



## GENERA AGRI CORP LIMITED

Our Company was originally incorporated on October 28, 1992 as “Anand Lakshmi Finance Private Limited” in the state of Andhra Pradesh. The status of our Company was changed to a public limited company by a special resolution of the members passed at an EGM held on February 27, 1994. The fresh Certificate of Incorporation consequent to change of status from Private to Public was obtained on April 18, 1994 from the Registrar of Companies, Andhra Pradesh. The name of our Company was later changed to “Genera Industries Limited” with effect from August 11, 2005 and again changed to “Genera Agri Corp Limited” w.e.f. April 29, 2011. Our Company’s corporate identification number as allotted by the Registrar of Companies, Andhra Pradesh is L01403AP1992PLC014945. For change in name and registered office of our Company, please refer “History and Certain Corporate Matters” beginning on page 88 of this Draft Red Herring Prospectus.

**Registered Office:** H. No. 8-2-293, Block III, Road No. 82, Plot No. 382, Film Nagar, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India

**Company Secretary and Compliance Officer:** Ms. Khusboo Laxmi Bhagat

**Tel.:** +91-40-6722 9000; **Fax:** +91-40-2354 7720; **Email:** investors@genera.in; **Website:** www.genera.in

### PROMOTERS OF OUR COMPANY: MR. RAJESH NAIDU MUNIRATHNAM AND MRS. KALPANA RAJ MUNIRATHNAM

**THE ISSUE OF [●] EQUITY SHARES OF ₹10/- EACH OF GENERA AGRI CORP LIMITED (“GACL” OR THE “COMPANY” OR THE “ISSUER” FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING TO ₹9,800 LAKHS (THE “ISSUE”). THIS ISSUE WOULD CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARE IS ₹10 EACH**

**THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED BY OUR COMPANY AT LEAST ONE WORKING DAY PRIOR TO THE BID/ISSUE OPENING DATE.**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for at least three additional working days, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the Madras Stock Exchange Limited (“MSE”), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager (“BRLM”) and at the terminals of the Members of the Syndicate.

The Issue is being made under sub-regulation 1 of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and through the Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining 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 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 investors shall participate in this Issue through an Application Supported by Blocked Amount (“ASBA”) process. Retail investors participating in this issue may also utilise the ASBA process to submit their bids. For further details refer to the chapter titled “Issue Procedure” beginning on page 157 of this Draft Red Herring Prospectus.

### GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled “Risk Factors” beginning on page 10 of this Draft Red Herring Prospectus.

### ISSUER’S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue, that the information contained in this 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 Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares of our Company are presently listed on the MSE. The Equity Shares offered pursuant to this Draft Red Herring Prospectus are proposed to be listed on the BSE in addition to MSE. Our Company has received the in-principle approvals from BSE and MSE vide their letters dated [●] and [●] respectively. BSE is the Designated Stock Exchange for this Issue.

#### BOOK RUNNING LEAD MANAGER TO THE ISSUE



##### BOB Capital Markets Limited

3rd Floor, South Wing, UTI Tower, Gn Block,  
Bandra Kurla Complex, Bandra - East, Mumbai - 400 051,  
Maharashtra, India.  
Tel: +91-22-6138 9300  
Fax: +91-22-6671 8535  
E-mail: genera@bobcaps.in  
Website: www.bobcaps.in  
Contact Person: Mr. Amit Porwal/ Mr. Harshal Desai  
SEBI Registration No: INM 000009926\*

#### REGISTRAR TO THE ISSUE



##### Bigshare Services Private Limited

E-2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka,  
Andheri - East, Mumbai - 400 072,  
Maharashtra, India.  
Tel: +91-22-4043 0200  
Fax: +91-22-2847 5207  
E-mail: ipo@bigshareonline.com  
Website: www.bigshareonline.com  
Contact Person: Mr. Vishant Naik  
SEBI Registration No: INR000001385

### BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON [●]

BID/ISSUE CLOSES FOR QIB BIDDERS ON [●]\*

BID/ISSUE CLOSES FOR NON-QIB BIDDERS ON [●]

\* Our Company in consultation with Book Running Lead Manager may decide to close the Bidding/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with SEBI (ICDR) Regulations.

# SEBI registration certificate was valid upto September 24, 2011. Application for renewal made on June 20, 2011 i.e. 3 months before the expiry of the period of the certificate in terms of Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The same has been taken up for permanent registration and the approval is awaited.

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## SECTION I: GENERAL INFORMATION DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

Term	Description
“Genera”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Genera Agri Corp Limited, a public limited company incorporated under the Companies Act, having its registered office at H. No. 8-2-293, Block III, Road No. 82, Plot No. 382, Film Nagar, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India.
Promoter(s)	Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam
Promoter Directors	Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam
Our Promoter Group	Includes such persons and entities constituting our Promoter Group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations, 2009
Our Subsidiary	Genera Agri Global Limited
“you”, “your” or “yours”	Prospective investors in this Issue.

### COMPANY RELATED TERMS

Terms	Description
Articles / Articles of Association/AoA	The articles of association of our Company, as amended.
Auditor/Statutory Auditor	The statutory auditor of our Company, M/s. Hari Vara Prasada & Associates, Chartered Accountants
Board/Board of Directors/our Board	The board of directors of our Company, as constituted from time to time, or committees thereof.
Director(s)	The director(s) of our Company, unless otherwise specified.
Erstwhile promoters	Promoters prior to the Open Offer i.e. Late Mr. D.V.S. Anand, Mrs. D.V.S. Lakshmi, Mr. D.N. Ravi Kumar
Group Companies	Includes those companies, firms, ventures, etc. promoted by our Promoters, irrespective of whether such entities are covered under section 370 (1) (B) of the Companies Act, 1956 or not. Unless the context otherwise specifies, includes those entities mentioned in the chapter, “Group Companies” beginning on page 103 of this Draft Red Herring Prospectus.
Memorandum /Memorandum of Association/MoA	The memorandum of association of our Company, as amended from time to time.
Registered Office of the Company	H. No. 8-2-293, Block III, Road No. 82, Plot No. 382, Film Nagar, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India.

### ISSUE RELATED TERMS

TERM	DESCRIPTION
Allot/Allotment/Allotted/ Allotment of Equity Shares	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application whether physical or electronic used by Bidders to make a Bid authorizing an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	An account maintained by the ASBA bidders with the SCSB and specified in the ASBA Bid cum Application Form for blocking the amount mentioned in the ASBA Bid cum Application Form
ASBA Bid cum Application Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Prospective investors in this Issue who Bid/ apply through the ASBA process.

<b>TERM</b>	<b>DESCRIPTION</b>
	Pursuant to SEBI circular no. 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 Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid-cum-Application Forms or any previous ASBA Revision Form(s).
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form or the ASBA Bid-cum- Application Form as the case may be in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum- Application Form and payable by the Bidder on submission of the Bid for the Issue.
Bid/ Issue Closing Date	<p>The date after which the members of the Syndicate and SCSB (in case of ASBA Bidders) will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper.</p> <p>The Company in consultation with BRLM may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.</p>
Bid/ Issue Opening Date	The date on which the members of the Syndicate and SCSB (in case of ASBA Bidders) shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper.
Bid/ Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form or the ASBA Bid cum-Application Form (in case of an ASBA Bidder).
BOB Capital Markets Limited/ BOBCAPS	BOB Capital Markets Limited, 3 <sup>rd</sup> Floor, South Wing, UTI Tower, Gn Block, Bandra Kurla Complex, Bandra-East, Mumbai 400 051.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which the Issue is made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being BOB Capital Markets Limited.
BSE / Bombay Stock Exchange	The Bombay Stock Exchange Limited.
CAN/ Confirmation of Allocation Note	Except in relation to the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
CDSL	Central Depository Services (India) Limited
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a>
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding ₹200,000 are entitled to Bid at the Cut-off Price, for a bid amount not exceeding ₹200,000. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depositories	NSDL and CDSL.

<b>TERM</b>	<b>DESCRIPTION</b>
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act
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">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account as the case may be after the Prospectus is filed with the Registrar of Companies Andhra Pradesh, Hyderabad, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the BSE.
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated September 26, 2011 filed with SEBI and issued in accordance with the SEBI (ICDR) Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Equity Shares	Equity Shares of our Company of face value of ₹10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks, Syndicate Members and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding the ASBA Bidders).
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●].
FII	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA 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.
FCVIs	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with SEBI.
GIR Number	General Index Registry Number.
HSE / Hyderabad Stock Exchange	The Hyderabad Stock Exchange Limited
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The Issue of [●] Equity Shares of ₹10 each fully paid up at the Issue Price aggregating to ₹9,800 lakhs.
Issue Agreement	Agreement dated September 26, 2011 entered into between the Company and the Book Running Lead Manager.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that is available to the Company.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their

TERM	DESCRIPTION
	Bids.
MICR	Magnetic Ink Character Recognition.
MSE / Madras Stock Exchange	Madras Stock Exchange Limited
Mutual Fund Portion	5% of the QIB Portion i.e. up to [●] Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion, subject to valid bids being received from such Mutual Funds.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NECS	National Electronic Clearing System.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹2,00,000 (but not including NRI's other than eligible NRI's).
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares of ₹10 each available for allocation to Non-Institutional Bidders.
Non – Residents	All eligible Bidders that are persons resident outside India, as defined under FEMA, including eligible NRIs and FIIs.
NRI or Non – Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date;
Price Band	The price band of a minimum price ("Floor Price") of ₹[●] and the maximum price ("Cap Price") of ₹[●] and includes revisions thereof. The price band will be decided by our Company in consultation with the Book Running Lead Manager and advertised in an English newspaper, Hindi newspaper and Telugu newspaper with wide circulation at least one (1) Working Days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies; Andhra Pradesh, Hyderabad in accordance with section 60 of the Act, containing, inter alia, 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 Banker(s) to the Issue to receive monies pursuant to Section 73 of the Companies Act from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	<ul style="list-style-type: none"> <li>i. Mutual funds, venture capital funds, or foreign venture capital investors registered with the SEBI;</li> <li>ii. FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual;</li> <li>iii. Public financial institutions as defined in Section 4A of the Companies Act;</li> <li>iv. Scheduled commercial banks;</li> <li>v. Multilateral and bilateral development financial institutions;</li> <li>vi. State industrial development corporations;</li> <li>vii. Insurance companies registered with the Insurance Regulatory and Development Authority;</li> <li>viii. Provident funds with minimum corpus of ₹2,500 lakhs;</li> <li>ix. Pension funds with minimum corpus of ₹2,500 lakhs;</li> </ul>

TERM	DESCRIPTION
	<ul style="list-style-type: none"> <li>x. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</li> <li>xi. Insurance funds set up and managed by the army, navy, or air force of the Union of India.</li> <li>xii. Insurance funds set up and managed by the Department of Posts, India</li> </ul>
QIB Portion	The portion of the Issue being not more than [●] Equity Shares of ₹10 each, being not more than 50% of the Issue to the public to be allotted to QIBs.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Andhra Pradesh, Hyderabad at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies Andhra Pradesh, Hyderabad, after pricing and allocation.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Bidders shall be made.
Refund Bankers	[●]
Registrar/ Registrar to this Issue	Bigshare Services Private Limited.
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have Bid for an amount less than or equal to ₹200,000 in any of the bidding options in this Issue.
Retail Portion	The portion of the Issue being not less than [●] Equity Shares of ₹10 each, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders excluding 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).
ROC	The Registrar of Companies, Andhra Pradesh, Hyderabad.
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCR	The Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer the services of ASBA, including blocking of funds in bank accounts, are recognized as such by the SEBI and a list of which is available at <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a>
Stock Exchanges	Bombay Stock Exchange Limited and Madras Stock Exchange Limited.
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	[●]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members or an SCSB (only on demand) to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended) registered with SEBI.
Working Days	Unless the context otherwise requires: (i) Till the Bid/ Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post Bid/ Issue closing date and till the listing of Equity Shares Issued: All

TERM	DESCRIPTION
	days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business. All days except Sunday

#### CONVENTIONAL/ GENERAL TERMS

Terms	Description
Act/ Companies Act/ the Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
ASBA	Application supported by blocked amount.
CIN	Corporate Identification Number.
DIN	Directors Identification Number.
DIPP	Department of Industrial Policy & Promotion.
Directors or Board of Directors	Directors of the Company from time to time unless otherwise specified.
DP ID	Depository Participants Identity.
EPS	Earnings Per Share.
ESOP	Employee Stock Option Plan.
ESPS	Employee Share Purchase Scheme.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The twelve months ended March 31 of that particular year.
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992.
IT Act	The Income Tax Act, 1961, as amended from time to time except as stated otherwise.
NAV/ Net Asset Value	Net worth as at the end of the year divided by number of Equity Shares outstanding at the end of the year.
Net worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
RBI	The Reserve Bank of India.
SEBI	Securities and Exchange Board of India.
SEBI (ICDR) Regulations/ SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time.
SICA	Sick Industrial Companies Act, 1985.

#### ABBREVIATION OF GENERAL TERMS

Terms	Description
A/C	Account.
CAGR	Compounded Annual Growth Rate.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary General Meeting.
FBT	Fringe Benefit Tax.
FDI	Foreign Direct Investment.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross Domestic Product.
Government/ GOI	The Government of India.
FY	Financial Year

<b>Terms</b>	<b>Description</b>
HNI	High Net-worth Individual.
HUF	Hindu Undivided Family.
MoU	Memorandum of Understanding
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
p.a.	per annum.
P/E Ratio	Price/ Earning Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PBT	Profit Before Tax.
PIO	Persons of Indian Origin.
RBI	The Reserve Bank of India
Rand	South African Rand
Rs./INR/₹	Indian Rupees.
RoNW	Return on Net worth.
SEBI (SAST) Regulations or SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
SLM	Straight Line Method.
Sq. Ft.	Square Feet.
Sq. Mt.	Square Meter.
TAN	Tax Deduction Account Number.
UK	The United Kingdom of Great Britain and Northern Ireland.
US, USA	United States of America.
USD/US\$	United States Dollar.
w.e.f.	With effect from
WDV	Written Down Value.

#### **INDUSTRY RELATED TERMS**

<b>Terms</b>	<b>Description</b>
Acre	A unit of area defined as 4,046.856 square metres
Agri Labours	Farm Labours
Agri Lease Land	Agricultural land taken on lease by our Company for the purpose of cultivation of crops
Crops	Fruits and Vegetable cultivated by our Company
GAP	Good Agriculture Practices
GDP	Gross Domestic Product
Hectares	A unit of area defined as 10,000 square metres
Horticulture	Science of plant cultivation including the process of preparing soil for the planting of seeds, tubers, or cuttings
NBFC	Non-Banking Finance Company
R&D Team	Research and Development Team
RABO Bank Report	Pre-Feasibility Study for South North Corridor on behest of our Company
UAE	United Arab Emirates
Refer Vans	Refrigerate Vans

Notwithstanding the foregoing:

In the chapter titled “Financial Statements” beginning on page 107 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

In the section titled “Main Provisions of the Articles of Association” beginning on page 189 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

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

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from the Company's restated financial statements prepared in accordance with Indian GAAP and the Companies Act and in accordance with SEBI (ICDR) Regulations, included in this Draft Red Herring Prospectus.

Our Company's fiscal commences on April 01 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal (e.g. fiscal 2011), are to the fiscal ended March 31 of a particular year. In this 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, International Financial Reporting Standards ("IFRS") and U.S. GAAP. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the Indian GAAP restated summary statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise specified or if the context otherwise requires, all references to "India" in this Draft Red Herring Prospectus are to the Republic of India.

### **Currency of Presentation**

All references to 'Rupees' or 'Rs.' or '₹' or INR are to Indian Rupees, the official currency of the Republic of India. All numbers in this document have been prescribed in lakhs or in whole numbers where the numbers have been too small to present in lakhs. Some numbers are also presented in crores wherever they have been taken from a third party source.

### **Industry and Market Data**

Unless stated otherwise, industry data used in this Draft Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

Further, the extent to which the market data presented in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the Industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources

## FORWARD LOOKING STATEMENTS

We have included statements in this 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 the expectations include, among others:

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

For further discussion of factors that could cause our actual results to differ, see the chapters titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 10, 74 and 126 of this Draft Red Herring Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## **SECTION II: RISK FACTORS**

### **RISK FACTORS**

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with chapter titled "Business Overview" beginning on page 74 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 126 of this Draft Red Herring Prospectus. Any of the following risks as well as other risks and uncertainties discussed in this Draft Red Herring Prospectus could have a material adverse impact on our business, financial condition and results of our operation and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment.*

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

*Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section.*

#### **Materiality:**

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

- A. Some events may not be material individually but may be found material collectively.*
- B. Some events may have a material impact qualitatively instead of quantitatively.*
- C. Some events may not be material at present but may have material impacts in the future.*

#### **INTERNAL RISK FACTORS**

- 1. *There is a legal proceeding currently outstanding involving a company wherein our Promoters are also Directors. Any adverse decision may render our promoter liable to liabilities/penalties.***

The Promoters of our Company are associated as directors with a Company D'ala Soft Private Limited, against which debt recovery proceedings are pending. M/s. D'ala Soft Private Limited has defaulted in repayment of working capital loan amounting to ₹50 lakhs and Term Loan amounting to ₹50 lakhs and interest thereon availed from State Bank of India, IFB Branch, Hyderabad. The said loan was transferred by Debt Recovery Tribunal to M/s. Asset Reconstruction Company (India) Limited (ARCIL). D'ala Soft Private Limited has approached representative of ARCIL for One-Time Settlement of the said loan. Any adverse decision with reference to above may render our Promoters liable to liabilities / penalties.

- 2. *Our application for registration with the Regional Provident Fund Commissioner and Regional office of Employees' State Insurance Corporation is pending.***

Our Company vide application dated July 29, 2011 and July 30, 2011 has applied for registration with The Office of the Regional Provident Fund Organisation under Employees Provident Fund and Miscellaneous Provisions Act, 1952 and with the Regional office of Employees' State Insurance Corporation under Miscellaneous Provisions Act and Employees' State Insurance Act, 1948 respectively. The said applications are still pending with the respective authorities. Any delay in granting the registration by these respective authorities or any adverse decision may render us liable to liabilities / penalties and may adversely affect our business, results of operations.

- 3. *Our Company has not complied with certain provisions of SEBI (SAST) Regulations. Any penalty or action taken by regulatory authorities in future for non-compliance of the SEBI Takeover Regulations and SEBI Insider Trading Regulations, could impact financial position of the Company to that extent.***

Our Company has not complied with the regulation 6(2) and 6(4) of the SEBI Takeover Regulations for the year ended on March 31, 1997 and regulation 8(3) of the SEBI Takeover Regulations for the Nine years including (1999-2000; 2000-2001; 2002-2003 and 2004-2005 to 2009-2010).

Further, our Company has not complied with the regulation 7(3) of the SEBI Takeover Regulations for the year 1998 and 2005. No show cause notice in respect of the above has been received by the Company from the Securities and Exchange Board of India till date. Our Company vide letter dated May 28, 2011, suo moto proposed the settlement of aforesaid violations through a consent order in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007 read with Section 15T of the Securities and Exchange Board of India Act, 1992, for a settlement charges of ₹ 2,50,000/- (Rupees Two lacs and Fifty thousand only) to settle the possible Administrative / Civil actions by the SEBI for the non-compliance of the provision of said Regulations 6(2), 6(4), 7(3), 8(3) of SEBI Takeover Regulations. Our Company is yet to receive the consent order. If SEBI proposes for a higher settlement amount, it will adversely affect our Company's financial position to that extent.

**4. *Our Company was in violation of Section 383A of the Companies Act, 1956 with the regard to appointment of Whole time Company Secretary for the period from August 17, 1995 till March 14, 2009 and March 31, 2011 to June 30, 2011 which may attract penalties under the Companies Act, 1956.***

Our Company was in violation of Section 383A of the Companies Act, 1956 for a period from August 17, 1995 to March 14, 2009 and from March 31, 2011 to June 30, 2011 for not appointing the Whole time Company Secretary for the above mentioned period. This non compliance may attract a liability as per the provisions of the Companies Act, 1956. No show cause notice in respect of the above violations has been received by the Company from the office of Registrar of the Companies till date. Our Company vide letter dated July 25, 2011 has made a suo moto application for compounding of the said violation before the Company Law Board under Section 621A of the Companies Act, 1956. Any fees/penalties levied by the Company Law Board will affect the financial condition of our Company.

**5. *There has been no trading of our Equity Shares on the MSE thereby depriving of liquidity to the shareholders/investors.***

Pursuant to our Initial Public Offering in 1995, the equity shares of our Company were listed on HSE and MSE. The recognition of HSE was withdrawn by the SEBI in 2007 under Regulation 5(2) of the SC(R)A. The equity shares of our Company are currently listed on MSE. There is no active trading happening on MSE. Shareholders/Investors dealing on this exchange may face difficulties in trading the Equity Shares held by them.

**6. *Our registered office premises, premises from where we operate our retail outlets and land used by us for cultivation are not owned by us. The lease / leave and licence agreements for the said premises and land are not adequately stamped and registered. In case of any disputes, the same can be challenged in the court of law. Further, we may not be able to renew these agreements in terms favourable to us or at all.***

Our Company does not own the premises of our current registered office, the premises from where we operate our retail outlets and land used by us for cultivation. These premises/lands have been acquired by the Company on lease/ leave and license basis on different terms. There is no assurance that we will be able to renew these agreements on expiry or comply with the requirements as may be contained in the agreements of lease or leave and license as the case may be. Any non-compliance by us with the terms of the said agreements may result in the termination of the agreements and may render our investments towards setting up/development of such premises/lands as futile. There can be no assurance that the Licensors or Lessors will not terminate these agreements, which would have a material adverse effect on conducting our business and our commercial operations.

For further details on all of our leased premises please refer to paragraph titled "Properties" beginning on page 80 of this Draft Red Herring Prospectus.

**7. *Our trademark is not registered under the Trade Marks Act, 1999, and our ability to use the trademark may be impaired.***

Our Company's business may be affected due to our inability to protect our existing and future intellectual property rights. Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act, 1999, and consequently do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such logo by anybody by means of statutory protection. Our Company has made application for registration of logo "GENERA" & "GENERA FRESH" in different classes. We cannot guarantee that all the pending applications will be decided in the favour of the Company. If any of our trademarks are not registered it can allow any person to use a deceptively similar mark and market its product which could be similar to the products offered by us. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may

decrease. For more details please refer to the paragraph titled “Intellectual Property” beginning on page 80 of this Draft Red Herring Prospectus.

**8. *Our Promoter Group currently hold and would also hold less than 51 % of the paid up share capital of our Company post this Issue.***

Our Promoters currently holds 28.32% of the pre-issue paid up capital of our Company. Upon completion of the Issue, Promoter Group may beneficially own approximately [●] % of our post-Issue Equity Share capital. Since our Promoter Group will own less than 51% of the paid up share capital of our Company, they may not be able to continue exercising significant control over our Company, the composition of our Company’s Board of Directors, decisions requiring majority voting, and may also be unable to affect the outcome of certain shareholder resolutions, even though the same may be in the best interests of our Company. Further, our Company is vulnerable to hostile takeovers and we cannot assure that any potential acquirer would act in the best interests of our Company or its shareholders.

**9. *Our Company is highly dependent on markets in the state of Andhra Pradesh. Further, the occurrence of any of the circumstances enumerated below may adversely affect our business, results of operations and financial condition.***

Our focus is on developing markets for our crops in the southern part of India and particularly in the state of Andhra Pradesh. Andhra Pradesh contributes approximately 99.79% of our total revenues for the FY 2010-2011 and 100% for FY 2009-2010. Our business, results of operations and financial condition may be adversely affected if one or more of the following factors occur:

- a. Adverse weather conditions in the state of Andhra Pradesh irrespective of the conditions across the country;
- b. Negative demand for crops;
- c. Our competitors’ further penetration;
- d. Reduction of area under cultivation;

We cannot assure you that we will be able to de-risk our dependence on Andhra Pradesh, or that such dependence will not increase in the future.

**10. *Our inability to maintain good relationship and network in Local Market may have an adverse affect on our results of operations and financial condition.***

The challenge in the horticulture business lies in reaching a geographically dispersed end-user at the right time at the right place with the right product. Our Company relies on local market players for distribution, marketing and selling our crops in the regions in which we operate. Competition for horticulture crops is intense in local markets. Hence, our business is dependent on maintaining good relationship in local markets to ensure continuous supply to customers. If we do not succeed in maintaining the stability of our network with local market, our market share may decline and our crops may not reach the end customers, materially adversely affecting our results of operations and financial condition.

**11. *Our Company does not have any long term supply contracts with our customers which may adversely affect our results of operations.***

Our Company does not have any long term commitments with our customers for purchases of our crops. As a result we may be dependent on the daily purchase orders received from time to time. There is no assurance that our Company will continue to receive purchase orders for our products either on substantially the same terms or at all, which could have an adverse effect on our Company’s operations and profitability. Further, any change in the buying pattern of our end users can adversely affect the business and results of operations of our Company.

**12. *Our Company operates in a highly competitive and fragmented market. Any failure to compete effectively could have a material adverse effect on our business, financial conditions and results of operations***

Our Company operates in a highly competitive market and face stiff competition from other players operating both in organized and un-organized sectors. Pricing is one of the factors that play an important role. The increased competition by both traditional and new players may affect our margins. In order to protect our existing market share or capture market share, we may be required to increase expenditure on introduce and establish new products. Due to inherent risks in the marketplace associated with quality of products, new product introductions, including uncertainties about consumer response, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. Stiff competition from a variety of competitors in the un-organised sectors adversely

impacts our business, financial conditions and results of operations.

***13. Decline in demand and prices of our crops may reduce our profit margins and financial conditions.***

Demand and prices of our crops are influenced by several factors, including the quality and methods of production, supply of competing product(s) in the market, demand from customers etc. Any decline in demand and resultant decline in prices may lead to a material adverse effect on our sales margins, profitability results of operations and financial condition.

***14. Our Company's production is dependent on land that we do not own.***

Most of the land on which we grow and produce crops is leased on a short-term basis from the farmers/land owners. There can be no assurance that these leases will be renewed upon expiry or on terms and conditions acceptable to us. Any failure to renew our existing leases or procure sufficient amounts of suitable land at commercially reasonable prices to meet our production needs may adversely affect our business and operating.

For the further details please see the chapter titled "Business Overview" beginning on page 74 of this Draft Red Herring Prospectus.

***15. Our failure to accurately forecast and manage our crops produce could result in an unexpected shortfall and/or surplus of crops, which could harm our business, results of operations and financial conditions.***

Our Company's crop production is based on seasonality as well as demand of the crops in the market. An inaccurate forecast of demand for any crop may result in the shortage/surplus of crops. The unavailability of crop during peak demand may depress sales volumes and adversely affect our business. Conversely, an inaccurate forecast can also result in an over-supply of crops, which may impact the recoverability, negatively impact our cash flow, reduce the quality of produce and erode margins substantially. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

***16. Our Company is dependent on the success of our research and development and the failure to produce new and improved crops could adversely affect our business.***

Our success depends on our ability to produce new crops. We have in the past made, and intend to continue to make, significant investments in research and development in order to enable us to identify and produce new crops to meet consumer demands and keep pace with new product introductions by our competitors. During the year 2010-11, our Company has spent approximately ₹15 lakhs amount towards Research & Development.

The development process for new varieties of crops is lengthy and costly. On average, it takes three to five years for a proprietary crop variety to reach commercial viability. Despite investments in this area, our research and development efforts may not result in the discovery or successful development of new products. The success of our new crop offerings will depend on several factors, including our ability to:

- accurately anticipate and properly identify customers' needs and industry trends;
- innovate, develop and commercialize new products in a timely manner;
- use our research and development budget efficiently;
- launch new varieties/products on a timely basis; and
- price our products competitively.

There can be no assurance that a new product will be commercially successful. Our financial condition could deteriorate if we are unable to successfully develop new products.

***17. Our Company depends on third party crop grower's i.e. farmers for our crop production. Any delay or unsatisfactory performance of these farmers may require us to scout for other crop growers at short notice which may not be possible, and could, therefore, have a material adverse effect on our business, operations, results of operations and financial condition.***

Our crop production is generally undertaken by farmers on our behalf, under the overall supervision by our Key Managerial Personnel. We do not have any non-compete agreements or arrangements with these farmers, neither do we

have any agreement or arrangement with them binding them for any specified period of time. There can be no assurance that we will not face problems with these farmers in the future, or that they will choose to continue to work with us in the future. The occurrence of any such event may require us to scout for other crop growers at short notice which may not be possible, and otherwise have a material adverse effect on our business, operations, results of operations and financial condition.

***18. The use of pesticides, fertilizers and other hazardous substances in crops production by farmers may lead to environmental damage and result in increased costs to us.***

Our Company may have to use pesticides, fertilizers and other hazardous materials to protect our crops as well as increase the productivity of the farm. Our Company may have to pay for the costs or damages associated with the improper application, accidental release or the misuse of these substances. Any mishaps or accident could result in adverse publicity, payment of costs or damages which may have a material adverse effect on our business, results of operations and financial condition. For further information on the pesticides, fertilizers and other hazardous materials used in our business operations please refer chapter titled “Business Overview” beginning on page 74 of this Draft Red Herring Prospectus.

