRLM;
24. SEBI observation letter no. [●] dated [●];
25. Reply by BRLM dated [●] for the above SEBI observation letter.

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.

## **SECTION XII – DECLARATION**

All relevant provisions of the Companies Act, 1956, and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines or regulations issued, as the case may be. We further certify that all the disclosures and statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTORS OF THE COMPANY**

Mr. Ganesh Samant

Mr. Vivek Pandit

Mr. Hemant Mohite

Mr. Swatantra Kumar

Mr. Subodh Raut

Mr. Subramanyam Narayan

Mr. Shreepad Khanolkar

Mr. Prakash Khot

Mr. Sanjaykumar Patil

Mr. Suresh Risbud

### **SIGNED BY THE CHIEF EXECUTIVE OFFICER AND COMPLIANCE OFFICER**

Mr. Prasad Samant

### **SIGNED BY THE FINANCE AND ACCOUNTS HEAD**

Ms. Maria Peter

### **SIGNED BY THE COMPANY SECRETARY**

Ms. Anubhuti Shukla

**Place:** Mumbai

**Date:** September 28, 2011

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