***19. Adverse weather conditions, crop disease, pest attacks may adversely affect crop yields, thereby affecting our results of operations.***

Our production depends on the quality of seeds that is supplied to farmers. Crop yields depend primarily on the variety of seeds, the presence of any crop disease and weather conditions such as adequate rainfall and temperature, which vary from location to location. Adverse weather conditions will cause crop failures and reduce harvest, which in turn will impact our business operations. Flood, drought or frost can also adversely affect the supply and in turn pricing of the products. There can be no assurance that future weather patterns, potential crop disease or the cultivation of certain crop varieties will not reduce the quantity of products that can be recovered in any given harvest. Any reduction in the desired quantity of products could have a material adverse effect on our results of operations.

***20. Crops being perishable in nature, any inability on our part to deliver our crops at the right time in the markets could have a material adverse effect on our business, results of operation and financial condition.***

The crops which we produce are perishable in nature. Hence we have to ensure that right quantity of our crops reach the markets in a timely manner. Any interruption in supply of our crops to the various markets, due to any reason including those not within our control, could have a material adverse effect on our business, results of operation and financial condition.

***21. Use of defective seeds could adversely affect our business and results of operation.***

Quality defects in seeds would directly affect the quality of our products. If defective or contaminated seeds are delivered to a large number of farmers or over a geographically wide area, it may lead to a large-scale crop failure thus substantially increasing our potential liability. Further, in order to attain the desired levels of crop yield, certain precautions like utilization of the soil application, proper application of fertilizers, timely application of pesticides, timely supply of water *etc.* have to be followed. Moreover, weather conditions must be favourable. In the event of any failure on the part of the farmers, or adverse weather conditions, it may lead to loss of crops. Any of the aforesaid factors would have a material adverse effect on business, financial condition and results of operations.

***22. Crops defects could adversely affect our business and results of operation.***

Our farmers use pesticides and other hazardous substances. Use of these materials may be harmful to the crops. We supply our products to various markets through road transport. There is possibility that product can get damaged during transit and will result to the wastage. Any of the aforesaid factors which may lead to product defects, would have a material adverse effect on business, financial condition and results of operations.

***23. Increase in cost or non availability of raw material may affect the result of our operations.***

Crops cultivation requires various materials including seeds, pesticides, fertilizers, fuel for running various equipments, water for irrigation *etc.* Cost of seeds and pesticides constitutes a substantial part of our cultivation expenses. Unanticipated increases in the cost or our inability to procure the requisite materials or fuel on time may adversely affect

the results of our operations.

***24. Our operating results may be materially and adversely affected by the seasonality and cyclical nature of our business.***

The agriculture business is highly seasonal and cyclical in regions in which we operate. If the demand for our products is adversely affected by factors in connection with seasonality of the agricultural industry and/or our products, we may continue to incur expenses, but our revenues may be delayed or reduced. Seasonality and cyclical nature of industry influence the price at which we sell our products and accordingly our profitability and financial condition is subject to the prevailing prices of products in the market and the performance of the agriculture industry both generally and specifically in relation to the crops, vegetables and/or plants to which our products pertain.

***25. Our Company may not be able to cater to the industry demands in the future.***

The agriculture industry in India is continuously evolving. Success of our Company will depend on its ability to develop its products and keep abreast or ahead of changes in the industry with the latest technology of production and irrigation, water harvesting etc. We cannot assure that we will be successful in achieving this and our inability to address these developments may materially impact our business.

***26. Our success depends significantly upon our management team. Any inability on our part to attract and retain our key managerial personnel may adversely affect our business and results of operations. Further, our existing strength of management team may face limitation in managing growth in the future.***

Our Company is highly dependent on our executive promoter directors and our key managerial personnel for our business. Our ability to successfully function and meet future business challenges depends on our ability to attract and retain them. Our future performance will depend upon the continued services of these personnel. We cannot assure that we will be able to retain our skilled senior management or managerial personnel or continue to attract new talents in the future. Further, our existing management team may face limitation in managing growth in the future which may materially and adversely impact our business and results of operations.

***27. Our Company has not identified any alternate source for financing the ‘Objects of the Issue’. If our Company fail to mobilize resources as per our plans, our growth plans may be affected***

Our Company has not identified any alternate source of funding and hence any failure or delay on our part to raise money from the Issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details, please refer to the chapter titled “Objects of the Issue” beginning on page 44 of this Draft Red Herring Prospectus.

***28. Our Company has not obtained any third party appraisals for our project***

Our Company has not obtained any third party appraisals for our any of the projects. Our funding requirement and deployment of the proceeds of the Issue are based on management estimates and quotations/pre-feasibility reports and have not been appraised by any bank or financial institution as specified in the chapter titled “Objects of the Issue” beginning on page 44 of this Draft Red Herring Prospectus. In case, our estimates are not adequate, we may have to incur additional cost for the same. This may increase the cost of our projects and may adversely affect our operations and profitability.

***29. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled “Objects of the Issue” and is not subject to monitoring by any independent agency.***

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. Further, there is no assurance that the actual costs or schedule of implementation will not vary from the estimated costs or schedule of implementation, and such variance may be on account of one or more factors, some of which may be beyond our control.

***30. Our Company has not placed any orders or entered into any agreement for setting up the “Genera Horticulture Corridor”. Further, we have not identified or entered into any agreement for acquisition of land for the purpose of setting up Ripening Chambers and Additional Cold Storage in “Genera Horticulture Corridor”.***

Our Company proposes to set up a “Genera Horticulture Corridor” as detailed in chapter titled “Object of the issue” beginning on page 44 of this Draft Red Herring Prospectus. Our Company has not placed any orders or entered into any agreement for setting up the “Genera Horticulture Corridor”. Further, we have not identified or entered into any agreement for acquisition of land for the purpose of setting up Ripening Chambers and Additional Cold Storage in “Genera Horticulture Corridor”. There is no assurance that we would be able to implement the project within budgeted costs and timelines. Delays in implementation of the same could result in the cost and time overrun of the Project, which would have a material adverse affect on our business, results of operations and financial condition.

***31. Our Subsidiary company has not yet identified or entered into any specific written agreements or arrangements for acquisition of land as specified in the chapter titled ‘Objects of the Issue’ beginning on page 44 of this Draft Red Herring Prospectus. Any delay in finalizing agreements for acquisition of land may delay expansion plans.***

Our Company will invest in our Subsidiary which will acquire lands for cultivations of crops in Africa. Our Subsidiary has not yet identified or entered into any written agreement or arrangement for acquisition of the land required for the aforesaid purpose. We have entered into an agreement with Agri Africa, South Africa for conducting a feasibility study. Identification of the suitable land may take a longer time than anticipated and such delay(s) may defer production plans. Moreover, land cost may also go up with the time and the increased cost may put pressure on financial resources and thereby adversely affecting financial position and growth plans, and requiring to avail further financial resources to achieve existing growth plans.

***32. Our inability to effectively implement our growth strategies or manage our growth could have a material adverse effect on our business, results of operations and financial condition.***

For the Financial Year 2011, our total income was ₹8,508.95 lakhs and net profit of ₹2,157.98 lakhs, showing a growth of ₹3,414.61 lakhs in total income and ₹1090.16 lakhs in net profit as compared to the Financial Year 2010. There can be no assurance that we will be able to maintain the growth and also execute our strategy on time and within the estimated budget in the future. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategy effectively could have a material adverse effect on our business, results of operations and financial condition. Further, we operate in a highly competitive industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

***33. Our insurance coverage may not adequately protect us against certain hazards. In the event of the occurrence of any uninsured events, our Company need to bear financial losses associated with such risks which could have a material adverse effect on our business, financial condition and results of operation.***

The business operations of our Company are subject to risks arising from natural disasters, damage to or destruction of property, fire, theft and risks to properties and personnel (like personal injury/loss of life), in the course of our business. Our operations are also subject to the risks arising from or as a result of use of pesticides and other hazardous substances. These risks include, but are not limited to accidental release or discharge of hazardous substances, poisoning, insect/snake bites, environmental pollution etc. One or more of the aforesaid factors may have a material adverse effect on our business, financial condition and results of operation.

If we suffer a significant uninsured loss, our business, financial condition and results of operations may be materially and adversely affected.

***34. Our ability to pay dividends in future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures.***

Our Company has not declared or paid any dividend in the past five years. The amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements

and capital expenditures. There can be no assurance that we will be able to pay dividends in future.

***35. Our Company was taken over by the present management in the year 2005. However, our present management was unable to retrieve various documents/information pertaining to statutory filings from the previous management.***

Our Company was taken over by the present management in the year 2005. However, our present management was unable to retrieve various documents/information pertaining to certain statutory filings. The BRLM and Legal Advisor to the issue have placed their reliance on the Prospectus pertaining to our IPO in the year 1995 and Letter of Offer in the year 2005 filed by our Company for undertaking due diligence process besides other available documents. Any adverse finding /ruling on account of non-availability of those documents may have materially adverse impact on Company's operation.

***36. Any penalty or action taken by regulatory authorities in future for non-compliance of the Listing Agreement may adversely affect our business and financial condition.***

Our Company is listed on the Madras Stock Exchange Limited and the Hyderabad Stock Exchange Limited since 1995 – 1996 and has been irregular in filing the Listing Agreement Compliances with the Stock Exchanges viz. Clause 35, Clause 41, Clause 47(c) and Reconciliation of Secretarial Audit Report (formerly known as Secretarial Audit Report). Due to the aforesaid non-compliances of the Listing Agreement, the Company may be penalized. No show cause notice in respect of the above has been received by the Company from any of the regulatory authorities till date. Though our Company has lately complied with the Clause 35 and clause 47(c) by filing the relevant papers for earlier years, any penalty/action in future by stock exchanges/ any regulatory authority could adversely affect Company's financial position to that extent.

***37. An inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.***

While our Company has endeavoured to obtain or apply for all applicable governmental, statutory and regulatory permits, licenses and approvals, including certain governmental or statutory approvals and/or licenses may have expired or applications for the same (or renewals thereof) are still pending before the concerned authorities. In future, our Company will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals in order to carry on current business operations and for any proposed new operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue or renew any of such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of our business operations and may have a material adverse effect on our project completion schedule, results of operations and financial conditions. For further details, please refer to the chapter titled "Government/Statutory and Other Approvals" beginning page 137 of this Draft Red Herring Prospectus.

***38. One of our promoter, Mr. Rajesh Naidu Munirathnam is also the promoter of one of our Group Companies, Genera Agri Genetics Private Limited, which has objects and business activities similar to that of our Company which may result in conflict of interests due to common pursuits***

One of our promoter, Mr. Rajesh Naidu Munirathnam is also the promoter of one of our Group Companies, Genera Agri Genetics Private Limited which has objects and business activities similar to that of our Company. Considering the current financial position of the company it may not be in a position to compete with us. However we cannot assure that in future this company will not acquire enough financial capabilities to compete with us which may result in conflict of interests.

***39. Our Company has entered into and may continue to enter into related party transactions.***

Our Company has entered into related party transactions with our Promoters and other persons/entities who are "related parties" in terms of the relevant Accounting Standard. While, we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition. For details, please refer to the Annexure XI titled "Related Party Disclosures" in the chapter titled "Financial Statements" beginning on page 107 of this Draft Red Herring Prospectus.

## **EXTERNAL RISK FACTORS**

### ***40. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.***

The Indian securities markets are smaller than securities markets in more developed economies. Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares. In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. 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, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

### ***41. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.***

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

### ***42. Political, Economic and Social developments in India and acts of violence or war could adversely affect our business.***

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The Government of India has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition, results of operations and prospects and the price of our Equity Shares. Any changes to Government policy or to law may affect our business and financial condition. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

### ***43. A slowdown in economic growth in India and other unfavourable changes in political and economic factors may adversely affect our business and results of operations.***

All our business facilities are located in India. The Company, the market price and liquidity of our Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, *etc.*, economic developments like very high rate of inflation, slowdown in growth, decrease in foreign investments, *etc.* or other developments in or affecting India. Particularly slowdown in economic growth may make the Governments spend relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavourable to the Company's business. During the past decade, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. For example, because of the change in Central Government certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility *etc.* have been put on hold. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to

change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

***44. Any downgrading of India's debt rating by an international rating agency could have an unfavorable impact on our business.***

Any adverse revisions to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

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

Our operations may be disrupted or damaged as a result of natural calamities such as earthquakes, a tsunami, floods heavy rainfall, epidemics, drought and other events such as protests, riots and labour unrest in the past few years. Such events may lead to the disruption of transportation systems and telecommunication services for sustained periods. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged infrastructure. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current business plans and operations, which may adversely affect our business and our results of operations.

***46. You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.***

Under the ICDR Regulations, the Company is permitted to list the Equity Shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants within 12 working days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. 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.

***47. Any future equity offerings or issue of options may lead to dilution of your shareholding in our Company.***

Investors in this Issue may experience dilution of their shareholding to the extent that our Company makes future equity or convertible offerings and to the extent that additional options are issued under a future employee stock option scheme. Further, any perception or belief that further issues might occur may adversely affect the trading price of our Equity Shares.

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

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

**PROMINENT NOTES:**

1. The Issue of [●] Equity Shares of ₹10/- each of Genera Agri Corp Limited (“GACL” or “the Company” or “the Issue”) for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating to ₹9,800 lakhs (the “Issue”). The Issue will constitute [●] % of the fully diluted post issue paid up capital of our Company.
2. The pre-issue Net Worth of our Company was ₹3,746.43 lakhs as per our restated audited financial statements as on March 31, 2011.
3. The average cost of acquisition of equity shares by our promoters is:

Name of the Promoter	Average Cost per Share (in ₹)
Mr. Rajesh Naidu Munirathnam	1.72
Mrs. Kalpana Raj Munirathnam	1.80

4. Book value per Equity Shares (of face value ₹10/-) of our Company, as per our restated audited financial statements as on March 31, 2011 was ₹41.65.
5. Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
6. Except as stated in chapter titled “Capital Structure” beginning on page 36 of this Draft Red Herring Prospectus, our Company has not issued any shares for consideration other than cash.
7. For details on Related Party Transactions refer to the chapter titled “Related Party Transactions” beginning on page 105 of this Draft Red Herring Prospectus.
8. Investors are free to contact the BRLM or the Compliance Officer for any complaints/ information/ clarification pertaining to this Issue.
9. All information shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. Investors are advised to refer to the chapter titled “Basis for Issue Price” beginning on page 52 of this Draft Red Herring Prospectus before making an investment in this Issue.
11. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled “Issue Procedure” beginning on page 157 of this Draft Red Herring Prospectus.
12. Our Company and the BRLM will update the Offer Document in accordance with the Companies Act, 1956 and the SEBI (ICDR) Regulations, 2009 and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.
13. There are no transactions in the securities of our Company during proceeding six months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.
14. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report beginning on page 107 of this Draft Red Herring Prospectus.
15. Our Company was originally incorporated as a Private Limited Company in the name and style as M/s. Anand Lakshmi Finance Private Limited in the State of Andhra Pradesh on October 28, 1992 and obtained a Certificate of Incorporation bearing no. 01-14945 dated October 28, 1992 from the Registrar of Companies, Andhra Pradesh. The status of our Company was changed to a public limited company by a special resolution of the members passed at an EGM held on February 27, 1994. The fresh Certificate of Incorporation consequent to change of status from Private to Public was obtained on April 18, 1994 from the Registrar of Companies, Andhra Pradesh. The name of our Company was later changed to “Genera Industries Limited” with effect from August 11, 2005 and again changed to “Genera Agri Corp Limited” w.e.f. April 29, 2011.

16. Our Company has altered the Memorandum of Association of the Company, as and when required. For details, refer to the chapter titled “History and Certain Corporate Matters” beginning on page 88 of this Draft Red Herring Prospectus.
17. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Company.

### SECTION III: INTRODUCTION SUMMARY OF INDUSTRY OVERVIEW

#### Overview of Indian Agriculture

Agriculture sector is vital for the food and nutritional security of the nation. The sector remains the principal source of livelihood for more than 58% of the population though its contribution to the national GDP has declined to 14.2% due to high growth experienced in industries and services sectors. Compared to other countries, India faces a greater challenge, since with only 2.3% share in world's total land area, it has to ensure food security of its population which is about 17.5% of world population. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

(Rs. Crore)					
Year	2006-07	2007-08	2008-09	2009-10	2010-11
GDP of Agriculture and Allied Sectors	619190	655080	654118	656975	692499
Per cent to total GDP	17.4	16.8	15.7	14.6	14.2

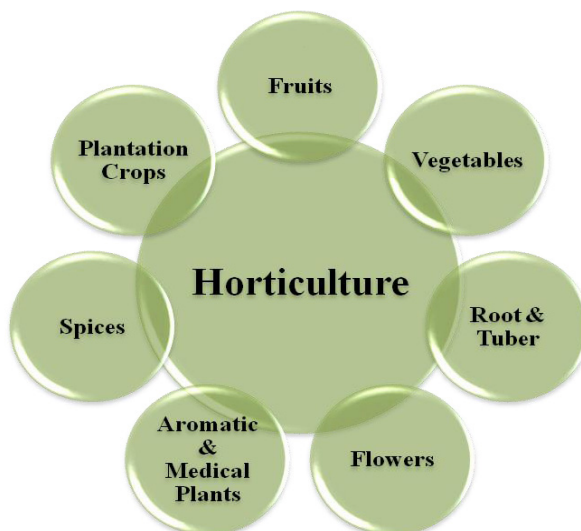
Source: Central Statistical Organization, Ministry of Statistics and Programme Implementation, Govt. of India.

Agriculture sector has touched a growth rate of 4.4% in the second quarter of 2010-11 thereby achieving an overall growth rate of 3.8% during the first half of 2010-11. The sector witnessed a growth of 5.1 per cent in 2005-06, 4.2 per cent in 2006-07, 5.8 per cent in 2007-08, (-) 0.1 per cent in 2008-09 at 2004-05 prices. The low growth rate of 0.4 per cent recorded by this sector in 2009-10 was mainly due to poor rainfall in 2009. As per the Advance Estimates (AE) of Central Statistical Organization for the year 2010-11, the agricultural sector contributed about 14.2 per cent to the GDP, at 2004-05 prices. There has been a continuous decline in the share of agriculture in the GDP from 17.4 percent in 2006-07 to 14.2 percent in 2010-11 as per Advance Estimates at 2004-05 prices. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

#### HORTICULTURE

##### Overview of the Horticulture Industry in India

The horticulture sector covers a wide range of crops such as fruits, vegetables, root and tuber crops, flowers, aromatic and medicinal plants, spices and plantation crops, which facilitate diversification in agriculture.



There is a realization that growing horticulture crops is now an option to improve livelihood security, enhance employment generation, attain food and nutritional security and increase income through value addition. As of 2009-10, horticultural crops occupied an area of 20.8 million hectares producing 222.9 MT of horticultural produce. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

**INDIAN HORTICULTURE PRODUCTION AT A GLANCE**  
(1991-92 and 2001-02 to 2009-10)

YEAR	FRUITS		VEGETABLES		FLOWERS		NUTS	
	A	P	A	P	A	P (Loose)	A	P
1991-92	2874	28632	5593	58532	NA	NA	NA	NA
2001-02	4010	43001	6156	88622	106	535	117	114
2002-03	3788	45203	6092	84815	70	735	117	114
2003-04	4661	45942	6082	88334	101	580	106	121
2004-05	5049	50867	6744	101246	118	659	106	121
2005-06	5324	55356	7213	111399	129	654	130	149
2006-07	5554	59563	7581	114993	144	880	132	150
2007-08	5857	65587	7848	128449	166	868	132	177
2008-09	6101	68466	7981	129077	167	987	136	173
2009-10	6329	71516	7985	133738	183	1021	142	193

A = AREA (IN 000'HA)

P = PRODUCTION (IN 000'MT)

NA = Not available

Note: Totals may slightly differ due to rounding of figures

Nuts = Almond & Walnuts

Plantation Crops = Coconut, Cashewnut, Cocoa & Arecanut

(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

Since 1991 there has been a tremendous growth in the production of fruits & vegetables. The production of fruits in 1991-92 was 2.86 crs MT which grew to 4.3 crs MT in 2001-02, approximately 50.34% growth over a Decade. In 2009-10 India produced 7.15 crs MT of fruits, approximately 66.27% growth over 2001-02.

Similarly, the production of vegetables also showed a tremendous growth in production since 1991-92 to 2009-10. In 2001-02 India produced 8.86 crs MT of vegetables which showed 51.45% growth over 1991-92. In 2009-10 the total production of vegetables accounted for 13.37 crs MT over 8.86 crs MT in 2001-02.

### Fruits

India is the second largest producer of fruits in the world, it is the largest producer of fruits like mango, banana, papaya, sapota, pomegranate and Aonla. About 40 per cent of the world's mangoes and 30 per cent of the world's bananas and papayas are produced in India. In terms of productivity of grapes, India ranks first in the world. India noticed a fruits production growth of 50.34% from 1991-92 to 2001-02 & growth of 66.27% from 2001-02 to 2009-10.

(Source: Indian Horticulture Data base 2010)

There is a continuous demand for fruits in India. This has resulted in growth of production of fruits in India. The growth rate of production of fruits in 2009-10 compared to 2001-02 is approximately 66.31%

### Vegetables

India is the second largest producer of vegetables after China and is a leader in the production of peas and okra. Besides, India occupies the second position in the production of brinjal, cabbage, cauliflower and onion and third position in potato and tomato in the world. Vegetables that are produced in abundance are potato, tomato, brinjal, okra, and cucurbits.

(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

There has been a continuous growth in production of vegetables from 1991-92 to 2009-10. In 2001-02, India produced 8.86 crs MT & in 2009-10, India produced 13.37 crs MT of vegetables showing growth rate of 50.91%.

## SUMMARY OF BUSINESS OVERVIEW, STRENGTHS AND STRATEGIES

We are Horticulture Company having base in southern part of India. Our Company was originally promoted by Late Mr. D.V.S. Anand and Mrs. D.V.S. Lakshmi in the year 1992 with the name and style M/s. Anand Lakshmi Finance Private Limited to carry on business as Non-Banking Finance Company (NBFC). In June 2005, our Company surrendered its NBFC license and changed its name to Genera Industries Limited in August 2005 (subsequently changed to “Genera Agri Corp Limited” in April 2011). In October 2005, our present promoters Mr. M Rajesh Naidu and Mrs. M Kalpana Raj increased their share holding from 4.99% to 54.99% by acquiring 50.00% of the total paid up equity share capital of “Genera Industries Limited” from the erstwhile promoters, namely, Mr. D N Ravi Kumar, Mrs. D V S Lakshmi and public through an open offer. Post acquisition, our Company diversified into Bio Fuels to meet the Global Demand of Jatropha Cultivation and gradually transformed into Horticulture business by cultivating fruits and vegetables. Our promoter and managing director, Mr. M Rajesh Naidu hails from Agriculture family and has more than a decade experience in the field of agriculture.

In year 2009, as a part of our strategy to forward integrate, we ventured into retail operations through mobile vans and sales outlet at gated community centers. In the fiscal 2011, we started our retail outlets, in the name of “Genera Fresh”. At present, we have 5 retail outlets situated at locations considered to be prime in Hyderabad, Andhra Pradesh. Our Company is also engaged in marketing and selling of our crops in domestic as well as international markets.

The crops we produce/procure include fruits like Banana, Papaya, Sweet lime, Mango, Acid Lime and Grapes and vegetables including exotic vegetables. We do contract farming for mango, sweet lime, acid lime gardens, papaya. Our Company currently exports grapes to Germany.

As per our Restated Financials, our total income for the financial year ending 2011 was ₹8,508.95 lakhs as compared to ₹5,094.34 lakhs for financial year ending 2010. During the same period our profit after tax was ₹2,157.98 lakhs and ₹1,067.82 lakhs respectively.

### Competitive Strengths

We believe that the following are our competitive strengths which have been contributing to our growth.

- High yield cultivation
- Crop Planning & Timing
- Experienced and efficient management team
- Local Market Network
- In-House Research & Development

### Growth Strategy

We intend to pursue the following strategies in order to consolidate our position and grow further:

- Marketing of products
- Expanding Product Range
- Expanding into new potential markets for crop cultivation
- Increase geographic penetration by spreading the network of “GENERA FRESH”
- Global Expansion

## SUMMARY OF FINANCIAL INFORMATION

### Statement of Assets and Liabilities, as Restated

(₹ in Lakhs)

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>(1) Fixed assets</b>					
Gross Block	755.59	554.59	504.46	90.74	53.31
Less: Depreciation	90.07	55.71	29.01	12.76	6.03
<b>Net Block</b>	<b>665.52</b>	<b>498.88</b>	<b>475.45</b>	<b>77.98</b>	<b>47.28</b>
Less : Revaluation Reserve	-	-	-	-	-
<b>Net Block (after adjustment of Revaluation Reserve)</b>	<b>665.52</b>	<b>498.88</b>	<b>475.45</b>	<b>77.98</b>	<b>47.28</b>
Capital Work In Progress	18.40	-	22.15	-	-
<b>Total Fixed Assets</b>	<b>683.92</b>	<b>498.88</b>	<b>497.60</b>	<b>77.98</b>	<b>47.28</b>
<b>(2) Investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(3) Current Assets, Loans and Advances:</b>					
Inventories	550.71	642.54	37.45	5.30	2.09
Sundry debtors	759.32	304.76	23.53	24.73	57.49
Cash and bank balances	465.97	24.18	7.18	4.46	5.37
Loans & Advances	1,494.34	273.95	67.24	43.92	0.90
Other current assets	-	-	-	-	-
<b>Total Current Assets, Loans and Advances</b>	<b>3,270.34</b>	<b>1,245.42</b>	<b>135.40</b>	<b>78.41</b>	<b>65.84</b>
<b>(4) Liabilities and Provisions</b>					
Secured loans	-	-	-	-	-
Unsecured loans	-	-	-	-	-
Deferred Tax Liability	14.10	11.44	-	-	-
Current Liabilities & Provisions	193.74	144.41	112.37	11.96	5.46
<b>Total Current Liabilities and Provisions</b>	<b>207.83</b>	<b>155.85</b>	<b>112.37</b>	<b>11.96</b>	<b>5.46</b>
<b>(5) Net Worth</b>	<b>3,746.43</b>	<b>1,588.45</b>	<b>520.63</b>	<b>144.43</b>	<b>107.66</b>
<b>(6) Represented By:</b>					
Share Capital	899.61	299.87	299.87	299.87	299.87
Share Application Money					
Reserves and Surplus	2,846.82	1,288.58	220.76	1.97	1.97
Less: Revaluation Reserve					
<b>Reserves (Net of revaluation reserves)</b>	<b>2,846.82</b>	<b>1,288.58</b>	<b>220.76</b>	<b>1.97</b>	<b>1.97</b>
Less: Profit & Loss Account (Debit Balance)	-	-	-	(157.40)	(194.17)
<b>(7) Net worth</b>	<b>3,746.43</b>	<b>1,588.45</b>	<b>520.63</b>	<b>144.43</b>	<b>107.66</b>

**Statement of Profit and Loss, as Restated**

(₹ in Lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>INCOME</b>					
<b>Sales</b>					
<b>i) Domestic</b>					
a) Produced Goods	8,509.38	4,489.26	2,082.89	509.07	325.02
b) Traded Goods	70.68	-	-	-	-
<b>Sub-Total</b>	<b>8,580.06</b>	<b>4,489.26</b>	<b>2,082.89</b>	<b>509.07</b>	<b>325.02</b>
<b>ii) Export</b>					
a) Produced Goods					
b) Traded Goods	17.92	-	-	-	-
<b>Sub-Total</b>	<b>17.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,597.99</b>	<b>4,489.26</b>	<b>2,082.89</b>	<b>509.07</b>	<b>325.02</b>
Other Income	2.79	-	-	-	-
Increase / ( Decrease ) in Stocks	(91.83)	605.08	32.16	3.21	1.34
<b>TOTAL</b>	<b>8,508.95</b>	<b>5,094.34</b>	<b>2,115.05</b>	<b>512.27</b>	<b>326.36</b>
<b>EXPENDITURE</b>					
Purchase of traded goods	207.02	-	-	-	-
Cultivation Expenses	5,927.90	3,863.85	1,614.75	444.44	231.46
Personnel Expenses	68.17	64.73	42.64	11.04	10.24
Administrative Expenses	104.15	54.19	60.58	12.56	32.14
Sales Promotion Expenses	4.86	5.60	4.38	0.66	12.03
Depreciation	34.36	26.70	16.25	6.73	5.08
<b>TOTAL</b>	<b>6,346.45</b>	<b>4,015.08</b>	<b>1,738.60</b>	<b>475.44</b>	<b>290.96</b>
Net Profit before Interest, Tax and extraordinary items	2,162.50	1,079.26	376.45	36.84	35.40
Net Profit before Tax	2,162.50	1,079.26	376.45	36.84	35.40
Income Tax	1.86	-	-	-	-
Deferred Tax Liability	2.65	11.44	-	-	-
Fringe Benefit Tax	-	-	0.25	0.07	-
<b>Net Profit After Tax</b>	<b>2,157.98</b>	<b>1,067.82</b>	<b>376.20</b>	<b>36.77</b>	<b>35.40</b>

Statement of Cash flows, as Restated

(₹ in Lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Net Profit / (Loss) Before tax as Restated</b>	<b>2,162.50</b>	<b>1,079.26</b>	<b>376.45</b>	<b>36.84</b>	<b>35.40</b>
<b>Adjustments for:</b>	-	-	-	-	-
Depreciation	34.36	26.70	16.25	6.73	5.08
Interest Income	(2.79)	-	-	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>2,194.07</b>	<b>1,105.96</b>	<b>392.70</b>	<b>43.57</b>	<b>40.48</b>
<b>Adjustment for:</b>					
(Increase)/Decrease in Receivables	(454.56)	(281.23)	1.20	32.76	46.67
(Increase)/Decrease in Inventories	91.83	(605.08)	(32.16)	(3.21)	(1.34)
(Increase)/Decrease in Loans & Advances	(1,220.40)	(206.70)	(23.32)	(43.02)	36.20
Increase/(Decrease )in Current Liabilities and Provisions	47.47	32.36	100.16	6.42	(73.82)
<b>Cash Generated from/(used in) Operations</b>	<b>658.41</b>	<b>45.30</b>	<b>438.58</b>	<b>36.52</b>	<b>48.20</b>
(Direct Taxes Paid)/Refund received	-	(0.32)	-	-	(0.39)
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>658.41</b>	<b>44.98</b>	<b>438.58</b>	<b>36.52</b>	<b>47.81</b>
<b>Cash Flow from Investing Activities</b>					
Purchase of Fixed Assets	(201.00)	(50.13)	(413.72)	(37.43)	(44.61)
Capitalisation of Capital Work In Progress	(18.40)	22.15	(22.15)	-	-
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(219.40)</b>	<b>(27.98)</b>	<b>(435.87)</b>	<b>(37.43)</b>	<b>(44.61)</b>
<b>Cash Flow from Financing Activities</b>					
Interest Received	2.79	-	-	-	-
<b>Net Cash (used in) / from Financing Activities (C )</b>	<b>2.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>441.79</b>	<b>17.00</b>	<b>2.72</b>	<b>(0.91)</b>	<b>3.19</b>
Cash and Cash Equivalents At the Beginning of the Period/Year	24.18	7.18	4.46	5.37	2.17
Cash and Cash Equivalents At the End of the Period/Year	<b>465.97</b>	<b>24.18</b>	<b>7.18</b>	<b>4.46</b>	<b>5.37</b>

**Note:** 1. Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

2. Figures in the bracket indicate cash outflow.

## THE ISSUE

<b>Issue</b>	[●] Equity Shares
<b>Of which:</b>	
<b>A. Qualified Institutional Buyers portion *</b>	Not more than [●] Equity Shares constituting 50% of the Issue
Of which	
Reservation for Mutual Funds	[●] Equity Shares constituting 5% of QIB Portion
Balance for all QIBs including Mutual Funds	[●] Equity Shares
<b>B. Non Institutional portion</b>	Not less than [●] Equity Shares constituting 15% of the Issue
<b>C. Retail portion</b>	Not less than [●] Equity Shares constituting 35% of the Issue
Equity Shares outstanding prior to the Issue	89,96,100
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Proceeds of the Issue	For information, please refer to the chapter titled “Objects of the Issue” beginning on page 44 of this Draft Red Herring Prospectus

*\*5% of the QIB Portion i.e. [●] Equity Shares shall be available for Allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for allocation under the balance available in the QIB portion.*

*Notes:*

- 1. Allocation to all categories, if any shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price.*
- 2. In case of under-subscription in the Issue, spillover to the extent of under-subscription shall be permitted from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds.*

## GENERAL INFORMATION

Our Company was originally incorporated on October 28, 1992 as “Anand Lakshmi Finance Private Limited” in state of Andhra Pradesh. The status of our Company was changed to a public limited company by a special resolution of the members passed at an EGM held on February 27, 1994. The fresh Certificate of Incorporation consequent to change of status from Private to Public was obtained on April 18, 1994 from the Registrar of Companies, Andhra Pradesh. The name of the Company was later changed to “Genera Industries Limited” with effect from August 11, 2005 and again changed to “Genera Agri Corp Limited” w.e.f. April 29, 2011.

### Registered Office:

H. No. 8-2-293, Block III, Road No. 82, Plot No. 382,  
Film Nagar, Jubilee Hills,  
Hyderabad – 500 033,  
Andhra Pradesh, India.  
**Tel.:** +91-40-67229000  
**Fax:** +91-40-2354 7720  
**Email:** investors@genera.in  
**Website:** www.genera.in

**Corporate Identification Number:** L01403AP1992PLC014945

**Company Registration Number:** 014945

### Address of Registrar of Companies:

Registrar of Companies  
Kendriya Sadan,  
Koti,  
Hyderabad – 500 195,  
Andhra Pradesh, India.

### Board of Directors:

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

Sr. No	Name, Designation, Age and Occupation	DIN	Address
1	<b>Mr. Rajesh Naidu Munirathnam</b> Designation: Managing Director Age: 45 Years Occupation: Business	01920908	Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.
2	<b>Mrs. Kalpana Raj Munirathnam</b> Designation: Whole time Director Age: 36 Years Occupation: Business	02792601	Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.
3	<b>Mr. Rambabu Rupakul</b> Designation: Independent Director Age: 63 Years Occupation: Retired Banker	03557027	1-9-714/9, Ward – 1, Circle- VI, Adikmet, Hyderabad – 500 007, Andhra Pradesh.
4	<b>Mr. Sagi Venkata Vanshi Krishna</b> Designation: Independent Director Age: 29 Years Occupation: Service	03067096	Survey no. 121, H.No. -9, Plot no. -8, Sridevi Enclave, Medipally, Uppal, Hyderabad – 500 039, Andhra Pradesh
5	<b>Mr. Venkata Rama Rao Nadipalli</b> Designation: Independent Director Age: 34 Years Occupation: Service	03594423	H.NO:1-287/1,MirthiPadu, Rajahmundry, East Godavari, Andhra Pradesh- 533293, India.

For brief profile of our Directors, please refer to the chapter titled “Our Management” beginning on page 91 of this Draft Red Herring Prospectus.

#### **Company Secretary and Compliance Officer**

##### **Ms. Khusboo Laxmi Bhagat**

H. No. 8-2-293, Block III,  
Road No. 82, Plot No. 382,  
Film Nagar, Jubilee Hills,  
Hyderabad – 500 033,  
Andhra Pradesh, India.  
Tel: +91-40-6722 9000  
Fax: +91-40-2354 7720  
Email: investors@genera.in  
Website: www.genera.in

Investors are requested to contact the Company Secretary & Compliance Officer and the Registrar to the Issue in case of any pre-issue or post- issue related clarification such as non-receipt of letters of allotment/ share certificates/ credit of securities in depository beneficiary account/ refund orders etc.

All grievances relating to ASBA 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 where the ASBA Bid-cum-Application Form was submitted.

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

#### **Bankers to our Company**

##### **Indian Bank**

Jubilee Hills Branch,  
Plot No. 236, Road No. 36,  
Hitech City Road, Jubilee Hills,  
Hyderabad – 500 033,  
Andhra Pradesh.  
Tel: + 91-40-23540849  
Email: jubileehills@indianbank.co.in  
Contact Person: Mr. G V N Kumar

##### **HDFC Bank**

Plot no: 1355A, Road no 1 & 45,  
Jubilee Hills,  
Hyderabad – 500 033  
Andhra Pradesh  
Tel: + 91-9346719599  
Fax: + 91-40-23546317  
Email: tvs.rao@hdfcbank.com  
Contact Person: Mr. T V S Rao

## **BOOK RUNNING LEAD MANAGER**

### **M/s. BOB Capital Markets Limited**

3<sup>rd</sup> Floor, South Wing, UTI Tower,  
G N Block, Bandra Kurla Complex,  
Bandra – East, Mumbai – 400 051,  
Maharashtra, India.  
Tel: +91-22-6138 9300  
Fax: +91-22-6671 8535  
E-mail: genera@bobcaps.in  
Website: www.bobcaps.in  
Contact Person: Mr. Amit Porwal/Mr. Harshal Desai  
SEBI Registration No.: INM000009926<sup>#</sup>

*<sup>#</sup>SEBI registration certificate was valid upto September 24, 2011. Application for renewal made on June 20, 2011 i.e. 3 months before the expiry of the period of the certificate in terms of Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The same has been taken up for permanent registration and the approval is awaited.*

## **REGISTRAR TO THE ISSUE**

### **M/s. Bigshare Services Private Limited**

F-2, Ansa Industrial Estate,  
Saki Vihar Road, Sakinaka,  
Andheri – East, Mumbai – 400 072,  
Maharashtra, India.  
Tel: +91-22-40430200  
Fax: +91-22-28475207  
E-mail: ipo@bigshareonline.com  
Website: www.bigshareonline.com  
Contact Person: Mr. Vishant Naik  
SEBI Registration No: INR000001385

## **STATUTORY AUDITORS OF THE COMPANY**

### **M/s. Hari Vara Prasada & Associates**

Chartered Accountants  
Room No.6, 3rd Floor,  
Unity House, Abids,  
Hyderabad-500 001  
Tel: +91-40-2320 3463  
Email: hvprasad\_y@yahoo.com  
Contact Person: Mr. Y Hari Vara Prasada Rao  
Membership No.: 029740  
Firm Registration No.: 004887S

## **LEGAL ADVISOR TO THE COMPANY**

### **M/s. R & A Associates,**

Flat No. 101, H. No. 1-10-98/A,  
Sapthagiri Residency, Chikoti Gardens,  
Begumpet, Hyderabad – 500 016,  
Andhra Pradesh, India.  
Tel: +91-40-4003 2244  
Fax: +91-40-4003 2255  
E-mail: info@rna-cs.com

**SYNDICATE MEMBER**

[•]

**BANKERS TO THE ISSUE AND ESCROW COLLECTION BANK**

[•]

**REFUND BANKERS TO THE ISSUE**

[•]

**BROKERS TO THE ISSUE**

[•]

**SELF CERTIFIED SYNDICATE BANKS (SCSBs)**

The list of banks that have been notified by SEBI to act for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA Bid-cum Application Form, please refer the above mentioned SEBI website.

**STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES BETWEEN BRLM**

BOB Capital Markets Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

**CREDIT RATING**

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

**IPO GRADING**

The equity shares of our company are presently listed on MSE. Therefore, this being a Further Public Offer of Equity Shares, grading is not required.

**TRUSTEES**

This being an Issue of Equity Shares, appointment of Trustees is not required.

**EXPERTS**

Except the report of Statutory Auditor of our Company on the Re-stated Financial Statements and Statement of Tax Benefits, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

**APPRAISAL AND MONITORING AGENCY**

There is no requirement for a monitoring agency to be appointed for the Issue in terms of Regulation 16(1) of the SEBI (ICDR) Regulations. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

**BOOK BUILDING PROCESS**

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of this Draft 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;
- The Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/MSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Bank(s); and
- Self Certified Syndicate Banks;

The Issue is being made through the Book Building Process where not more than 50% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC.

**In accordance with SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis. For details please see the chapter titled “Issue Structure” beginning on page 153 of this Draft Red Herring Prospectus.**

The Company shall comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI for the Issue. In this regard, we have appointed BOB Capital Markets Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

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

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹40 to ₹48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹42 in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below ₹42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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

1. Check eligibility for making a Bid (see paragraph titled “Issue Procedure - Who Can Bid?” beginning on page 159 of this Draft Red Herring Prospectus);
2. Ensure that you have a dematerialized account and the dematerialized account details, the DP ID, Beneficiary Account and PAN details are correctly mentioned in the Bid cum Application Form;
3. Except for Bids on behalf of the Central and State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN (see paragraph titled “Issue Procedure – Permanent Account number or PAN” on page 178 of this Draft Red Herring Prospectus);
4. Ensure that the Bid cum Application Form/ASBA Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form/ASBA Bid cum Application Form and submitted to SCSBs;
5. Ensure the correctness of your demographic details (see paragraph titled “Issue Procedure – Bidder’s PAN, Depository Account and Bank Account Details” beginning on page 173 of this Draft Red Herring Prospectus) given in the Bid cum Application Form/ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
6. Bids by QIBs will only have to be submitted to the BRLM and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the 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 Bid/Issue Opening Date but before the Allotment of the Equity Shares, 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 BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with the issue of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

### Bid/Issue Period

#### *Bidding Period/Issue Period*

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

*\* Our Company, in consultation with the BRLM may consider closing QIB Book a day before the Bid/Issue closing date subject to the Bid/ Issue Period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs **except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time). On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹2,00,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis a vis* the data contained in any physical Bid Cum Application Form for a particular Bidder.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Working days, i.e., Monday to Friday (excluding any public holidays).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of 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 Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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

### **Underwriting Agreement**

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

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:  
(This portion has been intentionally left blank and will be filled 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 (₹ lakhs)</b>
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with stock exchange(s).

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

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

## CAPITAL STRUCTURE

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

SR. NO.	PARTICULARS	AGGREGATE NOMINAL VALUE (₹)	AGGREGATE VALUE AT ISSUE PRICE (₹)
<b>A.</b>	<b>Authorised Share Capital</b>		
	3,00,00,000 Equity Shares of ₹10 each	30,00,00,000	
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Capital before the Issue</b>		
	89,96,100 Equity Shares of ₹10 each	8,99,61,000	
<b>C.</b>	<b>Present Issue in Terms of this Draft Red Herring Prospectus</b>		
	[●] Equity Shares of ₹10 each	[●]	[●]
	<b>Of which:</b>		
(i)	QIB Portion of not more than [●] Equity Shares*	[●]	
(ii)	Non-Institutional portion of not less than [●] Equity Shares	[●]	
(iii)	Retail Portion of not less than [●] Equity Shares	[●]	
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Capital after the Issue</b>		
	[●] Equity Shares of ₹10 each	[●]	
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue		Nil
	After the Issue**		[●]

\* Allocation to QIBs is proportionate as per the terms of the Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to 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 Securities Premium Account after the Issue will be determined after Book Building Process.

The Issue has been authorized by the Board of Directors in their meeting held on April 28, 2011 and by the shareholders of our Company on May 25, 2011.

### Notes to Capital Structure:

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

Sr. No	Date of EGM	Particulars
1	On Incorporation	The initial authorized share capital of our Company was ₹50,00,000 divided into 5,00,000 Equity Shares of ₹10/- each
2	July 15, 1994	The authorized share capital of our Company was increased from ₹50,00,000 to ₹1,00,00,000 divided into 10,00,000 Equity Shares of ₹10/- each.
3	July 28, 1995	The authorized share capital of our Company was increased from ₹1,00,00,000 to ₹3,00,00,000 divided into 30,00,000 Equity Shares of ₹10/- each.
4	August 16, 1995	The authorized share capital of our Company was increased from ₹3,00,00,000 to ₹3,10,00,000 divided into 31,00,000 Equity Shares of ₹10/- each.
5	December 10, 2010	The authorized share capital of our Company was increased from ₹3,10,00,000 to ₹12,50,00,000 divided into 1,25,00,000 Equity Shares of ₹10/- each.
6	May 25, 2011	The Authorized Share Capital of our Company was increased from ₹12,50,00,000 to ₹30,00,00,000 divided into 3,00,00,000 Equity Shares of ₹10/- each

## 2. Share Capital history of our Company:

(a) The following is the Equity Share Capital History of our Company

Date of Allotment #	No. of Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of allotment #	Cumulative no. of Shares	Cumulative paid up capital (₹)
October 28, 1992	1,10,000	10	10	Cash	Subscription to Memorandum	1,10,000	11,00,000
March 25, 1993	90,000	10	10	Cash	Issue to Erstwhile Main Promoter	2,00,000	20,00,000
January 05, 1994	2,00,000	10	10	Cash	Issue to Erstwhile Main Promoter	4,00,000	40,00,000
February 27, 1994	40,000	10	10	Cash	Issue to Erstwhile Main Promoter	4,40,000	44,00,000
March 31, 1994	60,000	10	10	Cash	Issue to Erstwhile Main Promoter	5,00,000	50,00,000
July 23, 1994	1,00,000	10	10	Cash	Issue to Erstwhile Main Promoter	6,00,000	60,00,000
March 25, 1995	4,00,000	10	10	Cash	Issue to Erstwhile Main Promoter	10,00,000	1,00,00,000
August 16, 1995	2,50,000	10	10	Cash	Issue to Relatives & Friends of Erstwhile Main Promoter	12,50,000	1,25,00,000
August 17, 1995	2,50,000	10	10	Cash	Issue to Erstwhile Main Promoter	15,00,000	150,00,000
August 17, 1995	7,50,000	10	10	Cash	Issue to Erstwhile Main Promoter	22,50,000	2,25,00,000
December 26, 1995	7,48,700*	10	10	Cash	Public Issue (IPO)	29,98,700	2,99,87,000
March 31, 2011	59,97,400	10	-	Capitalisation of free reserves	Bonus Issue in the Ratio 2:1 <sup>(^)</sup>	89,96,100	8,99,61,000

# Details of allotment prior to Public Issue has been taken from the IPO Prospectus

\* Our Company forfeited 19,900 Equity Shares on account of unpaid calls of ₹5/- each vide board resolution dated March 30, 2002 out of 7,68,600 Equity Shares issued in the Public Issue.

^ Pursuant to Extra-ordinary general meeting held on March 31, 2011, our Company has issued 59,97,400 bonus shares in the ratio of two fully paid Bonus Equity Shares of ₹10 (Rupees Ten) each, for every one existing Equity Share of ₹10 (Rupees Ten) each, out of capitalisation of free reserves.

Note: So far the Company has not allotted any equity shares at premium.

(b) Equity Shares issued for consideration other than cash

Date of Allotment	Number of Equity Shares	Consideration	Reasons of allotment	Benefits accruing to the Company
March 31, 2011	59,97,400	Capitalisation of free reserves	Bonus Issue in the ratio of 2:1 to the existing shareholders	Nil

Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956. No bonus shares have been issued by capitalizing any revaluation reserve.

3. Our Company has complied with relevant provisions of the regulation relating to the issue of Bonus shares.

4. Our Company does not have an employee stock option or employee stock purchase scheme for our employees as on the date of the Draft Red Herring Prospectus.
5. Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Draft Red Herring Prospectus at a price lower than the Issue Price.
6. Our Company presently do not have any proposal or intention to alter our capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

**7. Capital built up of the Promoters is detailed below**

Date of allotment/ Transfer	Number of Equity Shares	Face Value (in ₹)	Issue / transfer price (in ₹)	Consideration (cash, bonus, consideration other than cash)	Mode of Acquisition / Sale	% of pre-Issue paid-up capital	% of post- Issue paid-up capital
<b>Mr. Rajesh Naidu Munirathnam</b>							
April 21, 2005	94,700	10	2.72	Cash	Off Market Acquisition	1.05	[●]
October 15, 2005	749,400	10	2.72	Cash	Off Market Acquisition (1)	8.33	[●]
December 23, 2005	500	10	2.72	Cash	Off Market Acquisition (2)	0.01	[●]
March 31, 2011	1,689,200	10	-	Capitalisation of free reserves	Bonus	18.78	[●]
August 27, 2011	(6,00,000)	10	50	Cash	Off Market Sale	(6.67)	[●]
August 27, 2011	(6,00,000)	10	50	Cash	Off Market Sale	(6.67)	[●]
<b>Total (A)</b>	<b>1,333,800</b>					<b>14.83</b>	<b>[●]</b>
<b>Mrs. Kalpana Raj Munirathnam</b>							
April 21, 2005	55,000	10	2.72	Cash	Off Market Acquisition	0.61	[●]
October 15, 2005	749,400	10	2.72	Cash	Off Market Acquisition (1)	8.33	[●]
December 23, 2005	200	10	2.72	Cash	Off Market Acquisition (2)	0.00	[●]
March 31, 2011	1,609,200	10	-	Capitalisation of free reserves	Bonus	17.89	[●]
August 27, 2011	(12,00,000)	10	50	Cash	Off Market Sale	(13.34)	[●]
<b>Total (B)</b>	<b>1,213,800</b>					<b>13.49</b>	<b>[●]</b>
<b>Total (A+B)</b>	<b>2,547,600</b>					<b>28.32</b>	<b>[●]</b>

1. Acquired through Share Purchase agreement dated September 09, 2005

2. Acquired through Open Offer under SEBI (SAST) Regulations, 1997

**The aggregate shareholding of Promoters & Promoter group as of the date of filing the Draft Red Herring Prospectus**

Particulars	Pre-Issue	
	No. of Shares	% of Pre-Issue paid up capital
<b>Promoters</b>		
Mr. Rajesh Naidu Munirathnam	1,333,800	14.83
Mrs. Kalpana Raj Munirathnam	1,213,800	13.49
<b>Total</b>	<b>4,947,600</b>	<b>28.32</b>
<b>Promoter Group</b>	<b>Nil</b>	<b>Nil</b>

**8. Promoter's Contribution and Lock-in**

**a. 3 Years lock-in**

Pursuant to Regulation 36(a) the SEBI (ICDR) Regulations, an aggregate of 20% of the post Issue shareholding of the Promoters shall be locked in for a period of 3 years from the date of Allotment of Equity Shares in the Issue. Further our Promoters have given their written consent for including the following Equity Shares as a part of Promoter's contribution. The details of such lock-in are set forth in the table below:

Sr. No.	Allotment/ Transfer/ Purchase	Date of allotment/ transfer/purchase	Number of Equity Shares	Issue/ acquisition price per Equity Share (₹)	Nature of transaction (cash/ other than cash)	Consideration	% of post-Issue Capital
<b>Mr. Rajesh Naidu Munirathnam</b>							
1	Purchase	April 21, 2005	94,700	2.72	Off Market Acquisition	Cash	[•]
2	Purchase	October 15, 2005	749,400	2.72	Off Market Acquisition	Cash	[•]
3	Purchase	December 23, 2005	500	2.72	Off Market Acquisition	Cash	[•]
4	Allotment	March 31, 2011	[•]	-	Bonus	Capitalisation of free reserves	[•]
	<b>TOTAL (A)</b>		[•]	[•]	[•]	[•]	[•]
<b>Mrs. Kalpana Raj Munirathnam</b>							
1	Purchase	April 21, 2005	55,000	2.72	Off Market Acquisition	Cash	[•]
2	Purchase	October 15, 2005	749,400	2.72	Off Market Acquisition	Cash	[•]
3	Purchase	December 23, 2005	200	2.72	Off Market Acquisition	Cash	[•]
4	Allotment	March 31, 2011	[•]	-	Bonus	Capitalisation of free reserves	[•]
	<b>TOTAL (B)</b>		[•]	[•]	[•]	[•]	[•]

- i. The Equity Shares offered by the Promoters for the three years' lock-in are not pledged and are in compliance with Regulation 33(1) of SEBI (ICDR) Regulations
- ii. The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, the Company confirms that the Equity Shares being locked-in do not consist of:
  - a) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
  - b) Equity Shares acquired by the Promoter during the one year preceding the date of the Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;

- c) Equity Shares issued to the Promoter upon conversion of a partnership firm;
  - d) Equity Shares held by Promoter pledged with any creditor; and
  - e) Any private placement made by solicitation of subscription from unrelated persons, either directly or indirectly, through any intermediary.
- iii. In terms of Regulation 39 of SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in, in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in, in terms of clause (b) of Regulation 36, and the pledge of equity shares is one of the terms of sanction of the loan. The Company is in compliance of this Regulation 39 of the SEBI (ICDR) Regulations.
- iv. In terms of Regulation 40 of SEBI (ICDR) Regulations, Equity Shares held by the Promoter and locked-in as per Regulation 36, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable.

**b. 1 Year lock-in**

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

9. Specific written consent has been obtained from our Promoters for inclusion of such number of their respective existing shares to ensure minimum Promoter's Contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital as detailed under para 8 (a) above
10. The securities, which are subject to lock-in, shall carry the inscription "non-transferable" along with the specified duration and in respect of demat shares, the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed prior to the listing of the securities.

**11. Equity Shares held by top 10 shareholders**

- a. Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Draft Red Herring Prospectus with SEBI is as follows:

Sr. No	Name of the Shareholder	No. of shares	%
1	Mr. Rajesh Naidu Munirathnam	1,333,800	14.83
2	M/s Realnet Infraprojects Private Limited	1,320,300	14.68
3	M/s Hillston Advisors Private Limited	1,290,000	14.34
4	Mrs. Kalpana Raj Munirathnam	1,213,800	13.49
5	M/s Nixon Infraprojects Private Limited	1,200,000	13.34
6	M/s Skyline Portfolio Services Pvt Limited	1,200,000	13.34
7	M/s Software - Labs Private Limited	381,900	4.25
8	Mr. Vikram Raju Sayyaparaju	267,300	2.97
9	Mr. Kotha Srirama Chandra Murthy	91,200	1.01
10	Mr. Pachigolla Atchuta Ramayya Gupta	90,000	1.00
	<b>Total</b>	<b>8,388,300</b>	<b>93.24</b>

- b. Our top ten shareholders and the number of Equity Shares held by them as on ten days prior to filing with SEBI, is as follows:

Sr. No	Name of the Shareholder	No. of shares	%
1	Mr. Rajesh Naidu Munirathnam	1,333,800	14.83
2	M/s Realnet Infraprojects Private Limited	1,320,300	14.68
3	M/s Hillston Advisors Private Limited	1,290,000	14.34
4	Mrs. Kalpana Raj Munirathnam	1,213,800	13.49
5	M/s Nixon Infraprojects Private Limited	1,200,000	13.34
6	M/s Skyline Portfolio Services Pvt Ltd	1,200,000	13.34
7	M/s Software – Labs Private Limited	381,900	4.25
8	Mr. Vikramraju Sayyaparaju	267,300	2.97
9	Mr. Kotha Srirama Chandra Murthy	91,200	1.01
10	Mr. Pachigolla Atchuta Ramayya Gupta	90,000	1.00
	<b>Total</b>	<b>8,388,300</b>	<b>93.24</b>

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

Sr. No	Name of the Shareholder	No. of shares	%
1.	Mr. Rajesh Naidu Munirathnam	843,900	28.14
2.	Mrs. Kalpana Raj Munirathnam	804,600	26.83
3.	Mr. K Anil Kumar	80,000	2.67
4.	Mr. S Jagadish	70,000	2.33
5.	Ms. G Swapna	70,000	2.33
6.	Mr. N Seetarama Sastry	70,000	2.33
7.	Mr. N Surya Prakash	70,000	2.33
8.	Ms. N Bharati	70,000	2.33
9.	Mr. G Lokesh	70,000	2.33
10.	Ms.S Kusuma Ratna	40,700	1.36
	<b>Total</b>	<b>2,189,200</b>	<b>73.00</b>

**12. Shareholding pattern of our Company as per Clause 35 of the Equity Listing Agreement as on the date of filing this Draft Red Herring Prospectus:**

Category code	Category of Shareholder	No of Shareholders	Total no of shares	No of shares held in dematerialized form	Total shareholding as a % of total no of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No of shares	As a %
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	2	2547600	0	28.32	28.32	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0
	<b>Sub Total(A)(1)</b>	<b>2</b>	<b>2547600</b>	<b>0</b>	<b>28.32</b>	<b>28.32</b>	<b>0</b>	<b>0</b>
<b>2</b>	<b>Foreign</b>							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
B	Bodies Corporate	0	0	0	0	0	0	0
C	Institutions	0	0	0	0	0	0	0
D	Any Others(Specify)	0	0	0	0	0	0	0
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of</b>	<b>2</b>	<b>2547600</b>	<b>0</b>	<b>28.32</b>	<b>28.32</b>	<b>0</b>	<b>0</b>

Category code	Category of Shareholder	No of Shareholders	Total no of shares	No of shares held in dematerialized form	Total shareholding as a % of total no of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No of shares	As a %
	<b>Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>							
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0
(b)	Financial Institutions / Banks	0	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	5	5392200	1290000	59.94	59.94	0	0
(b)	Individuals							
I	i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	208	392500	15400	4.36	4.36	0	0
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	14	663800	278300	7.38	7.38	0	0
(c)	Any Other (specify)	0	0	0	0	0	0	0
(c-i)	Employees	0	0	0	0	0	0	0
	<b>Sub-Total (B)(2)</b>	<b>227</b>	<b>6448500</b>	<b>1583700</b>	<b>71.68</b>	<b>71.68</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>227</b>	<b>6448500</b>	<b>1583700</b>	<b>71.68</b>	<b>71.68</b>	<b>0</b>	<b>0</b>
	<b>TOTAL (A)+(B)</b>	<b>229</b>	<b>8996100</b>	<b>1583700</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>229</b>	<b>8996100</b>	<b>1583700</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

13. Our Company, our Directors, our Promoters, Promoter Group and the BRLM to this Issue have not entered into any buy-back and/or standby or similar arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Draft Red Herring Prospectus.
14. Our BRLM and its associates do not hold any equity shares of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI.
15. Except as stated below, our Promoters, Directors, and the promoter group entities have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Red Herring Prospectus has been filed with SEBI,

Transferor	Transferee	Date of Transfer	Number of Shares	Price per share (₹)
Mr. Rajesh Naidu Munirathnam	M/s. Skyline Portfolio Services Pvt Limited	August 27, 2011	6,00,000	50
Mr. Rajesh Naidu Munirathnam	M/s. Skyline Portfolio Services Pvt Limited	August 27, 2011	6,00,000	50
Mrs. Kalpana Raj Munirathnam	M/s Nixon Infraprojects Private Limited	August 27, 2011	12,00,000	50

16. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares held by the Promoters and subject to lock-in will be determined after finalization of Issue Price and the number of shares to be issued so as to ensure that minimum contribution of 20% of the Post Issue paid-up capital is locked in for a period of 3 years.
17. In case of under-subscription in the Issue, spillover to the extent of under-subscription shall be permitted from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds.
18. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
19. As on the date of filing of this Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
20. We have not raised any bridge loan against the proceeds of the Issue.
21. Except as disclosed herein, 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 to SEBI until the Equity Shares issued/ to be issued through this Draft Red Herring Prospectus are listed or application money refunded on account of failure of Issue.
22. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
23. A Bidder 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 Bidder.
24. As of date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 229.
25. The Equity shares held by the Promoters have not been pledged with third parties.
26. None of our Promoters, persons forming part of Promoter Group, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI.
27. No bidder can make a bid for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
28. No payment direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.
29. Our Company came out with an IPO in the year 1995.
30. No person connected with the issue including, but not limited to, the BRLM, the member of syndicate, our Company, our directors, our promoters, the promoter group and our Group Companies of the Promoters shall offer any incentive whether directly or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Issue proceeds for the following objects:

1. To establish "Genera Horticulture Corridor" post – harvesting facilities for fruits;
2. To invest in the wholly owned subsidiary, M/s. Genera Agri Global Limited, U.A.E. for acquisition and development of agricultural land in Africa;
3. For General Corporate Purpose and
4. To meet Issue Expense

The main object clauses of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue. We further confirm that the activities by our Company carried out until now are in accordance with the objects clause of the Memorandum of Association of our Company.

### Requirement of Funds

Particulars	Amount (₹ lakhs)
To establish "Genera Horticulture Corridor" post – harvesting facilities for fruits	5,171.36
To invest in the wholly owned subsidiary, M/s. Genera Agri Global Limited, U.A.E. for acquisition and development of agricultural land in Africa	3,431.32
For General Corporate Purpose*	[●]
To meet Issue Expense *	[●]
<b>Total</b>	<b>[●]</b>

*\*To be incorporated at the time of filing of the Prospectus.*

### Means of Finance

Our Company intends to finance the fund requirements for Objects of the Issue in the following manner:

Particulars	Amount (₹ lakhs)
Public Issue	9,800
<b>Total</b>	<b>9,800</b>

The aforementioned fund requirements will be met from the proceeds of the Issue. In case of shortfall, if any, we may explore other sources of funds including internal accruals arising from our future operations and/or debt. In case of any variations in the actual utilization of funds earmarked for the objects mentioned above or in case of increased fund requirements for a particular object, the shortfall, if any, may be financed by surplus funds, if any, available for other objects and/or the Company's internal accruals and/or debt facilities that may be availed from the banks/financial institutions, to the extent of such shortfall.

The details of our fund requirements and deployment of such funds are based on internal management estimates and have not been appraised by any bank or financial institution. These requirements are subject to change taking into consideration variations in costs and other external factors which may not be within our control or as a result of changes in our financial condition, business or strategy. Our management will have the discretion to revise our business plans from time to time and consequently our funding requirements and deployment of funds may also change. This may result in rescheduling the proposed utilisation of the proceeds and increasing or decreasing expenditure for a particular object vis-a-vis the utilisation of the proceeds.

Since the objects of the Issue are proposed to be financed out of Issue proceeds, the requirement of an undertaking confirming that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through this Issue, is not applicable

## Details of the use of Issue Proceeds:

### 1. To establish “Genera Horticulture Corridor” post – harvesting facilities for fruits ;

Andhra Pradesh is rich in natural resources and has varied agro-climatic conditions suitable for the development of horticulture. The State has a vast potential of horticulture and has taken a leap forward to produce different varieties of fruits which has made it the fruit bowl of the country. The agro-climatic conditions of Andhra Pradesh are extremely suitable for growing different varieties of fruits. The state is successfully growing fruits such as Banana, Papaya, Acid Lime, Sweet Oranges, Mango etc. Commercially, Banana, Sweet Oranges and Mango are the three most important of all the fresh fruits grown.

Currently substantial quantity of horticulture produce gets deteriorated before it reaches the final consumer / markets because of poor post – harvest facilities for horticulture products. Further, produce being perishable in nature and due to lack of storage facilities, the supply which reaches the markets keeps on fluctuating. As a part of our strategy towards forward integration of farming activity, our Company is proposing to provide the technical facilities for post – harvest procedures for horticulture crops by setting up an agro based food processing corridor “**Genera Horticulture Corridor**”. The project will provide facilities for supply of high quality bananas as well as other fruits /horticulture crops in the domestic market. The unit will procure Bananas/Papaya/Mango/Sweet limes/Lemon/ from the farmers and will facilitate storing, grading, cleaning, pre – cooling, controlled atmosphere for cold storage, ripening chambers and refrigerated transportation till the markets/consumer. It will provide total integration from procurement to the end markets i.e. either for the export market or for indigenous markets and if it is to the export market the supply will be made by refrigerated vans to the sea ports till the material is loaded in refrigerated sea containers meant for export.

#### **Genera Horticulture Corridor - “South-North Corridor for Fresh Fruits”**

Fruits presently are transported from the production locations viz. Chittoor, Kaddapah, Nellore, Anaparthi, Nalgonda etc. to Hyderabad market and from there to other markets such as Mumbai (via Solapur and Pune), Delhi (via Nagpur and Agra) and Kolkata (via Vijayvada and Bhubaneswar). Nagpur and Agra work as distribution hubs and the fruits are also get transported to other key markets from these two locations such as Indore, Bhopal, Jabalpur, Raipur, Jaipur, Kanpur etc.

In the proposed Genera Horticulture Corridor project, fruits which would be sourced to Andhra Pradesh from other key markets to leverage the reverse logistics are Grapes and Pomegranate from Solapur, Oranges from Nagpur and Apples from Shimla and Delhi.

#### **Detailed Project Cost**

Sr. No	Particulars	Amount (₹ lakhs)
1.	Ripening Chambers (for mango and banana)	1,056.00
2.	Additional cold storage space across market locations	960.00
3.	Land costs	540.00
4.	Packing lines	535.36
5.	Refer vans	230.00
	<b>Total Capital Cost</b>	<b>3,321.36</b>
6.	Working Capital Requirement	1,850.00
	<b>Total Fund Requirement</b>	<b>5,171.36</b>

Our fund requirements and deployments thereof are based on study done by Rabo India Finance Limited. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy.

#### **Ripening Chambers (for mango and banana)**

Our Company is planning to set up 27 Ripening Chambers in Andhra Pradesh and in other markets across the country. The total installed capacity for Ripening Chambers will be 960 tonnes. The cost for the Ripening Chambers has been taken as ₹1.10 lakhs per tonnes which aggregates to ₹1056.00 lakhs.

### **Additional cold storage space across market locations**

Our Company proposes to set up 27 cold storage in Andhra Pradesh and in other markets across the country. The total installed capacity for cold storage will be 960 tonnes. The estimated cost for setting the cold storage will be ₹1.00 lakhs per tonnes which aggregates to ₹960.00 lakhs.

### **Land costs**

Our Company proposes to acquire 120 acres of land for setting up Ripening Chambers and Additional cold Storage space in Andhra Pradesh and in other markets across the country. The cost of acquiring 120 acres of land is estimated at ₹540 lakhs.

### **Packing Lines (for mango, sweet lime/acid lime, for papaya, for banana):**

#### ***Packing Line (for mango)***

Our Company proposes to set up packing line for mango in Cuddapah and Nellore districts of Andhra Pradesh. The packing line capacity for mango will be 21 MT/hr and 3 MT/hr in Cuddapah and Nellore districts respectively. Packing line 1 will be operational for 10 hrs per day. The estimated cost for setting the Packing line for mango will be ₹15.00 lakhs per MT in both districts which aggregates to ₹358.50 lakhs.

#### ***Packing Line (for sweet lime/acid lime)***

Our Company proposes to set up packing line for sweet lime/acid lime in Ananthpur, Hyderabad and Nellore of Andhra Pradesh. The packing line capacity for sweet lime/acid lime will be 1MT/hr, 3MT/hr and 3MT/hr in Ananthpur, Hyderabad and Nellore respectively. Packing line 2 will be operational for 20 hrs per day. The estimated cost for setting the Packing line for sweet lime/acid lime will be ₹10.00 lakhs per MT in all three places which aggregates to ₹29.42 lakhs.

#### ***Packing Line (for papaya)***

Our Company proposes to set up packing line for papaya in Cuddapah and Ananthpur districts of Andhra Pradesh. The packing line capacity for papaya will be 1MT/hr in both the districts. Packing line 3 will be operational for 10 hrs per day. The estimated cost for setting the Packing line for papaya will be ₹8.00 lakhs per MT which aggregates to ₹18.12 lakhs.

#### ***Packing Line (for banana)***

Our Company proposes to set up packing line for banana in Cuddapah and Ananthpur districts of Andhra Pradesh. The packing line capacity for banana will be 5 MT/hr and 3MT/hr in Cuddapah and Ananthpur districts respectively. Packing line 4 will be operational for 10 hrs per day. The estimated cost for setting the Packing line for banana will be ₹15.00 lakhs per MT which aggregates to ₹129.32 lakhs.

### **Refer vans**

Our Company proposes to acquire 10 Refer Vans (Refrigerated Vans) of 10 MT capacity each. The cost per Refer Van is estimated at ₹23.00 lakhs based on the quotation received from PJ AGRO TECH Limited, Hyderabad.

### **Working Capital Requirement**

The working capital has been calculated based on the following assumptions. Holding period is considered in accordance with various factors like storage space, availability of the material in the region, seasonality and others.

<b>Inventory ( Days of Cost of Goods Sold)</b>	<b>FY 2012</b>	<b>FY 2013</b>
Mango	90	100
Sweet Lime	90	100
Banana	60	70
Acid Lime	60	70
Papaya	60	70
Grapes	60	70
Pomegranate	60	70
Nagpur Oranges	90	100
Apples	120	130

Receivable ( Days of Total Revenue)	FY 2012	FY 2013
Mango	21	28
Sweet Lime	21	28
Banana	14	18
Acid Lime	14	18
Papaya	14	18
Grapes	14	18
Pomegranate	14	18
Nagpur Oranges	21	28
Apples	21	28
	FY 2012	FY 2013
Other Current Assets ( Days of Overheads)	30	30

#### Working Capital Calculation

Particulars	Historical Holding Period (Days)	FY 11 Audited (₹ lakhs)	Estimated Holding Period (Days)	FY 12 Estimated (₹ lakhs)	Estimated Holding Period (Days)	FY 13 Estimated (₹ lakhs)
<b>CURRENT ASSETS</b>						
<b><u>Inventories</u></b>						
Mango	15	58.33	90	95.63	100	132.11
Sweet Lime	15	69.58	90	164.34	100	227.03
Banana	10	73.00	60	143.89	70	208.63
Acid Lime	15	46.67	60	207.77	70	292.94
Papaya	15	65.13	60	14.56	70	21.11
Grapes	15	37.29	60	11.08	70	16.20
Pomegranate	-	-	60	31.66	70	42.26
Nagpur Oranges	-	-	90	144.05	100	200.58
Apples	-	-	120	474.90	130	588.67
Total cost of Inventories (A)		350.00		1,287.90		1,729.53
<b><u>Receivable</u></b>						
Mango	20	125.00	21	53.69	28	91.32
Sweet Lime	30	96.50	21	103.95	28	175.32
Banana	30	89.67	14	112.98	18	183.21
Acid Lime	30	75.91	14	74.97	18	121.93
Papaya	30	88.76	14	10.72	18	17.34
Grapes	60	14.17	14	3.58	18	5.83
Pomegranate	-	-	14	12.37	18	18.37
Nagpur Oranges	-	-	21	62.83	28	105.97
Apples	-	-	21	101.76	28	156.72
Total Receivable (B)		490.01		536.86		876.01
Other Current Assets (C)	30	-	30	23.53	30	25.97
<b>Total Current Assets (A + B + C)</b>		<b>840.01</b>		<b>1,848.29</b>		<b>2,631.51</b>
<b>CURRENT LIABILITIES</b>		-		-		-
<b>Working Capital Requirement</b>		<b>840.01</b>		<b>1,848.29</b>		<b>2,631.51</b>

## **2. To invest in the wholly owned subsidiary, M/s. Genera Agri Global Limited, U.A.E. for acquisition and development of agricultural land in Africa**

Our Company has incorporated a 100% subsidiary at Ras Al Khaimah (RAK) free trade zone in U.A.E. for facilitating overseas operations and also acquiring and developing fertile lands in Africa to expand our total area under cultivation. Our Company through our subsidiary is in the process of acquiring 10,000 acres of Land in Ghana and Tanzania and has appointed “Agri Africa” for conducting a feasibility study and acquiring and developing agricultural lands for growing various crops in the targeted countries. Out of 10,000 acres of land, 8,000 acres of land will be used for crops like Corn, Soya and Barley, 1,000 acres of land will be used for crop like Sugarcane and 1,000 acres of land will be used for crop like Palm.

Our Company proposes to invest ₹3,431.32 lakhs in the form of equity infusion to facilitate feasibility study, acquisition of land purchase, purchase of equipments for cultivation, to meet the working capital requirements and for the preliminary expenses. M/s Genera Agri Global Limited being a wholly owned subsidiary of our Company, the assets and liabilities and revenue and expenses will be consolidated at the time of preparing the consolidated financial statements.

### **Detailed Project Cost**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (₹ lakhs)</b>
1	Land Cost	1,534.70
2	Irrigation Equipment - Drip Sprinklers	1,252.48
3	Cost of Tractors and Trailers	587.03
4	Cost of Agri Equipments	57.11
	<b>Total Fund Requirement</b>	<b>3,431.32</b>

### **Land Cost**

We have appointed “Agri Africa”, South Africa for conducting a feasibility study for acquiring and developing 10,000 Acres of agricultural lands for growing various crops in Ghana and Tanzania. The scope of their services inter-alia includes:

- To assess the feasibility of growing various in the target countries on a land area of around 10,000 acres per country
- To investigate the investor incentives in each country to ascertain benefits or challenges that would need to be addressed.
- To locate and assess farms suitable to the projects

### **Land Acquisition**

Our subsidiary proposes to acquire 10,000 acres of Land in Tanzania. Based on quotation received from Usafirishaji Mikoani Union Limited, Tanzania, the cost per Hectare of land has been taken as USD 300 per acres which aggregates to ₹1350.00 lakhs (USD 30.00 lakhs at a conversion price of ₹45 per USD)

### **Land Development**

The land so acquired, will have to be developed so as to make it suitable for the purpose of cultivation. Based on quotation received from “Agri Africa” South Africa, the cost of Land Development will be USD 3.24 lakhs which aggregates to ₹145.90 lakhs (at a conversion price of ₹45 per USD)

### **Consultancy Charges**

The fee for the services to be rendered by “Agri Africa” towards land acquisition and land development will be USD 0.86 lakhs which aggregates to ₹38.80 lakhs (at a conversion price of ₹45 per USD)

### **Irrigation Equipment - Drip Sprinklers**

Drip Sprinklers are proposed to be installed on 10,000 acres of land. The cost per 100 acres based on the quotations received from PJ AGRO TECH LIMITED, Hyderabad is estimated at ₹12.52 lakhs. The cost for 10,000 acres aggregates to ₹1,252.48 lakhs.

### Cost of Tractors and Trailers

The capital expenditure for the purchase of Tractors & Trailers based on quotation received AgroAfrica, Tanzania aggregates to ₹587.03 lakhs

Description (Model No.)	Quantity (No.)	Price Per Item (US \$)	Total (US \$)	Equivalent ₹ (1 US \$ = Rs. 45)
MF-260 Tractor	20	17,300.00	3,46,000.00	1,55,70,000.00
MF-385 2WD Tractor	10	25,850.00	2,58,500.00	1,16,32,500.00
Hydraulic Tipping Trailer 5 Ton	10	6,950.00	69,500.00	3,12,7,500.00
Hydraulic Tipping Trailer 10 Ton	10	8,650.00	86,500.00	3,89,2,500.00
Farm Trailer 5 Ton	10	5,800.00	58,000.00	2,61,0,000.00
Farm Trailer 8 Ton	20	6,800.00	1,36,000.00	6,12,0,000.00
<b>Total Cost</b>			<b>350,000.00</b>	<b>58,70,2,500.00</b>

### Cost of Agri Equipments

The capital expenditure for the purchase of farm equipments based on quotation received from Falcon Agricultural Equipments (PTY) Ltd, South Africa aggregates to ₹57.11 lakhs :

Description (Model No.)	Quantity (No.)	Price Per Item (Inclusive of Tax)	Total (South African Rand)	Equivalent ₹ (1 Rand = ₹6.3229)
F25/90 Slasher	1	15,162.00	15,162.00	95,867.81
F40/120V Haymaker	1	24,624.00	24,624.00	155,695.09
Bale Fork	1	5,130.00	5,130.00	32,436.48
F50/180 FM Field mulcher	2	38,760.00	77,520.00	490,151.21
F400 Mounted Lime spreader 400	2	38,988.00	77,976.00	493,034.45
2 Furrow Plough	10	13,224.00	1,32,240.00	836,140.30
3 Furrow 14' Plough	10	18,126.00	1,81,260.00	1,14,6,088.85
F175 Rotavator	2	72,618.00	1,45,236.00	918,312.70
F125 Rotavator	4	16,188.00	64,752.00	409,420.42
F25/120 GM Grassmulcher	5	24,396.00	1,21,980.00	771,267.34
ZA -X 602 Twin disc spreader (600)	1	57,342.00	57,342.00	362,567.73
			<b>903,222.00</b>	<b>5,710,982.38</b>

### 3. For General Corporate Purposes

Surplus from the proceeds of the Issue after meeting the objects, if any, will be used for our general corporate purposes including but not restricted to joint ventures, strategic initiatives and acquisitions, and meeting exigencies, which our Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board.

### 4. To Meet Issue Expenses

The issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, printing and stationery expenses, advertising and issue marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the Issue will be met out of the Proceeds of the Issue.

The total estimated expenses are ₹[●] lakhs, which is [●] % of the Issue size.

Activity*	Amount (₹ lakhs)	% of the Issue Expenses	% of the Total issue Size
Lead Management Fees	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Registrar to the Issue's Fees	[●]	[●]	[●]
Advertisement and Marketing expenses	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Others (bidding software expenses, depository charges, listing fees, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\*Will be incorporated at the time of filing of the Prospectus.

### Funds Deployed

As per the certificate dated September 15, 2011 issued by M/s. Hari Vara Prasada & Associates, Chartered Accountants our Company has deployed ₹21.71 lakhs as on August 31, 2011. The funds have been financed out of internal accruals. This amount will be recouped from the issue proceeds.

### Proposed Deployment of Funds

Our Company may make payments toward our Objects of the Issue, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be recouped from the proceeds of the Issue.

### Schedule of Implementation

Particulars	Expected Commencement	Expected Completion
To establish "Genera Horticulture Corridor" post – harvesting facilities for fruits	December 2011	September 2012
To invest in the wholly owned subsidiary, M/s. Genera Agri Global Limited, U.A.E. for acquisition and development of agricultural land in Africa	November 2011	October 2012

### Estimated Schedule of Deployment of Funds

Particulars	Expenses incurred till August 31, 2011	Deployment		Fund Requirements
		FY 2011-12	FY 2012-13	
To establish "Genera Horticulture Corridor" post – harvesting facilities for fruits	-	1,723.79	3,447.57	5,171.36
To invest in the wholly owned subsidiary, M/s. Genera Agri Global Limited, U.A.E. for acquisition and development of agricultural land in Africa	-	1,143.77	2,287.55	3,431.32
For General Corporate Purpose	-	[●]	[●]	[●]
To meet Issue Expense	21.71	[●]	[●]	[●]
<b>Total</b>	<b>21.71</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

(₹ lakhs)

**Appraisal**

The funds requirement and funding plans are based on internal estimates of our Company and have not been appraised by any bank/financial institution.

**Interim Use of Proceeds**

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, investment in mutual funds or other investment grade interest bearing securities as may be approved by the Board such as principal protected fund, rated debentures, etc. Such investments would be in accordance with the investment policies approved by the Board from time to time.

**Monitoring Utilization of Funds**

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilized, as required under the applicable law and regulation.

No part of the Proceeds from the Issue will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

For risks associated with our "Objects of the Issue", please refer to the chapter titled "Risk Factors" beginning on page 10 of this Draft Red Herring Prospectus.

## BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company, in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the below mentioned accounting ratios. Please see the chapter titled “Risk Factors” beginning on page 10 of this Draft Red Herring Prospectus and the Restated Summary Statements as set out in the chapter “Financial Statements” beginning on page 107 of this Draft Red Herring Prospectus to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in the chapter titled “Risk Factors” and you may lose all or part of your investment. The face value of the Equity Shares is ₹10 and the Issue Price is [●] times the face value.

### Qualitative Factors

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

- Strong Position in the Indian Market
- Cost Competitiveness of the Company’s Indian Operations
- Diversified Product Offering
- Strong and efficient supply chain management
- Experienced & Competent Management team
- Customer Service
- Ability to identify new locations to promote our business plans
- Efficient Project Implementation
- Economies of Scale and Cost Reductions

For more details on qualitative factors, refer to chapter titled “Business Overview” beginning on page 74 of this Draft Red Herring Prospectus.

### Quantitative Factors

Information presented in this section is derived from the Restated Summary Statements included in this Draft Red Herring Prospectus. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1. Earnings Per Share (EPS)<sup>(1)(2)</sup>:

As per the Company’s restated summary statements:

Particulars	Face value per share (₹10 per share)	
	EPS	Weights
Year ended March 31, 2009	4.18	1
Year ended March 31, 2010	11.87	2
Year ended March 31, 2011	23.99	3
<b>Weighted Average EPS</b>	<b>16.65</b>	

<sup>(1)</sup> Earnings per share represents both basic and diluted earnings per share calculated as net profit attributable to equity shareholders as restated divided by a weighted average number of shares outstanding during the year.

<sup>(2)</sup> Face value per share is ₹10.

Note: The Earning per Share calculations have been done in accordance with Accounting Standard 20- “Earning per share” notified by the Companies (Accounting Standards) Rules, 2006, as amended.

#### 2. Price Earning Ratio (P/E ratio)

The Price/Earning (P/E) ratio, on the basis of an Issue Price of ₹ [●] per share is as set forth below:

As per the Company’s restated summary statements:

- for the year ended March 31, 2011: [●]
- for the year ended March 31, 2010: [●]
- for the year ended March 31, 2009: [●]

There are no comparable listed companies in the same line of business as our Company and hence Industry PE is not available.

### 3. Return on Net Worth<sup>(1)</sup>

Return on net worth as per the Company's restated summary statements:

Particulars	RONW %	Weights
Year ended March 31, 2009	72.26	1
Year ended March 31, 2010	67.22	2
Year ended March 31, 2011	57.60	3
<b>Weighted Average RONW</b>	<b>63.25</b>	

<sup>(1)</sup> Return on Net Worth = Profit after tax as restated/ Net Worth at the end of the year

### 4. Minimum Return on Increased Net Worth required to maintain pre-issue earning per share for the year ended March 31, 2011:

At the Floor Price: [●] % based on the restated summary statements;

At the Cap Price: [●] % based on the restated summary statements;

### 5. Net Asset Value per Equity Share

Based on restated financial statements:

As on March 31, 2011: ₹41.65

NAV per Equity Share after the Issue: [●]

Issue Price per Equity Share: [●]\*

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

Net asset value per Equity Share represents the net worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

### 6. Comparison with Industry Peers

As the Company is one of the organized players in the Horticulture industry and since there are no Indian listed entities in the Horticulture Industry, there are no comparable figures available with us.

The Issue Price has been determined by our Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with chapter titled "Risk Factors" and "Financial Statements" beginning on pages 10 and 107, respectively, of this Draft Red Herring Prospectus, to have a more informed view.

## STATEMENT OF TAX BENEFITS

The Board of Directors,  
Genera Agri Corp Limited.  
H. No. 8-2-293, Block III,  
Road No. 82, Plot No. 382,  
Film Nagar, Jubilee Hills  
Hyderabad – 500 033.

Dear Sirs,

We hereby report that the attached Annexure states the possible tax benefits available to Genera Agri Corp Limited. (“the Company”) and to the shareholders of the Company under the Income Tax Act, 1961, Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil. The benefits discussed in the attached annexure are not exhaustive. 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 and 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 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 these benefits have been / would be met with.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 (“the Act”). The income tax rates referred here are the tax rates prescribed by the Finance Act 2011 for the Financial Year 2011-12. All the provisions set out below are subject to conditions specified in the respective sections. The tax benefits mentioned below are restricted to the provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force and no discussion is made from the perspective of Direct Tax Code which is proposed to be implemented from 01.04.2012.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its share holders in the Draft Red Herring Prospectus for the proposed initial public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India.

### LIMITATIONS

Our Confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the Current tax laws in force in India. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. 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.

Yours faithfully,

**For Hari Vara Prasada & Associates**  
**Chartered Accountants**  
**(FRN 004887S)**

**Sd/-**  
**(Y.Hari Vara Prasada Rao)**  
**Proprietor**  
**Membership No. 029740**  
**Place: Hyderabad**  
**Date: 29/08/2011**

## **STATEMENT OF TAX BENEFITS AVAILABLE TO GENERA AGRI CORP LIMITED (“THE COMPANY”) AND ITS’ SHAREHOLDERS**

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 (“the Act”). The Income Tax rates referred here are the tax rates prescribed by the Finance Act 2011 for the Financial Year 2011-12. All the provisions set out below are subject to conditions specified in the respective sections. The tax benefits mentioned below are restricted to the provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force and no discussion is made from the perspective of Direct Tax Code which is proposed to be implemented from April 1, 2012.

### **Special Tax Benefits to the Company**

In accordance with section 10(1) of Income Tax Act, 1961, Agricultural income will not be included in computing the total income for the purpose of Income Tax. As per Section 14A of the Income Tax Act, 1961, for the purpose of computation of total income, no deduction shall be allowed for expenses incurred in relation to income not included in total income.

### **General Tax Benefits to the Company**

These benefits are available to all companies after fulfilling certain conditions as required in the respective Act.

- I.
  1. In accordance with section 10(34), dividend income (referred to in section 115-O) received by the company will be exempt from tax.
  2. Income received in respect of the units of mutual fund specified under section 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the Act.
  3. In accordance with section 32 of the Act, the company is entitled to claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature) owned by it and used for the purpose of its business.  
  
The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward for set-off with the income of future years.
  4. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
  5. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal instalments for each of the succeeding previous years subject to conditions specified in that section.
  6. In case of loss under the head “Profit and Gains from Business or Profession”, it can be set-off with other income under Section 71 and the excess loss, if any can be carried forward and set-off against future business income of the next eight assessment years under section 72 of the Act.
  7. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the assessment year in which Minimum Alternative Tax credit becomes allowable in accordance with the provisions of section 115JAA of the Act.
  8. If the company invests in the equity shares of another company, as per the provisions of section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax. However such

income shall be taken into account in computing the Minimum Alternative Tax on book profit payable under section 115JB of the Act.

9. As per the provision of section 71, if there is a loss under the head —Capital Gains, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be carried forward and set-off against both short term and long term capital gain of the next eight assessment years. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off against the long term capital gains in subsequent years.
10. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and education cess and secondary & higher education cess\*) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
11. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be the lower of:
  - (a) 20 per cent (plus applicable surcharge and education cess and secondary & higher education cess\*) of the capital gains as computed after indexation of the cost. or
  - (b) 10 per cent (plus applicable surcharge and education cess and secondary & higher education cess\*) of the capital gains as computed without indexation.

## **II. Section 115-O**

Tax on distributed profits of domestic companies

The tax rate is 15% (plus applicable surcharge and 'education cess and secondary & higher education cess')

Per sub-section (1A) to section 115O, the domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

- the dividend is received from its subsidiary;
- the subsidiary has paid the DDT on the dividend distributed;
- the domestic company is not a subsidiary of any other company.

Provided that the same amount of dividend shall not be taken into account for reduction more than once.

For the purpose of this sub-section, a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.

## **III. Tax Rates**

The tax rate is 30%.

The surcharge at the rate of 5.00% is applicable, only if the total income exceeds Rs.1 Crore.

Education cess and secondary & higher education cess is 3%.

## **Special Tax Benefits to the Shareholders of the Company**

NIL

## **General Tax Benefits to the Shareholders of the Company**

These benefits are available to the shareholders of any company after fulfilling certain conditions as required in the respective Act.

### **(I) Under the Income-tax Act**

#### Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs. 1,500 per minor child.
3. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale. However in case of a corporate shareholder, such income shall be taken into account in computing the Minimum Alternate Tax on book profit, payable under section 115JB of the Act.
4. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company and on which securities transaction tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs.50 Lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

5. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available, if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
  - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares;

*and*

- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

6. As per the provision of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be carried forward and set-off against both short term and long term capital gain of the next eight assessment years. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off against the long term capital gains in subsequent years.
7. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and \_education cess and secondary & higher education cess\*) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
8. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be the lower of:
  - (a) 20 per cent (plus ‘education cess and secondary & higher education cess’) of the capital gains as computed after indexation of the cost. or
  - (b) 10 per cent (plus ‘education cess and secondary & higher education cess’) of the capital gains as computed without indexation.

#### **Tax Rates for the Financial Year 2011-12:**

##### **1. *Individuals, HUFs, BOI and Association of Persons:***

- (i) The income tax exemption limit for the financial year 2011-12 is Rs.1,80,000/-
- (ii) Women residents of India and below the age of 65 years:

The income tax exemption limit for the financial year 2011-12 is Rs.1,90,000/-.

Education cess and secondary & higher education cess will be levied at the rate of 3 % of Income tax

##### **2. *Senior Citizens***

Individual residents of India and above the age of 65 years to 60 years:

The income tax exemption limit for the financial year 2011-12 is Rs.2,50,000/-

Education cess and secondary & higher education cess will be levied at the rate of 3 % of Income tax

##### **3. *Very Senior Citizens***

Individual residents of India and above the age of eighty years and above:

The income tax exemption limit for the financial year 2011-12 is Rs.5,00,000/-

Education cess and secondary & higher education cess will be levied at the rate of 3 % of Income tax

**B) 1. Non-Residents**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.
3. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company acquired in foreign currency, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
4. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company and on which securities transaction tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs.50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

5. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
  - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares;

*and*

- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head —Capital Gains of the year in which the residential house is transferred.

6. As per the provision of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be carried forward and set-off against both short term and long term capital gain of the next eight assessment years. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off against the long term capital gains in subsequent years.
7. As per the provisions of section 90, the Non Resident shareholder has an option to be governed by the provisions of the Tax Treaty, if they are more beneficial than the domestic law, wherever India has entered into Double Taxation Avoidance Agreement with the relevant country for avoidance of double taxation of income.
8. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
9. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not subject to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and education cess) with the benefit of indexation and at the rate of 10 % (plus applicable surcharge and education cess) without the benefit of indexation.

A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.

However, a view is possible based on the proviso to section 112 and recent rulings that in case of listed securities or units, such gains could be taxed at 10% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) without the benefit of indexation.

## **B) 2. Non-Resident Indians**

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, which reads as under:

1. In accordance with section 115D r.w.s 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus ‘education cess and secondary & higher education cess’). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Act), shall be chargeable at 10% (plus ‘education cess and secondary & higher education cess’).

However, in accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.

2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset. If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall be exempt
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
4. Under section 115H of the Act, where a Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income under section 139 for that assessment year 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 assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.
5. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
6. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs.50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house, other than the new residential house, within a period of one year after the date of transfer of the shares; or
  - constructs another residential house, other than the new residential house, within a period of three years after the date of transfer of the shares;

*and*

- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

9. As per the provision of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be carried forward and set-off against both short term and long term capital gain of the next eight assessment years. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off against the long term capital gains in subsequent years.
10. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
11. In accordance with section 111A, capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is subject to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus ‘education cess and secondary & higher education cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

#### **C) Foreign Institutional Investors (FIIs)**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is subject to securities transaction tax.
3. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains, if securities transaction tax is not payable on the transfer of the shares and at 15% (plus applicable surcharge and ‘education cess and secondary & higher education cess’) on short-term capital gains arising on the sale of the shares of the company which is subject to securities transaction tax.
4. Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.
5. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Investment in these specified assets cannot exceed Rs.50 lakhs during any financial year.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

6. As per the provision of section 71, if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be carried forward and set-off against both short term and long term capital gain of the next eight assessment years. But long term capital loss cannot be set-off against short term capital gain. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off against the long term capital gains in subsequent years.
7. As per the provisions of section 90, the FII has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

**D) Persons carrying on business or profession in shares and securities.**

Income arising from carrying on business or profession in shares and securities would be taxable as Income from business or profession. The securities transaction tax paid in respect of securities transaction entered during the course of business will be available as deduction under section 36(1)(xv) while computing the taxable business income.

**E) Mutual Funds**

In accordance with section 10(23D), any income of:

- (i) a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- (ii) Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf,  
  
- will be exempt from income-tax.

**F) Venture Capital Companies / Funds**

In accordance with section 10(23FB) any income of a venture capital company or venture capital fund (registered under the Securities and Exchange Board of India Act, 1992 and regulations made thereunder and notified in this behalf) from investment in a venture capital undertaking will be exempt from income tax.

**(II) Under the Wealth Tax**

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

## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from various government and other public sources. Neither we nor any other person connected with the Issue have 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 that 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. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation. While, reasonable actions have been taken by us to ensure that the information is extracted accurately and in its proper context, we have not independently verified any of the data from third parties contained in this section and in the Draft Red Herring Prospectus.*

#### Overview of the Indian Economy

India, the world's largest democracy in terms of population had a GDP on a purchasing power parity basis estimated to be U.S. \$ 4.046 trillion in 2010. This makes it the fifth largest economy in the world after the European Union, United States of America, China and Japan. The growth rate has been spurred by the manufacturing sector, which has logged approximately 28.6% share in 2010, agriculture sector's share is approximately 16.1% of GDP and services sector share is relatively high for an emerging market at approximately 55.3% of GDP in 2010. (Source: CIA World Factbook).

The Indian economy has continued to recover robustly in 2010-11, recording one of the fastest growth rates in the world and climbing back to near pre-crisis levels. GDP growth was at 8.9 per cent in the first half of 2010-11 as against a level of growth of 7.5 per cent in the first half of 2009-10. (Source: Central Statistical Organization of India)

#### Overview of Indian Agriculture

Agriculture sector is vital for the food and nutritional security of the nation. The sector remains the principal source of livelihood for more than 58% of the population though its contribution to the national GDP has declined to 14.2% due to high growth experienced in industries and services sectors. Compared to other countries, India faces a greater challenge, since with only 2.3% share in world's total land area, it has to ensure food security of its population which is about 17.5% of world population. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

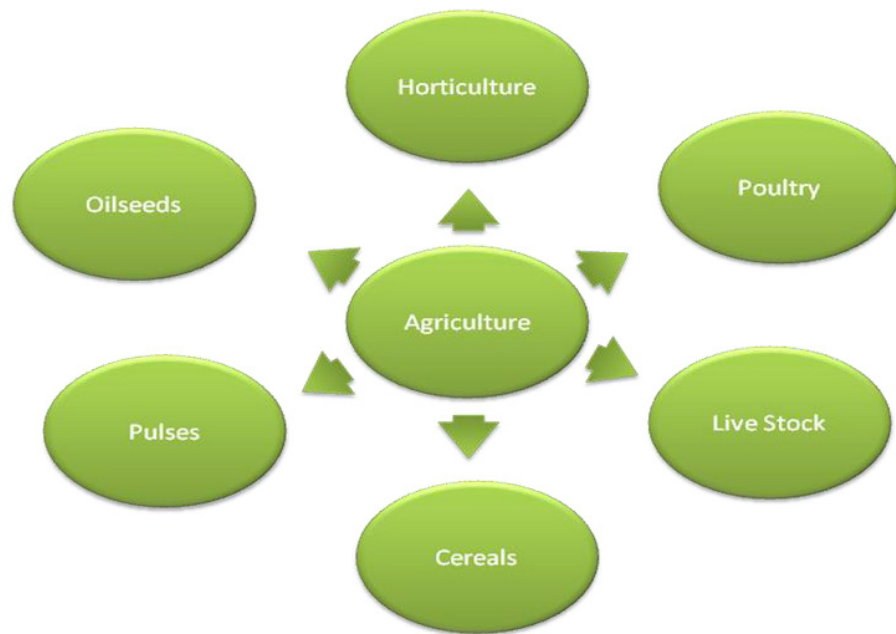
(Rs. Crore)

Year	2006-07	2007-08	2008-09	2009-10	2010-11
GDP of Agriculture and Allied Sectors	619190	655080	654118	656975	692499
Per cent to total GDP	17.4	16.8	15.7	14.6	14.2

Source: Central Statistical Organization, Ministry of Statistics and Programme Implementation, Govt. of India.

Agriculture sector has touched a growth rate of 4.4% in the second quarter of 2010-11 thereby achieving an overall growth rate of 3.8% during the first half of 2010-11. The sector witnessed a growth of 5.1 per cent in 2005-06, 4.2 per cent in 2006-07, 5.8 per cent in 2007-08, (-) 0.1 percent in 2008-09 at 2004-05 prices. The low growth rate of 0.4 percent recorded by this sector in 2009-10 was mainly due to poor rainfall in 2009. As per the Advance Estimates (AE) of Central Statistical Organization for the year 2010-11, the agricultural sector contributed about 14.2 per cent to the GDP, at 2004-05 prices. There has been a continuous decline in the share of agriculture in the GDP from 17.4 percent in 2006-07 to 14.2 percent in 2010-11 as per Advance Estimates at 2004-05 prices. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

## STRUCTURE OF AGRICULTURE BUSINESS



### Poultry

Poultry is a category of domesticated birds kept by humans for the purpose of collecting their eggs, or killing for their meat and/or feathers. Poultry Industry in India is constantly on the rise with modern techniques and changing from live bird to fresh chilled and frozen product market. In a continual endeavour to create a strong platform for Poultry World especially from India, SAARC countries, Middle East & African continent with the aim to interact and stay in tune with new trends in poultry rearing techniques, processed chicken meat, medicines, feed additives, health products, equipments, managements & other technical services.

Indian Poultry Industry is booming which is emerging as the world's 2nd largest market & growing at the phenomenal rate of 12% to 15% every year.

(Source: <http://www.poultryindia.co.in/>)

### Live Stock

Livestock refers to one or more domesticated animals raised in an agricultural setting to produce commodities such as food, fiber and labor. Livestock generally are raised for subsistence or for profit. Raising animals (animal husbandry) is an important component of modern agriculture. It has been practised in many cultures since the transition to farming from hunter-gather lifestyles. Livestock should be fed with food rich in nutritive contents. This feed should contain carbohydrates, proteins, fats, minerals and vitamins.

### Cereals

Cereals are grasses cultivated for the edible components of their fruit seeds, the endosperm, germ, and bran. Cereal grains are grown in greater quantities and provide more food energy worldwide than any other type of crop. India produces cereals like paddy, wheat, jowar, bajra, maize, ragi & Barely.

### Pulses

A pulse is an annual leguminous crop yielding from one to twelve seeds of variable size, shape, and color within a pod. Pulses are used for food and animal feed. Pulses are the principal source of dietary proteins in a vegetarian country like India. Increasing their production and keeping their prices within the reach of the poor therefore assume paramount importance. The major pulse crops of the country are redgram or pigeonpea (tur, arhar), chickpea or gram, blackgram (urdbean), greengram (mungbean) and lentil (masur). Minor pulses include rajmash and other beans, cowpea, horsegram, moth, khesari-dal, guar etc.

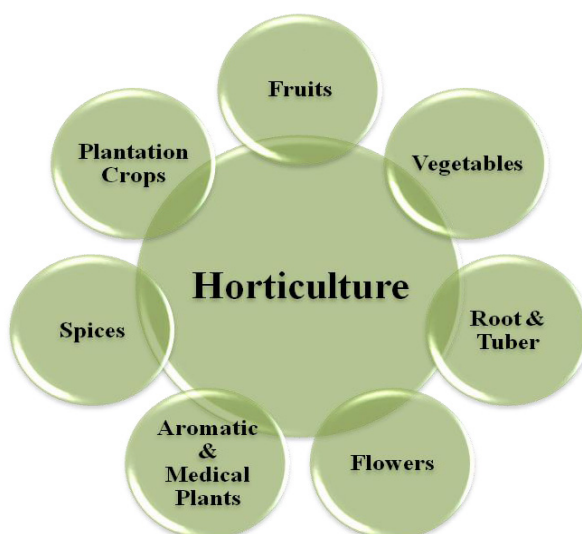
### Oil Seeds

Oilseeds stand next only to food grains in agricultural production and economy of the country. Bulk of the oilseeds and vegetable oils production in the country is derived from the nine annual oilseed crops, i.e. Groundnut, soybean, rapeseed and mustard, sunflower, sesamum, safflower, niger, castor and linseed.

## HORTICULTURE

### Overview of the Horticulture Industry in India

The horticulture sector covers a wide range of crops such as fruits, vegetables, root and tuber crops, flowers, aromatic and medicinal plants, spices and plantation crops, which facilitate diversification in agriculture.



There is a realization that growing horticulture crops is now an option to improve livelihood security, enhance employment generation, attain food and nutritional security and increase income through value addition. As of 2009-10, horticultural crops occupied an area of 20.8 million hectares producing 222.9 MT of horticultural produce. (Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

### INDIAN HORTICULTURE PRODUCTION AT A GLANCE (1991-92 and 2001-02 to 2009-10)

YEAR	FRUITS		VEGETABLES		FLOWERS		NUTS	
	A	P	A	P	A	P (Loose)	A	P
1991-92	2874	28632	5593	58532	NA	NA	NA	NA
2001-02	4010	43001	6156	88622	106	535	117	114
2002-03	3788	45203	6092	84815	70	735	117	114
2003-04	4661	45942	6082	88334	101	580	106	121
2004-05	5049	50867	6744	101246	118	659	106	121
2005-06	5324	55356	7213	111399	129	654	130	149
2006-07	5554	59563	7581	114993	144	880	132	150
2007-08	5857	65587	7848	128449	166	868	132	177
2008-09	6101	68466	7981	129077	167	987	136	173
2009-10	6329	71516	7985	133738	183	1021	142	193

A = AREA (IN 000'HA)

P = PRODUCTION (IN 000'MT)

NA = Not available

Note: Totals may slightly differ due to rounding of figures

Nuts = Almond & Walnuts

Plantation Crops = Coconut, Cashewnut, Cocoa & Arecanut

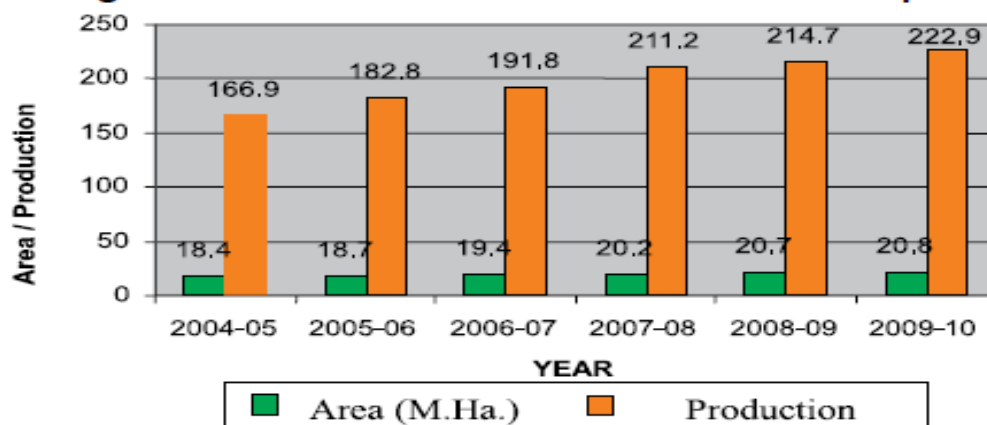
(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

Since 1991 there has been a tremendous growth in the production of fruits & vegetables. The production of fruits in 1991-92 was 2.86 crs MT which grew to 4.3 crs MT in 2001-02, approximately 50.34% growth over a Decade. In 2009-10 India produced 7.15 crs MT of fruits, approximately 66.27% growth over 2001-02.

Similarly, the production of vegetables also showed a tremendous growth in production since 1991-92 to 2009-10. In 2001-02 India produced 8.86 crs MT of vegetables which showed 51.45% growth over 1991-92. In 2009-10 the total production of vegetables accounted for 13.37 crs MT over 8.86 crs MT in 2001-02.

The trend of area and production of horticulture crops during the past five years is depicted in the chart below.

**Fig-1: Area & Production of Horticulture Crops**



(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

Fruits and vegetables together constitute about 92.3 per cent of the total horticultural production in the country. The area under fruit crops during 2009-10 was 6.5 million hectares with a total production of 72.3 million tonnes, which constituted 32.44 per cent share of total production.

## Fruits

India is the second largest producer of fruits in the world, it is the largest producer of fruits like mango, banana, papaya, sapota, pomegranate and Aonla. About 40 per cent of the world's mangoes and 30 per cent of the world's bananas and papayas are produced in India. In terms of productivity of grapes, India ranks first in the world. India noticed a fruits production growth of 50.34% from 1991-92 to 2001-02 & growth of 66.27% from 2001-02 to 2009-10.

(Source: Indian Horticulture Data base 2010)

Following shows Area and Production growth trends for fruit crops for last 10 years,

### Area and Production Growth Trends for Fruit Crops



(Source: Indian Horticulture Data base 2010)

There is a continuous demand for fruits in India. This has resulted in growth of production of fruits in India. The growth rate of production of fruits in 2009-10 compared to 2001-02 is approximately 66.31%

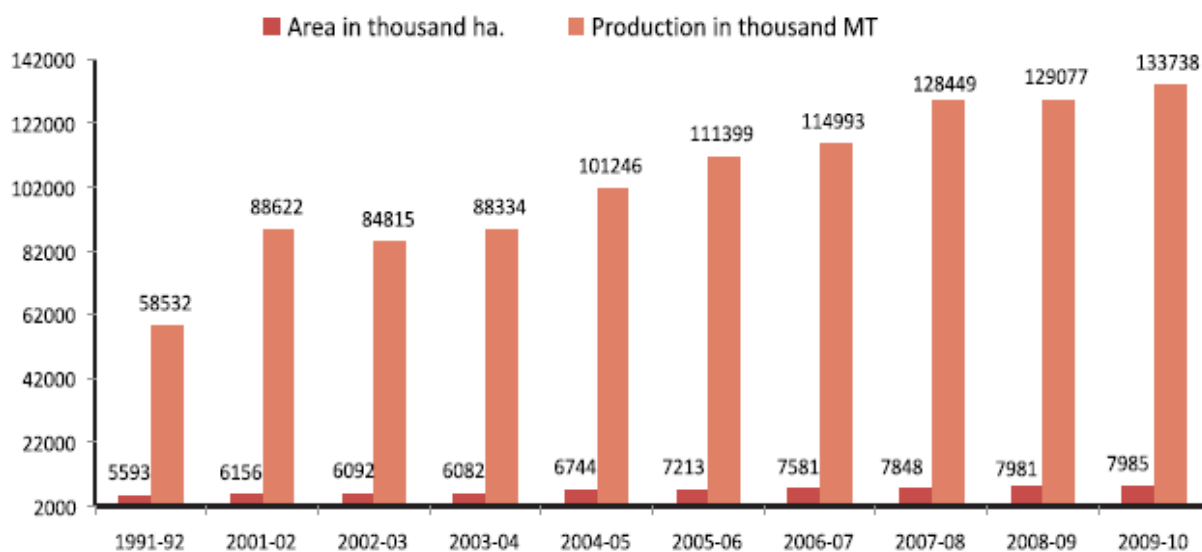
### Vegetables

India is the second largest producer of vegetables after China and is a leader in the production of peas and okra. Besides, India occupies the second position in the production of brinjal, cabbage, cauliflower and onion and third position in potato and tomato in the world. Vegetables that are produced in abundance are potato, tomato, brinjal, okra, and cucurbits.

(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

Following shows Area and Production growth trends for vegetable for last 10 years,

### Area and Production Growth Trends for Vegetables Crops



(Source: Indian Horticulture Data base 2010)

Vegetable cultivation in low-and medium-cost greenhouse is a technical reality in India. Such production system has not only extended the growing season of vegetables and their availability but also encouraged conservation of different rare vegetables. The seed production of vegetables under protected environment is also a major step to increase vegetable production in India. There has been a continuous growth in production of vegetables from 1991-92 to 2009-10. In 2001-02, India produced 8.86 crs MT & in 2009-10, India produced 13.37 crs MT of vegetables showing growth rate of 50.91%.

### Overview of Horticulture in Andhra Pradesh

Agriculture is a way of life, a tradition which has shaped the culture and economic life of the people of Andhra Pradesh therefore will continue to be central to all strategies for planned socio-economic development of the State. Rapid growth of agriculture is essential not only to achieve self reliance but also for food security and to bring about equity in distribution of income and wealth resulting in rapid reduction in poverty levels.

	2007-08		2008-09		2009-10	
Fruits	Area (‘000’ HA)	Production (‘000’ HA)	Area (‘000’ HA)	Production (‘000’ HA)	Area (‘000’ HA)	Production (‘000’ HA)
Banana	75.2	2,631.20	80.12	2,804.03	80.6	2,819.60
Mango	483.5	4,157.90	19.765	2,522.00	480.4	4,058.30
Papaya	14.9	1,195.60	19.765	1,581.20	18.8	1,500.70
Citrus	253.3	3,507.30	271.31	3,752.59	281.3	3,883.70
Grapes	2.8	58	2.964	62.244	1.4	29.8
Other Fruits	25.7	247.1	26.2	252.23	25.9	247.6

(Source: <http://www.nhb.gov.in/>)

	2007-08		2008-09		2009-10	
Vegetables	Area (‘000’ HA)	Production (‘000’ HA)	Area (‘000’ HA)	Production (‘000’ HA)	Area (‘000’ HA)	Production (‘000’ HA)
Cabbage	9	134.30	9	134.30	9.07	136.05
Onion	35.6	606.00	39	662.60	39	662.60
Tomato	74.1	1,408.10	74.1	1,408.10	86.95	1,652.11
Brinjal	26.6	531.30	26.6	531.30	24.25	485.02
Other Vegetables	99	1318.8	121.3	1583.3	109.7	1399.1

(Source: <http://www.nhb.gov.in/>)

### Overview of Global Horticulture Industry

After years of neglect, agricultural development is now an agenda item in many international forums such as 2009 G8 Summit held in L’Aquila, Italy, in July 2009. This awakening has in part been a response to the current food crisis, debates on which have resulted in policy-makers worldwide calling for increased and sustained investments in the agricultural sector, among other actions. Increased investment in the sector is especially urgent in sub-Saharan Africa (SSA), where approximately 70 percent of its people derive their livelihoods from agriculture and where hunger and poverty are still prevalent.

Among the 20 leading African companies, 16 have their headquarters in South Africa. The major players include Nigerian Breweries and Illovo Sugar of South Africa, making advances in other African countries to escape their saturated domestic markets. Other significant private firms include supermarkets such as Shoprite (South Africa) and Nakumatt (Kenya), which are often engaged in contract farming for their fresh produce. Contract farming has been the choice model for retail companies needing to ensure their product quality and competitiveness.

Agriculture remains the mainstay of Malawi's economy, accounting for about 32 percent of GDP. There are various opportunities for investment in agriculture, such as livestock production (for dairy, beef, poultry and pork), aquaculture, horticulture, agro-processing, cold chain development, wholesaling and brokerage services and packaging.

In addition, Malawi has not fully exploited the production of agricultural crops under irrigation. Horticultural products such as vegetables, flowers, and fruits, as well as rice, can be grown using surface, gravity, pump, river diversion or sprinkler irrigation systems. Out of the 400,000 hectares of land suitable for irrigation, only 14,000 hectares of land is under smallholder farmer irrigation and 48,000 hectares are under estate irrigation.

(Source: MIPA Investors Guide to Malawi)

Following table shows details about area, production and productivity of major fruits producing countries in the world

MAJOR FRUIT PRODUCING COUNTRIES IN THE WORLD (2009-10)			
COUNTRY	AREA IN HA	PRODUCTION IN MT	PRODUCTIVITY MT/HA
China	11057621	109615629	9.9
India	6329200	71515500	11.3
Brazil	2449758	38683456	15.8
USA	1159589	27762483	23.9
Italy	1267386	17646110	13.9
Spain	1743165	16277697	9.3
Mexico	1201897	16122211	13.4
Indonesia	721258	16028273	22.2
Philippines	1123530	15620664	13.9
Iran (IR)	1264574	13183703	10.4
Turkey	1036528	12829520	12.4
OTHERS	26242703	228947458	8.7
WORLD +	55011784	579926404	10.5

Source : FAO Website

As per FAO Website, Preliminary 2009 Data Available For Selected Countries and Products as on 18.03.2011, therefore, figures are for 2008 (however Figures for India are for 2009-10)

(Source: India Horticulture Database 2010)

The overall production of the fruits in the world accounts for 57.99 cr MT. After China, India is the largest producer of fruits in the world. In 2009-10 China produced 10.96 cr MT fruits where as in 2009-10 India produced 7.15 cr MT fruits. China & India together contributes to 18.89% & 12.32% of the total fruit production of the world respectively.

Following table shows details about area, production and productivity of major fruits producing countries in the world,

MAJOR VEGETABLES PRODUCING COUNTRIES IN THE WORLD (2009-10)			
COUNTRY	AREA IN HA	PRODUCTION IN MT	PRODUCTIVITY MT/HA
China	24080078	457830386	19.0
India	7984800	133737600	16.7
USA	1158911	37252110	32.1
Turkey	1106103	27163932	24.6
Egypt	724047	19171905	26.5
Iran (IR)	592757	14974532	25.3
Russian Fed	767820	14349110	18.7
Italy	523843	13696421	26.1
Spain	352845	12621874	35.8
Mexico	668970	12100851	18.1
Rep of Korea	307263	11278249	36.7
OTHERS	16878300	221293175	13.1
WORLD +	53709937	931850545	17.3

Source : FAO Website

As per FAO Website, Preliminary 2009 Data Available For Selected Countries and Products as on 18.03.2011, therefore, figures are for 2008 (however Figures for India are for 2009-10)

(Source: India Horticulture Database 2010)

The overall production of the vegetables in the world accounts for 93.18 cr MT. After China, India is the largest producer of vegetable in the world. In 2009-10 China produced 45.78 cr MT vegetables where as in 2009-10 India produced 13.37 cr MT vegetables. China & India together contributes to 49.13% & 14.35% of the total vegetable production of the world respectively.

## **Horticulture Industry Growth Drivers**

### ***Population growth***

A fundamental driver for the increase in demand for crops is Indian population growth. The population growth rate of India is estimated at 1.334% in 2011. As per the world Factbook the population of India will increase to 118.91 crores by July 2011. (*Source: World Factbook*)

### ***Land availability***

It is estimated that India has 240 million acres of cultivable wasteland, which is lying idle, which can be brought under orchard crops without curtailing the area under food crops. The country has abundant sunshine throughout year, surplus labour and widely varied agro-climatic conditions, which offer high potential for successful and profitable commercial horticulture.

### ***Technology***

Technology is absolutely critical to the agro industry be it at the production, processing or marketing and packaging stage. Experts have always suggested that agricultural technology could play a vital role in addressing the issues and concerns relating to the conservation and management of rural resources. Some of the technological equipments used at production stage are Seed Drillers, Horse Hoe, Reaper, Threshing Machines, Tractor, Treadle pumps etc.

### ***Food preferences***

Shifting consumer food preferences will affect selection of vegetables & fruit industry. The fast food industry in India has evolved with the changing lifestyles of the young Indian population. Presence of a large vegetarian population, who eschew non-vegetarian food, has given rise to outlets which exclusively serve vegetarian fast food.

### ***Health Consciousness***

People all around the world over have become more health conscious, whether it's the U.S or India. The eating habits of Indian population have changed from unhealthy to healthy diet.

### ***Supply Chain Management***

The enormous losses of fruits and vegetables produced in the country are mainly because of the lack of proper infrastructure for storage and transportation under controlled conditions. Of late, Supply Chain Management (SCM) is gaining importance due to globalization. A supply chain is a set of three or more organizations linked directly by one or more of the upstream or downstream flows of products, services, finances, and information from a source to a customer. Supply chain management, then, endorses a supply chain orientation, and involves proactively managing the two-way movement and co-ordination of goods, services, information and funds (i.e. the various flows) from raw material through to end user. The changing lifestyle and open economy have forced the manufacturers/suppliers to produce/supply quality products.

Several factors are driving an emphasis on supply chain management. First, the cost and availability of information resources between entities in the supply chain allow easy linkages that eliminate time delays in the network. Second, the level of competition in both domestic and international markets requires organizations to be fast, agile, and flexible. Third, customer expectations and requirements are becoming much more stringent. So to satisfy the consumers, SCM system should operate with the two main objectives *timeliness* and *quality*.

### ***Marketing & Distribution***

Marketing and distribution channels are generally localized. Horticulture companies create awareness about their products among farmers. Large horticulture firms play a direct role in marketing and distributing their end product to regional, national and international markets. Many firms also license or outsource marketing and distribution to private firms and individuals to improve access to local markets. In addition to company sales, distribution is typically run by local distributors including *inter alia* independent agents, such as farmer-dealers, farmers' associations, and private wholesalers and retailers. Different distribution channels are used in different regions and markets.

## Government Initiatives

The Horticulture industry in India has been growing steadily with strong impetus from the government through various initiatives. Development of horticulture in the country is mainly through developmental programmes of the Department of Agriculture & Cooperation. The schemes under implementation include National Horticulture Mission (NHM), Horticulture Mission for North Eastern and Himalayan States (HMNEH), National Mission on Micro Irrigation (NMMI), National Bamboo Mission (NBM), Schemes of the National Horticulture Board (NHB) and Integrated Development of Coconut including the Technology Mission on Coconut coordinated by the Coconut Development Board (CDB). Besides, a Central Institute of Horticulture (CIH) is functioning in Nagaland for providing technology & HRD support to the horticulture sector in the North-Eastern states.

During the year 2009-10, National Horticulture Boards (“NHB”) has assisted 5213 projects covering about 26535.3 acres of area of commercial horticulture and released subsidy to the tune of ₹74.293 crore. In addition, the Board has released financial assistance of ₹51.512 crore for projects relating to Cold storages and Specialized Storages, ₹3.546 crore for Technology Development & Transfer, ₹5.608 crore for Market Information Schemes and ₹6.115 crore for strengthening / capabilities of NHB.

As the horticulture projects are capital intensive, have higher gestation period and need costly inputs, credit link may be necessary. The credit institutions have joined horticulture development initiatives of the Board wholeheartedly and provided credit support to the projects.

(Source: Annual Report 2009-10, National Horticulture Board)

### National Horticulture Mission (“NHM”)

The Department of Agriculture & Cooperation, Ministry of Agriculture is implementing a Centrally Sponsored Scheme “National Horticulture Mission” in the country since 2005-06 for the holistic development of horticulture sector duly ensuring forward and backward linkages by adopting cluster approach, with the active participation of all the stake-holders. All the States and three Union Territories of Andaman Nicobar Islands, Lakshadweep and Puducherry are covered under the Mission, except the eight North Eastern States, including Sikkim, and the States of Jammu & Kashmir, Himachal Pradesh and Uttarakhand, which are covered under the Horticulture Mission for North East & Himalayan States (HMNEH).

The objective of NHM is to promote holistic growth of the horticulture sector through area –based, regionally differentiated strategies. The supply of quality planting material through establishment of nurseries and tissue culture units, production and productivity improvement programmes through area expansion and rejuvenation, technology promotion, technology dissemination, human resource development, creation of infrastructure for post-harvest management and marketing in consonance with the comparative advantages of each state/region and their diverse agro-climatic conditions are the major programmes of the Mission. The summary details of the progress achieved are given in Table below:

(Area in lakh hectares)

S.No.	Component	Progress during 2005-06 to 2009-10	Progress During 2010-11 (up to January, 2011)
1	Nurseries (No.)	2192	55
2	Area Expansion	16.57	2.10
3	Rejuvenation of old and senile orchards	2.78	0.37
4	Organic farming	1.37	0.05
5	Integrated Pest / Nutrient Management	7.53	1.04
6	Pack houses (No.)	1091	546
7	Cold Storage (No.)	367	43
8	Mobile/Primary processing units	264	69
9	Markets (No.)	172	9
	(a) Whole Sale	9	2
	(b) Rural	163	7

(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)

With effect from 2007-08, the first year of the Eleventh Plan, State Governments are contributing 15 percent of the budget as their share and Government of India is providing 85 percent share. From 2005-06 to 2009-10, an amount of ₹4,303.12 crores was released for the implementation of the scheme, out of which an expenditure of ₹4,125.43 crores was reported. During 2010-11 an outlay of ₹1,061.98 crores has been earmarked against which an amount of ₹801.38 crores has been released so far for implementation of the scheme.

*(Source: Annual Report 2010-11, Department of Agriculture & Cooperation, Ministry of Agriculture)*

#### **Financial Assistance provided by the Government**

During 2010-11, a budgetary provision of ₹6,000.00 lakh has been made for NBM, against which ₹5,857.46 lakh has been released to different States so far including ₹123.46 lakh to R&D institutions. In the North-Eastern (N.E.) States including Sikkim, the Mission has allocated ₹4,000.00 lakh against which a sum of ₹3,885.91 lakh has already been released. During the year, these States have covered 7064 hector area with bamboo plantation and 2110 hectares of existing stock has been improved for higher productivity. Further it may be mentioned that a sum of ₹105.00 crores has been made available for NBM at R.E. stage, out of which ₹70.00 crores is for N.E. states.

## **BUSINESS OVERVIEW**

We are Horticulture Company having base in southern part of India. Our Company was originally promoted by Late Mr. D.V.S. Anand and Mrs. D.V.S. Lakshmi in the year 1992 with the name and style M/s. Anand Lakshmi Finance Private Limited to carry on business as Non-Banking Finance Company (NBFC). In June 2005, our Company surrendered its NBFC license and changed its name to Genera Industries Limited in August 2005 (subsequently changed to “Genera Agri Corp Limited” in April 2011). In October 2005, our present promoters Mr. M Rajesh Naidu and Mrs. M Kalpana Raj increased their share holding from 4.99% to 54.99% by acquiring 50.00% of the total paid up equity share capital of “Genera Industries Limited” from the erstwhile promoters, namely, Mr. D N Ravi Kumar, Mrs. D V S Lakshmi and public through an open offer. Post acquisition, our Company diversified into Bio Fuels to meet the Global Demand of Jatropha Cultivation and gradually transformed into Horticulture business by cultivating fruits and vegetables. Our promoter and Managing Director, Mr. M Rajesh Naidu hails from Agriculture family and has more than a decade experience in the field of agriculture.

In year 2009, as a part of our strategy to forward integrate, we ventured into retail operations through mobile vans and sales outlet at gated community centers. In the fiscal 2011, we started our retail outlets, in the name of “Genera Fresh”. At present, we have 5 retail outlets situated at locations considered to be prime in Hyderabad, Andhra Pradesh. Our Company is also engaged in marketing and selling of our crops in domestic as well as international markets.

The crops we produce/procure include fruits like Banana, Papaya, Sweet lime, Mango, Acid Lime and Grapes and vegetables including exotic vegetables. We do contract farming for mango, sweet lime, acid lime gardens, papaya. Our Company currently exports grapes to Germany.

As per our Restated Financials, our total income for the financial year ending 2011 was ₹8,508.95 lakhs as compared to ₹5,094.34 lakhs for financial year ending 2010. During the same period our profit after tax was ₹2,157.98 lakhs and ₹1,067.82 lakhs respectively.

### **Competitive Strengths**

We believe that the following are our competitive strengths which have been contributing to our growth.

#### ***High yield cultivation***

We believe that we generate high yield plant cultivation due to good agriculture practices followed by us over the years. Our Company has in-house R&D team who works towards selection of high quality seeds which enable us to extract high yield crops. Our ability to generate high density plantation enable us to yield higher cultivation and resultant revenues.

#### ***Crop Planning & Timing***

Indian Agriculture is primarily rain-dependent. While the onset, progress and withdrawal of the monsoon decide the crop planning, the temporal and spatial variability in the monsoon activity influences the crop productivity and requires contingent planning on regular basis. Our team works towards crop diversification model to fight climatic changes taking place throughout the year. Over the years, we have been successful in doing proper crop planning which has helped us in achieving continuous growth in revenue. Crop planning should be done according to market intelligence survey. Preparation of market oriented production plan is based on potentiality and demand for specific product.

#### ***Experienced and efficient management team***

We have an experienced management team lead by our Promoter, Mr. Rajesh Naidu who belongs to an agriculture family and has more than a decade of experience in the field of cultivation of crops. Apart from our promoter director, our key managerial personnel like Mr. A. S. Raja Rao, Dr. A.R. Swami Phalani and Mrs. S Swarupa Rani have more than a decade of experience in the field of agriculture. We believe that our experienced management team and their understanding of agriculture industry has helped us to increase our land under cultivation from approximately 600 acres in 2006 to approximately 3800 acres in 2011. This has lead to the growth of the revenue from ₹35.40 lakhs in 2007 to ₹2,157.98 lakhs in 2011. We believe that their experience will help us to take advantage of both current and future market opportunities.

### ***Local Market Network***

We believe that managing post harvest activities is a key factor to gain higher revenues. We have strong ground/root level post harvest management teams who have immense experience, which enables us to provide our crops to local and national markets. Over the years, we have developed strong network in local market for selling of our crops which helped us to improve revenue stream with reduction in wastage as well as handling of crops for long duration.

### ***In-House Research & Development:***

Our Company has developed in-house Research & Development Department for conducting study of land development, crop cultivation, seeds testing etc. Research & Development is required for improving farm productivities, continuous introduction and implementation of innovative technologies in crop cultivation. We believe that experienced and professionally qualified members, equipped with the latest infrastructure facilities will undertake full time research that will lead to better crop cultivation. It has also been our endeavour to continuously upgrade and improve our cultivation technique for better output.

### ***Growth Strategy***

We intend to pursue the following strategies in order to consolidate our position and grow further:

#### ***Marketing of products***

Our Company, since 2005, has been concentrating on crop cultivation through various scientific techniques and processes. We believe that we have made substantial progress in development of high quality crops. In order to cater to the growing demand for crops, our Company proposes to concentrate towards marketing of the products across the Country. Our Company's produce is supplied in Andhra Pradesh, Maharashtra and North India. We believe that more emphasis on marketing of products will lead us to expand our business in more geographical regions and to improve our revenue.

#### ***Expanding Product Range***

We produce/procure more than 40 varieties of Fruits & Vegetables which provide us with a natural hedge against dependence on any particular crop(s). Our Company has commenced dealing into organic coffee beans and kasturi turmeric in the fiscal year 2011. We believe that there is market potential for various cash crops like cashew, spices etc. We also propose to set up horticulture corridor by establishing pack houses, cold storages and ripening chambers, which will enable us to market our products in an organized manner across India under the brand name.

We keep identifying such crops which will enable to have a foothold in the market and thus providing significant opportunity to expand. We propose to venture into marketing of Apples, Nagpur Oranges and further expand our Grapes garden cultivation through contact farming in the near future.

#### ***Expanding into new potential markets for crop cultivation***

Presently our land under cultivation is mainly in Andhra Pradesh, Tamil Nadu and Maharashtra. We intend to expand our footprints to other areas, especially in Haryana, Himachal Pradesh, Karnataka, Kerala, West Bengal and North East. Further, we intend to expand our reach in these regions for our existing as well as product range we propose to expand in.

#### ***Increase geographic penetration by spreading the network of "GENERA FRESH"***

We intend to focus on brand building of our existing exclusive retail outlet brand "GENERA FRESH" by setting up new outlets in new geographic areas having good potential growth. Presently, our retail outlets are primarily located in the city of Hyderabad which we intend to expand in other Metros as well as tier I & tier II cities of Andhra Pradesh, Maharashtra and Karnataka in a phased manner.

### ***Global Expansion***

In order to expand our operation globally, we have promoted wholly owned subsidiary in UAE by name "GENERA AGRI GLOBAL LTD" to create marketing platform in Middle East for our export business. Due to industrialization and infrastructure development, conversion of agriculture land to non agriculture land has bearing impact in the availability of

fertile agriculture land and eventually agricultural labours are migrating into non agricultural activity.

We intent to acquire 1,00,000 acres of agri lease lands in African countries like Tanzania, Ghana, Mozambique, Malawi and Madagascar. Further, through this subsidiary, our Company is negotiating to acquire 10,000 acres of agri lease lands in Tanzania to meet the increasing demand of food and fuel crops in the African and European markets.

As the availability of agriculture land is decreasing to commercial land and whereas huge untapped fertile agriculture land bank is available at a reasonable rental rate at Africa where we can implement farm mechanization cultivation and produce large quantities of food grains because it is not possible in India since the land extents are small.

## **Our Business**

Our Company is the business of cultivation through contract farming as well as farming on land taken on lease basis. We are also into the business of retailing through our retail outlets “ Genera Fresh” in Hyderabad.

## **Farming**

There are various methods through which we undertake cultivation of various crops. This methods are as follows,

### **(1) Open field Cultivation**

This is one of the conventional method of crop cultivation. Our Company has taken land on lease for cultivation from various farmers. We use bio/synthetic pesticides as well as fertilizers and water-soluble fertilizers for cultivation of crops. This method helps for mass production of one crop in one location.

### **(2) Polyhouses**

Crop cultivation through polyhouses is Hi-tech agriculture practice. The polyhouse cultivation is one of the most intensive method of crop production. Polyhouse cultivation is considered to be highly productive and environment friendly. The polyhouses are constructed with the help of ultraviolet plastic sheets, so that they may last for more than 5 years. The structure is covered with 1501m thick plastic sheet. The structure is prepared with the bamboos or iron pipes.

Generally, the length of the polyhouse is 25-30 feet and width 4-5 feet. The direction of polyhouse is always East to West, so that the maximum sunshine is available. The polyhouses help us in maintaining temperature of crops. The polyhouses can keep cool temperature as well as hot temprature depending upon the season. By adopting the modern technology of polyhouse, we have been able to minimise the difference in the demand and supply of off-season for vegetables and fruits etc. This facilitates also help us in maintaining the quality of the crops.

### **(3) Pandal Cultivation :**

Vegetable cultivation on pendals is technological improvement for vegetable crops like Ridge guord, Bitter guord, Bottle guord, Sponge guord and Coccinia. Previously pendal cultivation was restricted to Grapes cultivation only. Now a days, It is being used in semi-urban areas for cultivation of high value guord crops.

The pendal is established by using cement pillars or stone pillars having hight of 10 ft and 20-25 cm girth. At the spacing of 15 x 15 mt distance 30 x 45 cms pits is dugged to erect pillars. Approximately 195-200 pillars is required for establishment of one acre pendal for cultivation. Approximately 1.5 ft of pillar is kept in the pit and covered with concrete mixture. Remaining 8.5 ft of pillar will be above the ground. Training and pruning practices are followed to facilitate growth on the pendal resulting in higher yield as compared to open field cultivations.

## **Marketing**

### Domestic

Our Company believes in direct marketing of crops to the consumers. Apart from marketing our crop produce, we procure crops directly from the farms and supply it to various markets through our linkage of supply chain which enable us in eliminate intermediaries.

We produce through our own and network farmers, Fruits and Vegetables, Coffee, Turmeric, Ginger, other products and have been marketing the same to local markets, vegetable vendors and institutions such as Hotels and Caterers. Apart from our own retail operations, we also supply to other Retail Chains.

### Export

During the financial year ended March 31, 2011, we started exporting grapes to Germany. We have also promoted a wholly owned subsidiary in UAE by name “GENERA AGRI GLOBAL LTD” to create marketing platform in Middle East for our export business.

## **Retailing**

Due to unorganised market in India for fruits & vegetables, we have set up our own retail outlet called “GENERA FRESH” with the slogan “TAKE THE FARM HOME”. Presently we have 5 retail outlets located at Kondapur, Nandagiri Hills, Balkampet, Rajendra Nagar and Miyapur in Hyderabad.

We also serve the potential customers in thickly populated colonies, apartments, gated community houses and marketing fruits and vegetables through our mobile vans.

## ***Farm Location***

Our Company enters into Lease agreements for cultivation of fruits & vegetables. Our Company also enters into contract farming agreements with farmers in various districts of Andhra Pradesh, Tamil Nadu and Maharashtra.

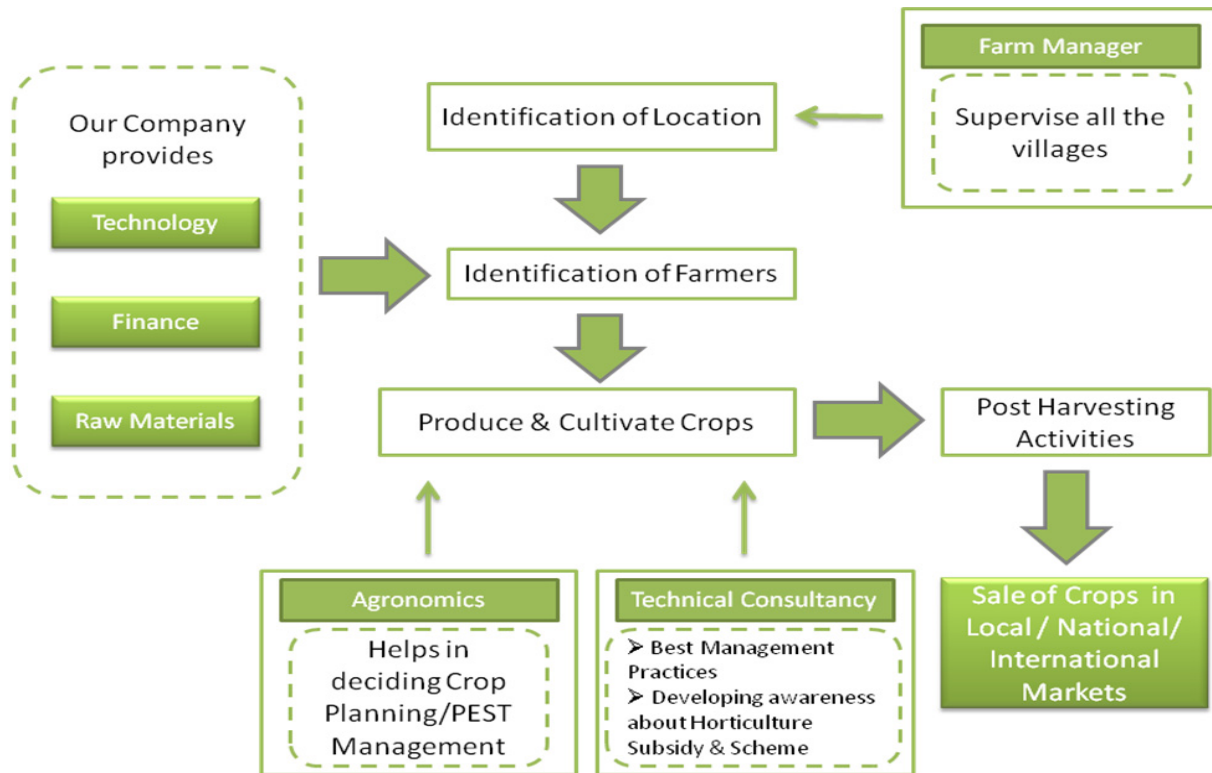
## **Land Identification**

Our Company has a team who are specialized in identification of land. The team undertakes various case studies for identifying right land, soil testing, hydrostatic testing and proximity to market etc.

## **Production Methodology**

Our Company performs off season crop planning using polyhouses which enable us to undertake high density cultivation. We have adopted GAP (Good Agricultural Practices) for producing hygienic vegetables and fruits.

## Agriculture Process flow



### Identification of Location

Land identification is first stage of our agriculture process. We have R&D team who works towards identification of location which have fertile agriculture land in that particular area. Our R&D team finalise the location for cultivation after considering various factors like soil fertility, crop cultivation, weather condition, source of irrigation etc.

We appoint Farm Managers who looks after all the villages which come under identified location. Farm manager will supervise and advise the farmer in farm operations like ploughing, seed treatment, seed sowing, inter cultivation, weed management, integrated pest management, integrated nutrient management and post harvest management as per recommendation of agronomist and technical support group.

### Identification of Farmer

Once our R&D team finalises the location for crop cultivation, next step is to identify right farmer who have past experience in cultivation of crop in which we are into. We identify those the lands on which our targeted crops were already produced in past. Once we finalise the farmer, we enter into Contract farming agreement with them for cultivation of required crops.

Our Company helps farmers by providing latest technology for crop cultivation, inputs like seeds, pesticides, fungicides, fertilisers, etc and finance.

### Agronomics

Our Company uses services of several Agronomics who help us in identifying right crop in that particular period on the basis of climate condition & soil fertility and PEST management. These agronomists are considered to be “Agriculture Experts” and have wide experience in the field of crop cultivation.

### ***Technical Consultancy***

Technical Consultant helps us in following and establishing Best Management Practice for crop cultivation. They educate our farmers about Horticulture Schemes and Subsidy which is provided by the Horticulture Board.

Technical support Group consisting of following subject matter specialists:

1. Agronomist: Deals with crop management practices like land preparation, irrigation scheduling, inter cultivation operations, application of organic manures and optimum dosage of fertilisers in time;
2. Soils Scientist: Deals with soil suitability to cultivation of various cropping patterns;
3. Entomologist: Deals with pest management for various crops. Preventive application of Biological and Chemical pesticides according to threshold level. During the pest occurrence, management and crop specific control measures to be adopted are decided in consultation with Entomologist.
4. Plant Pathologist: Deals with the diseases of various crops. Preventive application of Biological and Chemical fungicides according to disease forecasting. During disease occurrence, management and crop specific control measures to be adopted are decided in consultation with Plant Pathologist.
5. Post Harvest Management Specialist: Deals with the Post Harvest Management. Harvesting at the right time according to crop specific maturity indices and marketability. Further it includes grading, sorting, ripening, packing, pre-cooling operations, storage till reaching the distant markets post harvesting.
6. Extension Specialist: Deals with transfer of technology to the farmers. Educates the farmers about Contract farming, Organic farming, and creates awareness about use of Organic fertilisers, Bio-pesticides, Fungicides and optimum utilisation of Chemical fertilisers and Pesticides which effects the quality of the crops.

### ***Post Harvesting Activity***

Crop quality and the success of direct marketing depends on post harvesting activity. We provide high quality produce through harvesting the produce at the right time and right stage depending upon maturity indices, our efficient post harvest handling practices like grading, sorting and quality packaging of crops enables us in preserving the quality of produce.

### **Collaborations, any performance guarantee or assistance in marketing by the collaborators**

Our Company has not entered into technical, marketing or any other collaboration.

### **Infrastructure facilities for inputs and utilities like water, electricity, etc.**

#### ***Inputs***

The major input for cultivation of various crops is quality seeds. Presently we are procuring these materials from local market as well as from seed companies. Our R&D Department undertakes testing of new seed varieties before it is supplied to farmers.

Our Company handles integration of the supply chain to ensure timely availability of quality and quantity inputs like seeds, organic and chemical fertilizers, bio and chemical pesticides and fungicide on bulk which significantly reduce the cost of cultivation. This increase the scope of technology transfer, capital inflow and also leads to assured markets for crop production.

#### ***Utilities***

*Power:* We require power to run various equipments required for crop cultivation. We have not entered into any specific agreement for supply of electricity with any supplier. The electricity is supplied by state electricity board.

*Water:* Supply of water is very essential in crop cultivation. We procure water from Canals, Rain Water as well as Borewells. We generally target those lands where there is sufficient water supply/ground water availability

*Manpower:* We require trained agri labours for crop cultivation in our own as well as farms wherein we have entered into contract farming. We also impart training in pre & post harvesting management to our agri labours.

*Fertilizers:* We use bio-fertilizers such as Cowdung, Vermicompost, Neem Cake, Panchamrut and some bio-agents etc. In recommended/compulsory situation, we also apply synthetic fertilizers prescribed by the agronomist.

*Packhouse:* Agriculture produces are perishable in nature and thus requires proper handling and storage post harvest. We have pack houses at various farm locations both for domestic as well as for export markets.

*Equipments:* Tractors, Tillars, Displow, Arrow plow, Sprayers, Irrigation Equipments etc.

## Products of Our Company

Following are major fruits and vegetables produced/marketed by us,

Fruits: Banana, Papaya, Sweet Orange, Mango, Acid Lime, Grapes etc.

Vegetables: Tomato, Potato, Lady Finger, Cabbage, Capsicum, Brinjal etc.

## Intellectual Property

We have applied for registration of the logo of our Company under various classes. For details of registration of our logo and other details, please refer chapter titled “Government/Statutory and Other Approvals” beginning on page 137 of this Draft Red Herring Prospectus.

We have intellectual property rights that we seek to protect to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although, they may collectively be of material significance to our business.

## Properties

The following sets forth our significant freehold and leasehold properties at the date of this Draft Red Herring Prospectus:

### Freehold Properties

Sr. No	Property Description	Agreement Date	Seller	Amount (In ₹)	Total Area
1.	Survey No. 129, Pallepahad Village, Pallepahad Grampanchayath, Kondapak Mandal, Medak Distict, Andhra Pradesh	January 01, 2007	Mr. Rajesh Naidu Munirathnam (Promoter)	51,500	1.31 acres
2.	Survey no. 255, situated at Erravelly Village, Grampanchayath Erravelly, Mandal Kondapaka, Dist Medak	January 20, 2011	Mr. Ramapuram Srinivas Goud	3,00,000	1.00 acres

*Note: All above properties are registered in the name of our Company*

### Leasehold properties, including the registered office

The details of properties taken on license basis are as under:

Sr. No	Parties	Licensed Premises and User	License Period
1.	Ms. Dagari Bai, Ms. Pani Bai, Mr. Om Prakash Chowdhary and Ms. Kamala Bai (Licensors) and the Company (Licensee)	G-3 & G-4 in premises bearing No. 7-1-223,7-1-222/1, 7-1-227 & 7-1-228 admeasuring 2523 sq.ft building named "Sri Pride" at Balkampet. This Premise is used as retail outlet of the Company.	5 year period commencing from January 22, 2011.
2.	Mr. Garrepally Srinivas (Licensors) and the Company (Licensee)	Premises at H.No. 1-57/A/17, Sriram Nagar, Maseedbanda Road, Kondapur, Hyderabad – 32 admeasuring 1000 sq. ft Ground Floor and 1000 sft of Cellar This Premise is used as retail outlet of the Company.	15 year period commencing from June 15, 2010
3.	Nandgiri Co-operative	Premises at H.No.8-2-293/82NG/A admeasuring 700 sq. ft.	4 year period

Sr. No	Parties	Licensed Premises and User	License Period
	Hsg Soc Ltd (Licensors) and the Company (Licensee)	Including Common Areas situated on the Ground Floor of Society Office, Nandagiri Hills, with Survey No. 402/1, Hyderabad-500033. This Premise is used as the retail outlet of the Company.	commencing from July 01, 2010
4.	M. Chandra Mohan Reddy & M. Vijaya Lakshmi	Flat No G2&G3 Constructed in Plot No 185 Admeasuring 1100 SFT&1200SFT Situated at Priyadarsini Elite, Sree Ram Nagar colony, Puppalguda Village, Rajendra Nagar Mandal, Ranga Reddy District. This Premise is used as retail outlet of the Company	9 year period commencing from June 01, 2011
5.	Aliens Group Infra Private Limited	Shop bearing No.A1 in the 1st Floor in Block-B in Sy.nos.134,139/A,139/AA/1,134(Part),139/AA/2, 139/e and 140/EE situated at Miyapur, Serilingampally Madal and municipality, Ranga Reddy District. This Premise is used as retail outlet of the Company	5 year period commencing from July 15, 2011
6.	Ms. Atluri Sreedevi (Licensors) and the Company (Licensee)	Premises at Plot No. 382, Road No. 82, Film Nagar, Jubilee Hills, Hyderabad – 500 033 is on leased property (Independent House). This Premise is used as Registered Office of the Company	11 month period commencing from November 13, 2010

### Land Utilization & Farming capacity

As on August 31, 2011, the total area under cultivation is approximately 3,800 acres, out of which area under contract farming is approximately 2,000 acres.

### Human Resources

As of August 31, 2011, we have 37 full-time employees. Our Company also employ a number of seasonal workers, which varies greatly during the year due to the seasonal nature of our business. We believe that our relations with our employees are satisfactory.

The following chart shows the breakdown by position of full-time employees across the Company as of August 31, 2011:

Sr. No.	Category	No of Employees
1.	Research & Development	1
2.	Marketing/Sales & /distribution	26
3.	Production & Processing	2
4.	General Administration	8
	<b>Total</b>	<b>37</b>

### Insurance

Our Company has taken insurance policy for 4 retail outlets covering standard fire, earthquake, terrorism, burglary, money, electronic equipment and machinery breakdown for total insured amount of ₹114.76 lakhs valid up to July 21, 2012. Our Company is in the process of taking insurance cover for the new store.

### Competition

Our Company faces competition from a number of players operating in the segment which includes organized as well as players operating in the unorganized manner.

### Marketing & Distribution Arrangement

Agri products require very careful handling, proper humidity and temperatures to maintain till it is supplied to Market or Consumers. We believe that marketing offices and warehouses in the Southern and Northern region will enable us to increase our market share in these regions. Moreover, we will be in a better position for meeting the requirements on time.

## **Research & Development**

There is a need for a second green revolution especially in the area of horticultural products. In order to improve farm productivities continuous introduction and implementation of innovative technologies and a strong R&D network is essential. We believe that, we have a pool of talented consultants with wide experience in the field of agriculture, which provide us with the requisite support.

Good Agricultural Practices (GAPs) promote efficient use of resources, safety for consumers and farm workers, and economic viability of farms are key drivers. GAP in vegetable production include soil conservation, water management and irrigation, pest management, pesticide use and storage, nutrient management, organic and inorganic waste management, and energy use and conservation. We follow these GAPs in our Company and are on a continuously looking out for improving the same.

## KEY INDUSTRY REGULATIONS AND POLICIES

There are several relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. Under the relevant provisions of Central Government of India, State Governments Statutes/Legislations and the bye laws of the respective local authorities, our Company is required to obtain and regularly renew certain licenses/registrations and/ or to seek statutory permissions to conduct the business and operation.

The list set out below is by way of an illustration and is not an exhaustive list of all statutes applicable to our Company's operations. In addition to this, our Company is required to comply with various laws including labour laws and the rules framed thereunder.

A summary of the regulations and policies currently applicable/that would become applicable to the Company are as follows:

### KEY INDUSTRY REGULATIONS:

#### ***Essential Commodities Act, 1955***

The Essential Commodities Act, 1955 gives powers to control production, supply, and distribution etc. of essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability of the Central Government have issued the powers under the Act, various Ministers / Departments of the Central Government have issued Control Orders for regulating production / distribution / quality aspects / movement etc. pertaining to the commodities which are essential and administered by them.

The Essential Commodities Act is being implemented by the state Government/UT Administrations by availing of the delegated powers under the same Act. The state government / UT Administrators have issued various control orders to regulate various aspects trading in Essential Commodities such as food grains, edible oils, pulses sugar etc. The central government regularly monitors the action taken by the state government /UT Administrators to implement the provisions of the Essential Commodities Act, 1955.

#### ***Prevention of Food Adulteration Act, 1954 & Rules, 1955***

This act is the basic statute intended to protect the common consumer against supply of adulterated food and specifies different standards on various articles of food. The standards are of minimum quality level intended for ensuring safety for humans for consumption of these food items and for safeguarding against harmful impurities, adulteration etc. The provisions of this Act are mandatory and contravention of the Rules can lead to both fine and imprisonment. The standards of quality of various food articles have been specified in Appendix B to the Prevention of Food Adulteration Rules, 1955. Manufacture, sale, stocking, distribution or exhibition for sale of any article of food, including prepared food or ready to serve food, cannot be done by any person except under a license procured under this act.

#### ***The Industrial (Development and Regulation) Act, 1951***

The Industrial (Development and Regulation) Act, 1951 ("IDRA") regulates all industrial activities in the country. The IDRA confers on the Government of India, the power to make rules for regulation and development of various industries. This Act covers industries dealing in edible oil products, and mandates that such industries must, prior to being set up, acquire a license from the Central Government in this behalf.

#### ***The Agricultural Produce (Grading & Marking) Act, 1937***

This act provides for the grading and marking of agricultural and other produce. The Act empowers the central government to prescribe grade standards indicating the quality of articles included in the schedule and specify grade designation marks to represent particular grades or qualities. The Act provides for the grading and marketing of agricultural produce. The grade standards prescribed under this act are based on both physical and chemical characteristics and are formulated after analysing representative samples of each commodity collected from different regions and different seasons. Besides the international standards and special requirements of overseas consumers are also taken into account while formulating these standards for the commodities which are exported. The grade standards are reviewed and amended from time to time in the light of the shift of the pattern of production and trade and changes in the consumer's preferences. The grades are designated as the 'Agmark' grades.

### ***Fruit Products Order (FPO), 1955***

Grading of fruits and vegetable products. With a view to exercising quality control over fruits and vegetables the govt. promulgated the Fruits Product Order -1955 under Section 3 of the Essential Commodities Act, 1955. This Fruit Products Order – 1955, aims at regulating sanitary and hygienic conditions in manufacture of fruit & vegetable products. Licensing under this Order lays down the minimum requirements for (1) Sanitary and hygienic conditions of premises, surroundings and personnel (2) Water to be used for processing, (3) Machinery and equipment, (4) Product standards. Besides this, maximum limits of preservatives, additives and contaminants have also been specified for various products. This order is implemented by Ministry of Food Processing Industries through the Directorate of Fruit & Vegetable Preservation at New Delhi.

### ***The Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 which came into force on April 1, 2011 seeks to repeal the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. It provides for establishment of uniform stands of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. It regulates the manufacture, sale and use of standard weights and measures.

### ***Legal Metrology (Packaged Commodities) Rules, 2011***

These regulations provides for the pre-packing and sale, distribution or delivery of commodities in packed form.

## **INDUSTRIAL LAWS**

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers

### ***Factories Act, 1948***

The said Act is applicable to all factories employing 10 or more persons and working with the aid of power or employing 20 persons and working without the aid of power. The Act covers all workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture. According to section 7(1) of the Factories Act, 1948, the occupier shall at least 15 days before he begins to occupy or use any premises as a factory, send to the Chief Inspector, a written notice containing particulars of the factory, its occupier, owner of premises, nature of manufacturing process, number of workers and such other information. According to section 7A, every occupier is required to ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Every occupier is required to prepare, and, as often may be appropriate, revise, a written statement of his general policy with respect to the health and safety of the workers at work and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision thereof to the notice of all the workers in such manner as may be prescribed.

## **LABOUR LAWS**

### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952***

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

### ***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of 'five year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year

of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹350,000 for an employee.

#### ***Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

#### ***Payment of Bonus Act, 1965***

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a Company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the Company for the conduct of the business of the Company at the time of contravention.

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

The object of the Contract Labour (Regulation and Abolition) Act, 1970 is to prevent exploitation of contract labour and also to introduce better conditions of work. A workman is deemed to be employed as Contract Labour when he is hired in connection with the work of an establishment by or through a Contractor. Contract workmen are indirect employees. Contract Labour, by and large is not borne on pay roll nor is paid directly. The Contract Workmen are hired, supervised and remunerated by the Contractor, who in turn, is remunerated by the Establishment hiring the services of the Contractor.

#### ***The Maternity Benefit Act, 1961***

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

#### ***The Payment of Wages Act, 1936***

It regulates payment of wages to certain classes of employed persons. It makes every employer responsible for the payment of wages to a person employed by him. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under this Act.

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

This came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

#### ***The Workmen's Compensation Act, 1923***

It has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due, the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

### **FOREIGN TRADE**

#### ***The Foreign Trade (Development & Regulation) Act, 1992***

The Act is to provide for the development and regulation of Foreign Trade by facilitating inputs into, and augmenting exports from India and for matters connected therewith or incidental thereto.

### **REGULATIONS FOR FOREIGN INVESTMENT**

#### **Foreign Ownership**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the ‘automatic route’ within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the

automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies engaged in the Agriculture covering production of fruits and vegetables falls under Horticulture and fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100% under Controlled Conditions. At present Government of India has prohibits the FDI in multi-brand retail industry. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India

## **Intellectual property**

### ***Trademarks Act, 1999***

The Trade Marks Act governs the statutory protection of trademarks in India. Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registrations of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods. Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark have to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

## **Tax Related Legislations**

### ***Value Added Tax, 2005***

Value Added Tax ("VAT") is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. The following, among others, are the State VAT legislations applicable to the Company:

- Andhra Pradesh Value Added Tax Act, 2005
- Karnataka Value Added Tax Act, 2003
- Maharashtra Value Added Tax Act, 2002
- Tamil Nadu Value Added Tax Act, 2006

### ***Income-tax Act, 1961***

The Income-tax Act, 1961 ("IT Act") is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 31st October of each assessment year.

### ***Service Tax***

Service tax is charged on 'taxable services' as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from the recipient of such services and pay such tax to the Government. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

***Customs Act, 1962***

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any Company requiring to import or export any goods is required to get itself registered and obtain an Importer Exporter Code (IEC) number.

***Importer Exporter Code***

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or Company without an Importer Exporter Code number unless such person/Company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

**General*****The Indian Contract Act, 1872***

The Indian Contract Act codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

***Consumer Protection Act, 1986***

The Consumer Protection Act, 1986 seeks to provide better protection of interests of the consumers and for that purpose to make provision for establishment of consumer councils and other authorities for the settlement of consumer's disputes and for matters connected therewith. It seeks to promote and protect the rights of consumers.

To provide steady and simple redressal to consumers' disputes, a quasi-judicial machinery is sought to be set up at the district, state and central levels. The quasi-judicial bodies will observe the principles of natural justices and have been empowered to give relieves of a specific nature and to award wherever appropriate compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

***Andhra Pradesh Shops and Establishments Act, 1988***

This is a State specific legislation and each State has framed its own rules for the Act. The State Government can exempt any establishment from all or any provisions of this Act either permanently or for a specified period.

Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states in which such establishments are set up. The provisions of this legislation are applicable to all persons employed in an establishment, whether with or without wages, the only exception being that of the members of the employer's family.

The main objectives of the Shops and Establishments Act is to regulate the working & employment conditions of the workers employed in shops & establishments, including, commercial establishments.

- Fix the number of working hours, rest intervals, wages overtime, holidays, annual leave, employment of women, maintenance of records and termination of service.

For details of the Company's material registration under the applicable Shops and Establishment legislations, please refer to the chapter titled "Government/Statutory and Other Approvals" beginning on page 137 of this Draft Red Herring Prospectus.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on October 28, 1992 as “Anand Lakshmi Finance Private Limited” in the state of Andhra Pradesh. The status of our Company was changed to a public limited company by a special resolution of the members passed at an EGM held on February 27, 1994. The fresh Certificate of Incorporation consequent to change of status from Private to Public was obtained on April 18, 1994 from the Registrar of Companies, Andhra Pradesh. The name of the Company was later changed to “Genera Industries Limited” with effect from August 11, 2005 and again changed to “Genera Agri Corp Limited” w.e.f. April 29, 2011.

Our Company was originally promoted by Late Mr. D.V.S. Anand and Mrs. D.V.S. Lakshmi. Our Company was formed to undertake financing activities such as Leasing, Hire Purchase, Loans and Finance as its main business activities (Non-Banking Finance Company - Deposit taking Company). Our Company vide its letter dated June 15, 2005, surrendered its Certificate of Registration (CoR) for cancellation and accordingly, the Reserve Bank of India vide order dated July 15, 2005 had “**Cancelled as Surrendered**” the Certificate of Registration (CoR) No. B-09.00161.

Pursuant to a Share Purchase Agreement dated September 06, 2005, between the erstwhile promoters and our current promoters viz. Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam and consequent open offer in accordance with the Provision of SEBI (SAST) Regulations, 1997 the control of our Company was vested with the current promoters. Post acquisition, our Company started business of “Growing Nurseries” to meet the Global Demand of Jatropha Cultivation and gradually transformed into Horticulture business by cultivating fruits and vegetables. In year 2009, we ventured into retail operations through mobile vans and sales outlet at gated community centers. In the fiscal 2011, we started our retail outlets, in the name of “Genera Fresh”. At present, we have 5 retail outlets, in the name of “Genera Fresh” situated in the locations considered to be prime in Hyderabad, Andhra Pradesh.

As of the date of this Draft Red Herring Prospectus our Company has 229 shareholders.

### Major Events in the History of our Company

Sr. No.	Key Event	Month and Year
1	Incorporated as “Anand Lakshmi Finance Private Limited” and commenced operations	October 1992
2	Converted into Public Limited - “Anand Lakshmi Finance Ltd.”	April 1994
3	Public Issue and listing of Company's share on the Madras Stock Exchange Ltd and The Hyderabad Stock Exchange Limited	December 1995
4	Our Company surrendered its Certificate of Registration (CoR) to RBI as an NBFC.	July 2005
5	Our Company diversified its business into Agricultural based products.	July 2005
6	Changed the name of the Company to “Genera Industries Limited”.	August 2005
7	Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam took over the management of our Company pursuant to a Share Purchase Agreement and Open Offer.	December 2005
8	Our Company opened its first retail outlet "Genera Fresh"	August 2010
9	Incorporation of wholly Owned Subsidiary under the name “General Agri Global Limited”	March 2011
10	Changed the name of the Company to "Genera Agri Corp Limited"	April 2011

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

At the time of incorporation the registered office of the Company was located at 47-7-24, 4<sup>th</sup> Lane, Dwarakanagar, Visakhapatnam – 530 016. Details of change in registered Office of the Company thereafter are tabled below:

Previous Registered Office	New Registered Office	Date of Change	Purpose
47-7-24, 4th Lane, Dwarakanagar, Visakhapatnam – 530 016	11-1-30, 1st Street, Brodipeta, Palakol – 534 260.	October 01, 1996	Administrative Convenience
11-1-30, 1st Street, Brodipeta, Palakol – 534 260.	Plot No. 243, Flat No. S-2, Kulsum Residency, Road No. 78, Jubilee Hills, Hyderabad – 500 033	November 19, 2009	Administrative Convenience
Plot No. 243, Flat No. S-2, Kulsum Residency, Road No. 78, Hubilee Hills, Hyderabad – 500 033	Plot No. 263, Anand Villa, Road No. 78, Jubilee Hills, Hyderabad – 500 033	January 20, 2010	Administrative Convenience

Plot No. 263, Anand Villa, Road No. 78, Jubilee Hills, Hyderabad – 500 033	H. No. 8-2-293, Block III, Road No. 82, Plot No. 382, Film Nagar, Jubilee Hills, Hyderabad – 500 033	March 14, 2011	Administrative Convenience
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### Changes in the Memorandum of Association of our Company

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

Sr. No.	Changes in Memorandum of Association	Date of shareholder's approval
1	Increase in authorized share capital from ₹50 lakhs to ₹100 lakhs	July 15, 1994
2	Inclusion of new objects clauses (5) to (8) after existing sub-clause (4) of main Objects of MoA.	May 25, 1995
3	Increase in authorized share capital from ₹100 lakhs to ₹300 lakhs	July 28, 1995
4	Increase in authorized share capital from ₹300 lakhs to ₹310 lakhs	August 16, 1995
5	Alteration of Main Objects of MOA to delete the existing clauses relating to NBFC Business and insertion of new Clause to carry on the business of Information Technology and Bio-technology.	May 22, 2005
6	Alteration of Memorandum for effecting the change of name of the company from “Anand Lakshmi Finance Limited to “Genera Industries Limited”.	July 11, 2005
7	Increase in authorized share capital from ₹310 lakhs to ₹1250 lakhs	December 10, 2010
8	Alteration of Memorandum for effecting the change of name of the company from “Genera Industries Limited” to “Genera Agri Corp Limited”.	April 16, 2011
9	Alteration to Objects clause, by replacing them with a complete new set of Objects (i.e. (A) The Main Objects, (B) The Objects incidental or ancillary to the attainment of Main objects and (C) Other Objects) of the Memorandum of Association of the Company.	April 16, 2011
10	Increase in authorized share capital from ₹1250 lakhs to ₹3000 lakhs	May 25, 2011

### Our Main Objects:

1. To carry on in India or elsewhere the business of farming like open and protected cultivation of crops on own and leased land, contract production of crops through network of farmers, producer companies, government agencies, public and private sector, organic and specialized farming, plant propagation nurseries, tissue culture, sericulture in all their respective forms and branches including commercial plantations and social forestry, to plant, grow, produce, cultivate, raise, post-harvest process- prepare, refine, extract, pulverize, blend, hydrolyze, deodorize, store, clean, mix, grade, polish, canning, bleach, hydrogenate, buy, sell or otherwise deal in all kinds of agricultural products, seeds, grains, oil seeds, herbal plants, ayurvedic and medicinal plants, flowers, vegetables, fruits, edibles, non-edibles, natural, aromatic, medicinal and nutraceutical products, cereals, pulses, foods and food products of every description, and to deal, trade, do value addition, import and export of every agricultural and allied products.
2. To set up post-harvest infrastructure and cold chain logistics viz. pre-cooling facilities, cold storages, ripening chambers, Refrigerated transport, packaging, godowns, warehouses and other similar establishments for preserving and commercializing all kinds of products described above and to enter into partnership with or any other arrangements or projects with State and Central Governments, Corporations, Municipalities, Parishads and with such other Local Self Government Bodies or Authorities or individuals or Bodies.
3. To set up different types of markets – Wholesale, Rural Markets, Apna mandis/Direct Markets, Terminal markets, Agriculture export zones and also to establish food processing units or parks, Agri related refineries, chain of retail and super market stores for dealing in all kinds and varieties of products and to purchase, acquire, take on lease or license any private or government land for the attainment of the foregoing objects.
4. To carry on and to undertake research and development in the fields of Bio-technology and Genetics by setting-up institutions, laboratories and other research foundation centers and industries to produce high quality seeds of agricultural products, herbal products, herbal medicines and formulations and allied products and to conduct experiments so as to meet the global requirements .

The main objects clause of our Memorandum of Association and the other objects enable us to undertake our existing activities as well as activities for which the funds are being raised by us in this Issue.

**Subsidiary of our Company**

As on the date of this Draft Red Herring Prospectus, our Company has only one subsidiary:

**Genera Agri Global Limited (“GAGL”).**

GAGL is a wholly owned subsidiary of our Company. GAGL was incorporated on March 30, 2011 under The Ras Al Khaimah International Companies Regulations, 2006 with an authorized share capital of AED 100,000/- (United Arab Emirates Dirhams One Hundred Thousand) divided into 100 (One Hundred) shares AED 1000 (United Arab Emirates Dirhams One Thousand) each. The registered office of GAGL is located at HLB HAMT Chartered Accountants, P.O. Box 93915, Dubai, UAE. GAGL is yet to commence operations.

**Shareholders Agreement**

Our Company has not entered into any shareholders agreement as on the date of this Draft Red Herring Prospectus.

**Other Agreements**

There are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this Draft Red Herring Prospectus.

**Strategic Partners**

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

**Financial Partners**

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

## OUR MANAGEMENT

Our Company is currently managed by the Board of Directors comprising of five Directors. Mr. Rajesh Naidu Munirathnam is the Managing Director and is in charge of overall management of our Company subject to the supervision and control of the Board. As per our Articles of Association, our Board shall consist of not less than three Directors and not more than twelve Directors.

Our Board consists of five Directors of which two are Executive Directors and three are Independent Directors. Our Managing Director is an Executive Director. The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with SEBI.

### BOARD OF DIRECTORS

Sr. No	Name, Fathers' Name, Designation, Address, Age, Occupation, Nationality & DIN	Date of Appointment and Term of Office	Other Directorships
1	<b>Mr. Rajesh Naidu Munirathnam</b> S/o. Mr. M Purushottam Naidu  Designation: Managing Director  Address: Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India.  Age: 45 Years Occupation: Business Nationality: Indian DIN: 01920908	Appointed as Director of our Company on December 01, 2009  Appointed as Managing Director with effect from December 01, 2009  Term: 5 years	1. Genera Agri Refineries Limited. 2. Genera Agri Genetics Private Limited. 3. D'ala Soft Private Limited
2	<b>Mrs. Kalpana Raj Munirathnam</b> D/o. Mr. Namuduri Satyanarayana Murthy  Designation: Whole time Director  Address: Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.  Age: 36 Years Occupation: Business Nationality: Indian DIN: 02792601	Appointed as Director of our Company on December 01, 2009  Appointed as Whole time Director with effect from December 01, 2009  Term: 5 years	1. Genera Agri Refineries Limited 2. D'ala Soft Private Limited
3	<b>Mr. Rambabu Rupakula</b> S/o. Mr. Subbaraya Sarma Rupakula  Designation: Independent Director  Address: 1-9-714/9, Ward – 1, Circle- VI, Adikmet, Hyderabad – 500 007, Andhra Pradesh, India.  Age: 63 Years Occupation: Retired Nationality: Indian DIN: 03557027	Appointed as additional director with effect from 21/06/2011  Term: Hold office upto the date of next AGM	Nil
4	<b>Mr. Sagi Venkata Vanshi Krishna</b> S/o. Mr. Venkata Rama Krishna Sagi	Appointed as additional director with effect from 21/06/2011	Nil

Sr. No	Name, Fathers' Name, Designation, Address, Age, Occupation, Nationality & DIN	Date of Appointment and Term of Office	Other Directorships
	Designation: Independent Director Address: Survey no. 121, H.No. 9, Plot no. -8, Sridevi Enclave, Medipally, Uppal, Hyderabad – 500 039, Andhra Pradesh, India  Age: 29 Years Occupation: Service Nationality: Indian DIN: 03067096	Term: Hold office upto the date of next AGM	
5	<b>Mr. Venkata Rama Rao Nadipalli</b> S/o. Mr. Subba Rao Nadipalli  Designation: Independent Director  Address:H.NO:1-287/1,MirthiPadu, Rajahmundry, East Godavari, Andhra Pradesh- 533293, India.  Age: 34 Years Occupation: Service Nationality: Indian DIN: 03594423	Appointed as additional director with effect from 29/08/2011  Term: Hold office upto the date of next AGM	Nil

*Note:*

1. None of our Directors are related to each other except Mrs. Kalpana Raj Munirathnam who is the spouse of Mr. Rajesh Naidu Munirathnam.
2. None of our Directors are or were directors of listed companies whose shares have been/were suspended from being traded on the BSE and/or NSE at any time during the last five years from the date of this Draft Red Herring Prospectus.
3. Further, none of the Directors of our Company are / were Directors of listed companies which have been / were delisted on the BSE and/or NSE and/or any other stock exchanges.
4. None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Red Herring Prospectus.
5. 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.
6. None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

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

**Mr. Rajesh Naidu Munirathnam**, aged 45 years, is the Managing Director of our Company. He holds Bachelor of Commerce degree from Andhra University. He hails from agricultural family and has more than a decade of experience in the field of agriculture. Under his leadership, our Company diversified into Bio Fuels Cultivation and gradually transformed into Horticulture business by cultivating fruits and vegetables. He is instrumental in our Company entering into retail space under the name of “GENERA FRESH” in Hyderabad. He is responsible for formulating business strategies and steering the operations of our Company viz., Business Development, Price & Vendor Negotiations, Project Implementation and Execution.

**Mrs. Kalpana Raj Munirathnam**, aged 36 years, is the Whole-Time Director of our Company. She holds a Bachelor of Commerce degree from Kakatiya University. She has more than a decade of experience in the Agri Marketing. She is responsible for Human Resource and Internal Administration Functions of our Company. She is keenly associated in establishing Retail Outlets and Inventory Management, Cash Management, Staff Management for our retail outlets.

**Mr. Rambabu Rupakula**, aged 63 years, is an Independent Director of our Company. He has been on the Board of our Company since June 21, 2011. He holds Master of Arts in Philosophy degree from Andhra University. He has worked in

Andhra Bank as Branch Manager in semi urban / urban branches. He gained exposure to agriculture business while he was heading rural branches in Andhra Bank. Post his VRS as a Dy. Chief Officer of Credit Card Dept., Andhra Bank in 2001, he was associated with Mahesh Co-operative Bank as an Internal Auditor.

**Mr. Sagi Venkata Vanshi Krishna**, aged 29 years, is an Independent Director of our Company. He has been on the Board of our Company since June 21, 2011. He holds a Bachelor of Science degree from Osmania University and has also attended two year full time programme in Planning and Entrepreneurship from The Indian Institute of Planning and Management. He was one of founder Director of Non-Profit Organization named “Centre for Corporate Strategies”.

**Mr. Venkata Rama Rao Nadipalli**, aged 34 years, is an Independent Director of our Company. He has been on the Board of our Company since August 29, 2011. He holds a degree in Master of Computer Applications from Madurai Kamaraj University. He has more than 7 years of experience in the field of Software development, testing and Information Technology. He has skills in testing, configuration and development of Kenan and Siebel Applications. Presently, he is working as a Kenan Senior Billing Consultant in Colt Technology Service India Pvt Ltd, Gurgaon where he is leading a team working on project of NGB Billing System, UK. He has also worked as Siebel Consultant for Accenture, IBM Global Services and as Test Engineer in Jasper IT Solutions Pvt. Ltd.

### **Borrowing Powers of the Board of Directors**

Pursuant to a resolution dated May 25, 2011 passed by our shareholders in an Extraordinary General Meeting, in accordance with the provisions of Section 293(1)(d) and other provisions, if any, of the Companies Act, 1956, our Board has been authorized to borrow such sum or sums of money in any manner from time to time as many be required for the purpose of the business of the Company, with or without security and upon such terms and conditions as they deemed fit, provided that money to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) at any time shall not exceed, the sum of ₹450 Crores (Rupees Four Hundred and Fifty Crores Only).

### **Compensation to Executive Directors**

#### **1. Mr. Rajesh Naidu Munirathnam, Managing Director:**

Mr. Rajesh Naidu Munirathnam has been re-appointed as Managing Director of the Company for a period of 5 years with effect from December 1, 2009 on remuneration and other terms and conditions as set out below:

#### CATEGORY A

Salary: ₹24,00,000/- (Rupees Twenty Four Lakhs only) per annum.

#### CATEGORY B

1. Gratuity payable at a rate not exceeding half a month's salary for each completed year of Service;
2. Encashment of earned leave as per the Rules of the Company;
3. Contribution to Provident Fund as per the rules of the Company;
4. Contribution to Superannuation Fund as per rules of the Company;
5. Free use of Company's car with driver for Company's business;

#### CATEGORY C

1. Business Expenses: Reimbursement of all business related expenses actually and properly incurred for the business of the Company;
2. Telephone expenses: Telephone expenses including Mobile phone(s), Internet and telephone(s) at residence shall be to company's account;
3. Club fees: Fees, subject to maximum of two clubs will be allowed. This will not include admission and life membership fees;

## 2. Mrs. Kalpana Raj Munirathnam, Whole Time Director:

Mrs. Kalpana Raj Munirathnam has been appointed as Whole Time Director of the Company for a period of 5 years with effect from December 1, 2009 upon terms and conditions as set out below –

### CATEGORY A

Salary: ₹12,00,000/- (Rupees Twelve Lakhs only) per annum.

### CATEGORY B

1. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;
2. Encashment of earned leave as per the Rules of the Company;
3. Contribution to Provident Fund as per the rules of the Company;
4. Contribution to Superannuation Fund as per rules of the Company;
5. Free use of Company's car with driver for Company's business;

### CATEGORY C

1. Business Expenses: Reimbursement of all business related expenses actually and properly incurred for the business of the Company;
2. Telephone expenses: Telephone expenses including Mobile phone(s), Internet and telephone(s) at residence shall be to Company's account.;
3. Club fees: Fees, subject to maximum of two clubs will be allowed. This will not include admission and life membership fees;

Remuneration of ₹24,00,000 and ₹12,00,000 were paid to Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam respectively for the financial year ended March 31, 2011.

### **Sitting fees payable to Non-Executive Directors**

Sitting fees of ₹2500 per meeting is payable to our Non-Executive and Independent Directors for attending Board and Committee Meetings, as approved vide Board resolution dated June 21, 2011.

### **Shareholding of Directors in our Company**

As per our Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify for the office of Director of our Company. The following table details the shareholding of our Directors in their personal capacity, as on the date of this Draft Red Herring Prospectus.

Sr. No	Name of the Directors	No. of Equity Shares held as on date	Pre-Issue (%) of holding in our Company
1.	Mr. Rajesh Naidu Munirathnam	25,33,800	28.166
2.	Mrs. Kalpana Raj Munirathnam	24,13,800	26.832

None of our Directors or Key Managerial Personnel are “relatives” within the meaning of Section 6 of the Companies Act except as stated below:

Name of the Director	Relationship
Mrs. Kalpana Raj Munirathnam	Spouse of Mr. Rajesh Naidu Munirathnam

## Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board, commission payable to our Non-executive Directors as well as to the extent of remuneration payable to our executive Directors for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All of our Directors may also be deemed to be interested to the extent of shareholding in our Company, if any, already held by them or their relatives or firms, trusts or other entities/ bodies corporate in which they have interest, and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our non-Promoter Directors may also be deemed to be interested in the Equity Shares, if any, out of the present Issue that may be subscribed by and Allotted/transferred to the companies, firms and trusts and other entities/bodies corporate in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Except as stated in the section titled “Financial Statements” and “Related Party Transactions” in this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements, or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them including the properties purchased by our company other than in the normal course of business.

The Articles of Association provide that every directors and officers and their executors and administrators shall be indemnified and secured harmless out of the assets and profit of the Company from and against all actions cost, charges, losses, damages and expenses which they or any of their executors or administrators shall or may incur or sustain through or by their or any of their executors or administrators shall or may incur or sustain through or by their own willful neglect of default respectively.

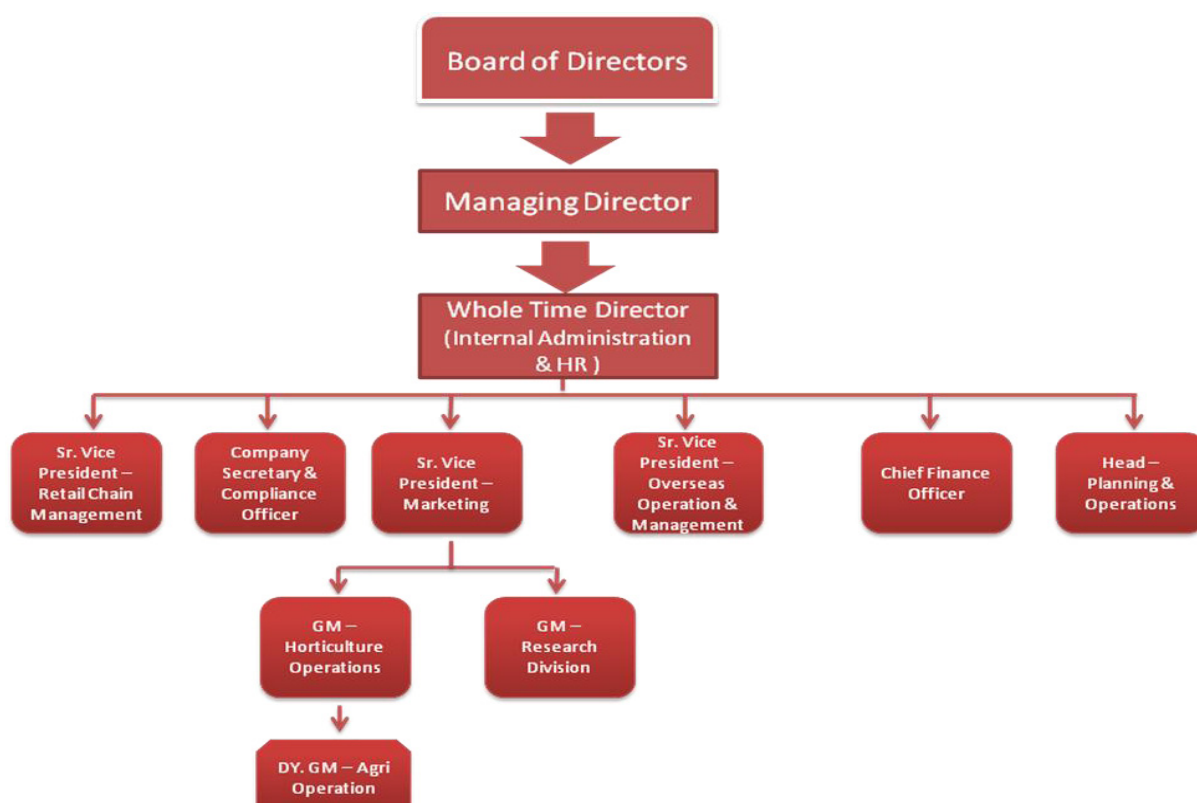
Further except as stated under the heading Related Party Transaction under the chapter titled “Financial Statements” beginning on page 107 of this Draft Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

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

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

Sr. No	Name of the Director	Date of Appointment	Date of Resignation	Reason
1	Mrs. Kalpana Raj Munirathnam	April 21,2005	November 25,2008	Resigned
2	Mr. Rajesh Naidu Munirathnam	April 21,2005	November 25,2008	Resigned
3	Mr. Gottam Hari	December 05,2008	June 21,2011	Resigned
4	Mrs. Kalpana Raj Munirathnam	December 05,2008	November 25,2009	Resigned
5	Mr. Rajesh Naidu Munirathnam	December 05,2008	November 25,2009	Resigned
6	Mrs. Kalpana Raj Munirathnam	December 01,2009	--	Appointed
7	Mr. Rajesh Naidu Munirathnam	December 01,2009	--	Appointed
8	Mr. Bhamidipati Srirama Kanakadri Somayajulu	December 01,2009	June 21,2011	Resigned
9	Mrs. Devatha Venkata Sitamahalakshmi	October 28,1992	September 29,2009	Disqualified under Sec 274(1)(g) of the Companies Act, 1956
10	Mr. Rakesh Kumar Singh	September 29,2006	September 30,2010	Disqualified under Sec 274(1)(g) of the Companies Act, 1956
11	Mr. Maddineni Rajesh	September 29,2006	June 21,2011	Resigned
12	Mr. Rambabu Rupakula	June 21,2011	--	Appointed
13	Mr. Sagi Venkata Vanshi Krishna	June 21,2011	--	Appointed
14	Mr. Vankayalapati Veera Sesha Murali Krishna	June 21,2011	August 29,2011	Resigned
15	Mr. Venkata Rama Rao Nadipalli	August 29,2011	--	Appointed

## Management Organization Structure



## Corporate Governance

Our Company is in compliance with SEBI Guidelines and Equity Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee.

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

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investor Grievance Committee

## Composition of the Board of Directors

Name of the Director	Designation	Category
Mr. Rajesh Naidu Munirathnam	Managing Director	Executive & Non Independent Director
Mrs. Kalpana Raj Munirathnam	Whole time Director	Executive & Non Independent Director
Mr. Rambabu Rupakula	Additional Director	Non- Executive & Independent Director
Mr. Sagi Venkata Vanshi Krishna	Additional Director	Non- Executive & Independent Director
Mr. Venkata Rama Rao Nadipalli	Additional Director	Non- Executive & Independent Director

## 1. Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act and Clause 49 of the Listing Agreement. The constitution was approved at a meeting of the Board of Directors held on October 3, 2006. Subsequently, the Committee was reconstituted on October 16, 2009, September 02, 2010, June 21, 2011 and August 29, 2011. The Committee consists of 3 members as follows:

Name of Director	Designation	Nature of Directorship
Mr. Rambabu Rupakul	Chairman	Independent Director
Mr. Sagi Venkata Vanshi Krishna	Member	Independent Director
Mr. Rajesh Naidu Munirathnam	Member	Managing Director

The term of reference of the Audit Committee is in conformity with the provisions of Sub Clause II of Clause 49 of the Listing Agreements, which *inter alia*, includes the following:

1. 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;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act 1956;
  - b) any changes in accounting policies and practices;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function;
8. Discussion with internal auditors any significant findings and follow up thereon;
9. 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;
10. 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;
11. 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, if any;

## 2. Remuneration Committee

Our Company has constituted a Remuneration Committee pursuant to the provisions of Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956. The constitution was approved at a meeting of the Board of Directors held on October 3, 2006. Subsequently, the Committee was reconstituted on October 16, 2009, September 02, 2010, June 21, 2011 and August 29, 2011. The Committee consists of 3 members as follows:

Name of Director	Designation	Nature of Directorship
Mr. Rambabu Rupakul	Chairman	Independent Director
Mr. Sagi Venkata Vanshi Krishna	Member	Independent Director
Mr. Venkata Rama Rao Nadipalli	Member	Independent Director

The terms of reference of our Remuneration Committee includes remuneration packages for executive Directors including pension rights and compensation payments:

### 3. Shareholders' / Investors' Grievance Committee

Our Company has constituted a Shareholders Grievance Committee pursuant to the provisions of Clause 49 of the Listing Agreement. The constitution of the aforesaid Committee was approved by a meeting of the Board of Directors held on October 3, 2006. Subsequently, the Committee was reconstituted on October 16, 2009, September 02, 2010, June 21, 2011 and August 29, 2011. The Committee consists of 3 members which are as follows:

Name of Director	Designation	Nature of Directorship
Mr. Rambabu Rupakul	Chairman	Independent Director
Mr. Sagi Venkata Vanshi Krishna	Member	Independent Director
Mr. Venkata Rama Rao Nadipalli	Member	Independent Director

The terms of reference of our Shareholders Grievance Committee are given below:

To look into the complaints:

- Like transfer of shares;
- Non-receipt of balance sheet;
- Non-receipt of declared dividends;

Our Company Secretary, Ms Khusboo Laxmi Bhagat will act as the secretary of the aforesaid Committees.

### KEY MANAGERIAL PERSONNEL

In addition to our Whole-Time Director following are our key managerial personnel as on the date of filing this Draft Red Herring Prospectus:

#### Brief biographies of the Key Managerial Personnel of our Company are set out below:

**Mr. R. K. Singh**, aged 51 years, is the Senior Vice President – Marketing of our Company. He joined our Company in October 2010. He is responsible for marketing, timely execution of Orders and monitoring export and imports of our Company. He has more than 29 years of experience in the field of Accounts, Finance and General Administration. Prior to joining our Company, he has worked with Coal India Limited as Reg. P. F. Commissioner. Mr. Singh has been appointed on a gross remuneration of ₹6 Lacs p.a. The gross remuneration paid to him during fiscal 2011 was ₹0.75 lakhs.

**Mr. Bhamidipati Sriram**, aged 41 years, is the Senior Vice President – Overseas Operation & Management of our Company. He joined our Company in January 2011. He holds a Bachelor degree in Mechanical Engineering from Osmania University and Masters degree in Technology (Computer Science) from University of Poona. He is responsible for overall management of our subsidiary including land identification and development. He has more than 16 years of experience in the field of software. Prior to joining our Company, he has worked with Networks India Pvt Ltd. Mr. Sriram has been appointed on a gross remuneration of ₹6 lakhs p.a. The gross remuneration paid to him during fiscal 2011 was ₹0.48 lakhs.

**Mr. Sathyadevan Byju**, aged 33 years, is the Senior Vice President – Retail Chain Management of our Company. He joined our Company in February 2011. He holds a Bachelor degree in Mechanical Engineering from Pt. Ravishankar Shukla University. He is responsible for managing retail Business. He has more than 11 years of experience in the field of Presales, Management and IT operations in Telecom and Refinery. Prior to joining our Company, he has worked with Wipro as a Solution Architect. Mr. Byju's has been appointed on a gross remuneration of ₹6 Lakhs p.a.

**Mr. V N S S R Krishna Prasad**, aged 59 years, is the Chief Financial Officer of our Company. He joined our Company in June 2010. He holds a Bachelor degree in Science from Andhra University. He is responsible for overall control of Finance Dept, Fund raising, MIS, Monthly and Yearly Budgeting, Stock Exchange & other regulated compliances. He has more than 37 years of experience in the field of Credit Administration and Banking. Prior to joining our Company, he has worked with VJR Steels as a Senior Vice President - Finance. Mr. Krishna Prasad has been appointed on a gross remuneration of ₹4.8 lakhs p.a. The gross remuneration paid to him during fiscal 2011 was ₹1.50 lakhs.

**Mr. A S Raja Rao**, aged 59 years, is the G.M – Horticulture Operations of our Company. He joined our Company in January 2011. He holds a Masters degree in Science (Agriculture) from Andhra Pradesh Agricultural University. He is responsible for overall operation of horticulture culture crops corridor, sourcing of fruits, Quality Control and Maintenance

of Ripening Chambers and Cold Storage Units. He has more than 40 years of experience in the field of Post Harvest Management and Horticulture. Prior to joining our Company, he has worked with A.P. Micro Irrigation as Project Director, Horticulture. Mr. Rao has been appointed on a gross remuneration of ₹3.6 lakhs p.a. The gross remuneration paid to him during fiscal 2011 was ₹0.90 lakhs.

**Dr. A R Swami Phalani**, aged 65 years, is the G.M – Research Division of our Company. He joined our Company in January 2011. He holds Degree of Honorary Doctor of Business Administration for his Innovation in Ethanol Production from American Institute of Management of the Westbrook University. He is responsible for seeds research and educating the farmers on Cultivation practices. He has more than 40 years of experience in the field of Research and Development. Prior to joining our Company, he has worked with Rusni Distilleries Private Ltd. Mr. Swami has been appointed on a gross remuneration of ₹3.6 lakhs p.a. The gross remuneration paid to him during fiscal 2011 was ₹0.90 lakhs.

**Mrs. S Swarupa Rani**, aged 38 years, is the Dy. G.M – Agri Operation of our Company. She joined our Company in February 2011. She holds Master of Sciences in Environmental Science from Kakatiya University. She is responsible for Crop planning, sourcing quality seeds and implementation of GAP. She has more than 11 years of experience in the field of Agriculture. Prior to joining our Company, she has worked Department of Environment & Bioresources Management as SRF (Senior Research Fellow) in JETL (Jeedimetla Effluent Treatment Limited)- Project (Effect of Effective Microbial Compost on soil, water and plant quality). Mrs. Rani has been appointed on a gross remuneration of ₹3.6 lakhs p.a. The gross remuneration paid to her during fiscal 2011 was ₹0.60 lakhs.

**Ms. Khusboo Laxmi Bhagat**, aged 27 years, is the Company Secretary of our Company. She joined our Company in July 2011. She holds a Bachelor of Commerce degree from Sambalpur University and is an Associate member of The Institute of Company Secretaries of the India. She is responsible for the secretarial and compliance functions of our Company. Since Ms. Bhagat joined us in July 2011, her gross remuneration of ₹1.80 lakhs p.a.

*All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees. None of the key management personnel are related to each other or any promoters or directors*

#### **Arrangement and/or Understanding with Major Shareholders**

There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the Director or Key Managerial Personnel have been selected.

#### **Service Contracts**

No service contracts have been entered into with any Key Management Personnel or Directors for provision of benefits or payments of any amount upon termination of employment.

#### **Shareholding of Key Managerial Personnel**

None of the Key Managerial Personnel of our Company hold any Equity Shares of our Company as of the date of filing this Draft Red Herring Prospectus.

#### **Changes in Key Managerial Personnel during last three years**

<b>Sr. No</b>	<b>Name</b>	<b>Date of Appointment/ Cessation</b>	<b>Current Designation</b>	<b>Reason</b>
1.	Mr. M R K V N S S R Krishna Prasad	June 01, 2010	Chief Financial Officer	Appointment
2.	Mr. R K Singh	October 05, 2010	Sr. Vice President - Marketing	Appointment
3.	Mr. B Sriram	January 01, 2011	Sr. Vice President- Overseas Operations & Management	Appointment
4.	Mr. A S Raja Rao	January 01, 2011	G.M. - Horticulture Operations	Appointment
5.	Dr. A R Swami Phalani	January 01, 2011	G.M. - Research Division	Appointment
6.	Mr. Sathyadevan Byju	February 01, 2011	Sr. Vice President – Retail Chain Management	Appointment
7.	Mrs. S Swaroopa Rani	February 01, 2011	Dy. G.M. - Agri Operations	Appointment
8.	Ms. Khusboo Laxmi Bhagat	July 01, 2011	Company Secretary	Appointment

**Bonus or profit sharing plan for the Key Management Personnel**

There is no fixed or certain bonus or profit sharing plan for the key managerial personnel of our Company.

**Employees**

As of August 31, 2011, our Company has provided direct employment to 37. For more details about our employees please refer to section titled “Business Overview” beginning on page 74 of this Draft Red Herring Prospectus.

**Employee Stock Option Scheme/ Employee Stock Purchase Scheme to Employees**

As of the date of filing of this Draft Red Herring Prospectus, our Company does not have any Employee Stock Option or Purchase scheme for employees.

**Payment or benefit to the officers (non-salary related)**

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment/ engagement and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Draft Red Herring Prospectus.

**Loans to Directors/Key Managerial Personnel**

There are no loans outstanding to any of the Directors and key managerial personnel.

## OUR PROMOTERS



Name of the Promoter	Mr. Rajesh Naidu Munirathnam
Age	45 years
Residential Address	Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India.
Driving License No.	N.A.
Passport No.	B2228800 (Applied for renewal)
Permanent Account No.	ADMPPM6749F
Voter's Identity No.	N.A.
Designation	Managing Director
Professional Experience and Educational Qualification	Please see the chapter titled "Our Management" beginning on page 91 of this Draft Red Herring Prospectus
Other Directorship	Please see the chapter titled "Our Management" beginning on page 91 of this Draft Red Herring Prospectus



Name of the Promoter	Mrs. Kalpana Raj Munirathnam
Age	36 years
Residential Address	Plot No. 263, Anand Nilayam Phase III, Road No. 78, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.
Driving License No.	DLFAP 009274892005
Passport No.	N.A.
Permanent Account No.	AFXPM1529A
Voter's Identity No.	FZZ7622954
Designation	Whole Time Director
Professional Experience and Educational Qualification	Please see the chapter titled "Our Management" beginning on page 91 of this Draft Red Herring Prospectus
Other Directorship	Please see the chapter titled "Our Management" beginning on page 91 of this Draft Red Herring Prospectus

For further details, please see the chapter titled "Our Management" beginning on page 91 of this Draft Red Herring Prospectus.

**Declaration**

Our Company undertakes that the Permanent Account Number, Bank Account Number and Passport will be submitted to the BSE and MSE at the time of filing this Draft Red Herring Prospectus.

Our Promoters, Promoter Group and Group Companies 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 or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, our Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

**Relationship amongst Promoters with each other**

Name of the Promoter	Relationship amongst Promoters
Mr. Rajesh Naidu Munirathnam	Promoter, Husband of Mrs. Kalpana Raj Munirathnam
Mrs. Kalpana Raj Munirathnam	Promoter, Wife of Mr. Rajesh Naidu Munirathnam

**Interest of Promoters**

The aforementioned Promoters of our Company are interested to the extent of their shareholding in our Company and the dividend they are entitled to receive, if declared, by the Company. Further, our Promoters who are also the 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.

Our Company has acquired certain properties on lease basis from our Promoters. Our Promoters or Promoter Group will be deemed to be interested to the extent of the lease rent received by them from our Company. For further information on our properties, please refer the chapter titled “Business Overview” beginning on page 74 of this Draft Red Herring Prospectus.

Except as stated in the section “Our Promoters” in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further except as otherwise stated under the chapter titled “Financial Statements” under the heading “Related Party Transaction” beginning on page 121 of this Draft Red Herring Prospectus, the promoters do not have any other interest in the business of our Company.

**Payment or Benefit to Promoters**

For details of payments or benefits paid to our promoters, please refer to paragraph titled “Compensation to Executive Directors”, “Interest of Promoters” and “Related Party Transactions” beginning on pages 93, 102 and 105 respectively of this Draft Red Herring Prospectus.

**Common Pursuits**

Except as mentioned below, our Promoters / any member of the Promoter Group do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Sr. No	Name of the Company	Activity
1.	Genera Agri Genetics Private Limited	Manufacturing, Producing and Dealing in all kinds of Agri by Products

**Companies or firms from which the Promoters have disassociated themselves in the last three years**

Our Promoters have not disassociated themselves from any companies, including but not limited to, through transfer of shareholding and/or resignation from the board of directors in the ordinary course of business, in the last three years preceding the date of filing this Draft Red Herring Prospectus.

**Defunct Group Companies of our Promoters**

There is no defunct Group Companies of our Promoters.

## GROUP COMPANIES

### Genera Agri Genetics Private Limited (“GAGPL”)

GAGPL is a private limited company promoted by Mr. Rajesh Naidu Munirathnam. It was incorporated on October 27, 2009 as a private limited company. The registered office of GAGPL is situated at Plot No. 114, Laxmi Nagar, Phase II, Dammaiguda, Keesara Mandal, Hyderabad - 500062. The main object of GAGPL is to undertake designing, manufacturing, producing, processing, trading, buying, selling, importing, exporting, marketing, dealing, distributing in all kinds and varieties of Agri-by Products. GAGPL has not commenced any commercial activity.

GAGPL presently has an authorized equity share capital of ₹25,00,000/- (Rupees Twenty Five lakhs) divided into 25,000 (twenty five thousand) equity shares of ₹100/-each.

### Board of Directors

The composition of the Board of Directors of GAGPL is as under:

Sr. No.	Name	Designation
1	Mr. Rajesh Naidu Munirathnam	Director
2	Mr. Kusumaratna Surisetty	Director

### Shareholding Pattern

Sr. No.	Name of Share Holder	No. of Shares held	Percentage of Share Holding
1	Mr. Rajesh Naidu Munirathnam	1,000	33.33
2	Mr. Kusumaratna Surisetty	1,000	33.33
3	Mr. Lokesh Gudar	1,000	33.33
	<b>Total</b>	<b>3,000</b>	<b>100.00</b>

### Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended	
	March 31, 2011	March 31, 2010
Sales and other income	68.28	0.00
Profit/(Loss) after tax	3.16	(0.72)
Equity capital (par value ₹100 per share)	3.00	3.00
Reserves and Surplus	2.44	0.00
Earnings per share (₹)	105.45	-
Book value per equity share (₹)	158.74	50.78

The Equity shares of GAGPL are not listed on any stock exchanges. There have been no amalgamation/ takeovers since its incorporation.

GAGPL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GAGPL.

### Genera Agri Refineries Limited (“GARL”)

GARL is a limited company promoted by Mr. Rajesh Naidu Munirathnam. It was incorporated on March 21, 2011 as a limited company. The registered office of GARL is situated at 8-2-293, Block III, Road No.82, Plot No.382, Film Nagar, Jubilee Hills, Hyderabad, 500033. The main object of GARL is to Manufacture Ethanol. GARL has not commenced any commercial activity.

GARL presently has an authorized equity share capital of ₹5,00,00,000/- (Rupees Five Crores) divided into 50,00,000 (Fifty lakhs) equity shares of ₹10/-each.

## Board of Directors

The composition of the Board of Directors of GARL is as under:

Sr. No.	Name	Designation
1.	Mr. Rajesh Naidu Munirathnam	Director
2.	Mrs. Kalpana Raj Munirathnam	Director
3.	Mr. Bhamidipati Srirama Kanakadri Somayajulu	Director

## Shareholding Pattern

Sr. No.	Name of Shareholders	No of Shares	% of Shareholding
1	Mr. Rajesh Naidu Munirathnam	10000	20
2	Mrs. Kalpana Raj Munirathnam	10000	20
3	Mr. Bhamidipati Sriram	5000	10
4	Mr. Bhamidipati Srirama Kanakadri Somayajulu	5000	10
5	Mr. Kusumaratna Surisetty	5000	10
6	Mr. Satyadevan Byju	5000	10
7	Mr. Lokesh Gudar	10000	20
	<b>Total</b>	<b>50000</b>	<b>100</b>

## Financial performance (Audited)

(₹ lakhs)

Particulars	For the year ended
	March 31, 2011
Sales and other income	0.00
Profit/(Loss) after tax	0.00
Equity capital (par value ₹10 per share)	5.00
Reserves and Surplus	0.00
Earnings per share (₹)	0.00
Book value per equity share (₹)	1.04

The Equity shares of GARL are not listed on any stock exchanges. There have been no amalgamation/ takeovers since its incorporation.

GARL is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GARL.

## Sale or Purchase Exceeding 10% between Companies in the Promoter Group

There are no sale or purchase transactions between our Company and Companies in the Group exceeding in value of 10% of the total sale or purchase of our Company except those transaction mentioned under “Financial Statements - Related Party Transactions” beginning on page 121 of this Draft Red Herring Prospectus.

## Nature and interest of the Group Companies in our Company

Except as disclosed under the chapter titled “Financial Statements” under the heading “Related Party Transaction” beginning on page 121 of this Draft Red Herring Prospectus, there is no business interest of any of the group companies in our Company.

## Currency of Presentation

All references to “Rupees” or “Rs.” Or “₹” are to Indian Rupees, the official currency of the Republic of India. Rs. 1 lac / lakh means Rs. 1,00,000 and Rs. 1 Crore means ₹ 100,00,000. All references to “US\$”, “USD” or United States Dollars are to the official currency of the United States of America.

## **RELATED PARTY TRANSACTIONS**

For details on our related party transactions, please refer to the section titled “Financial Information” beginning on page 121 of this Draft Red Herring Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board and approved by the shareholders of our Company, at their discretion and will depend on a number of factors, including but not limited to our profits and overall financial conditions. The Board may also from time to time pay interim dividends.

The ability of our Company to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into. The Company has not paid any dividend since 1995-1996.

## SECTION V: FINANCIAL INFORMATION FINANCIAL STATEMENTS

To  
The Board of Directors,  
Genera Agri Corp Limited.  
H. No. 8-2-293, Block III,  
Road No. 82, Plot No. 382,  
Film Nagar, Jubilee Hills  
Hyderabad – 500 033

Dear Sirs,

Re: Public issue of Equity Shares of Genera Agri Corp Ltd.

1. We have examined the financial information of Genera Agri Corp Limited (“the Company” or “the Issuer”) annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (“the DRHP”). The financial information has been prepared in accordance with the requirements of paragraph B of Part II of Schedule II to the Companies Act, 1956 (“the Act”), the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulation, 2009 (the “ICDR Regulations”) notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (“ICAI”) and terms of engagement agreed upon by us with the Company. The financial information has been prepared by the Company and approved by its Board of Directors.
2. The financial information have been extracted by the Management from the financial statements for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and 31 March, 2011. Audit for the financial year ended March 31, 2007 to March 31, 2009 was conducted by the auditor, M/s. J K Rao Associates, Chartered Accountant and for the year ended March 31, 2010 and March 31, 2011 is conducted by us. Accordingly, reliance has been placed on the financial information audited by them for the financial years ended March 31, 2007, 2008 and 2009. Our opinion in so far as it relates to the amount included in these restated financial statements are based on the auditor’s report of the respective auditors.
3. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we further report that:
  - (a) The “Statement of Assets and Liabilities, as Restated” as at March 31, 2007, 2008, 2009, 2010 and 2011 (Refer Annexure I).
  - (b) The “Statement of Profit and Losses, as Restated” and the “Statement of Cash Flows, as Restated” (of the Company, for the year ended March 31, 2007, 2008, 2009, 2010 and 2011 (Refer Annexures II and III).

together referred to as the “Summary Statements”, have been extracted from the financial statements of the respective years. Audit for the financial year ended March 31, 2007 to March 31, 2009 was conducted by the auditor, M/s. J K Rao Associates, Chartered Accountant and for the year ended March 31, 2010 and March 31, 2011 by us and approved by the Board of Directors / adopted by the Members of those respective years.
  - (c) Based on the above and also as per the reliance placed on the reports submitted by the auditor, M/s. J K Rao Associates for the respective years, we are of the opinion that the restated financial information have been made after incorporating:
    - i. The restated profits, assets and liabilities have been arrived at after making such adjustments and the regroupings which in our opinion are appropriate in the respective financial years to which they relate as shown in Annexure IV;

- ii. The summary statements of the company have been restated wherever required with retrospective effect to reflect the significant accounting policies adopted by the company as at March 31, 2011 as given in Annexure V.
  - iii. There are no extra-ordinary items that need to be disclosed separately in the accounts and no qualifications requiring adjustments.
- (d) We have also examined the following other financial information relating to the Company, which is proposed to be enclosed in the offer document as approved by the Board of Directors of the Company

<b>Details of Other Financial Information</b>	<b>Annexure reference</b>
Statement of Reserves & Surplus	VI
Statement Showing Analysis of Sundry Debtors	VII
Statement of Loans and Advance	VIII
Current Liabilities & Provisions	IX
Statement of Other Income	X
Related Party Transactions	XI
Tax Shelter Statement	XII
Statement of Accounting and Other Ratios	XIII
Statement of Earnings per Share	XIV
Statement of Rates and amount of Dividend	XV
Contingent Liabilities	XVI
Capitalization Statement	XVII

- (e) Based on our examination of the financial information of the Company attached to this report, we state that in our opinion the financial information contained in Annexure I to III of this report read along with the Significant Accounting Policies and Notes and other Financial Information (Refer Annexures IV to XVII) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part II B of Schedule II of the Act and the SEBI Regulations.
4. This report should not in any way be construed as a reissuance of any of our previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
5. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose except with our prior written consent.

**For Hari Vara Prasada & Associates**  
**Chartered Accountants**  
**(FRN 004887S)**

**Sd/-**  
**(Y.Hari Vara Prasada Rao)**  
**Proprietor**  
**Membership No. 029740**  
**Place: Hyderabad**  
**Date: 29/08/2011**

**Annexure I**  
**(₹ in Lakhs)**

**Statement of Assets and Liabilities, as Restated**

Particulars	Annexure	As at March 31 <sup>st</sup>				
		2011	2010	2009	2008	2007
<b>(1) Fixed assets</b>						
Gross Block		755.59	554.59	504.46	90.74	53.31
Less: Depreciation		90.07	55.71	29.01	12.76	6.03
<b>Net Block</b>		<b>665.52</b>	<b>498.88</b>	<b>475.45</b>	<b>77.98</b>	<b>47.28</b>
Less : Revaluation Reserve		-	-	-	-	-
<b>Net Block (after adjustment of Revaluation Reserve)</b>		665.52	498.88	475.45	77.98	47.28
Capital Work In Progress		18.40	-	22.15	-	-
<b>Total Fixed Assets</b>		<b>683.92</b>	<b>498.88</b>	<b>497.60</b>	<b>77.98</b>	<b>47.28</b>
<b>(2) Investment</b>		-	-	-	-	-
<b>(3) Current Assets, Loans and Advances:</b>						
Inventories		550.71	642.54	37.45	5.30	2.09
Sundry debtors	VII	759.32	304.76	23.53	24.73	57.49
Cash and bank balances		465.97	24.18	7.18	4.46	5.37
Loans & Advances	VIII	1,494.34	273.95	67.24	43.92	0.90
Other current assets		-	-	-	-	-
<b>Total Current Assets, Loans and Advances</b>		<b>3,270.34</b>	<b>1,245.42</b>	<b>135.40</b>	<b>78.41</b>	<b>65.84</b>
<b>(4) Liabilities and Provisions</b>						
Secured loans		-	-	-	-	-
Unsecured loans		-	-	-	-	-
Deferred Tax Liability		14.10	11.44	-	-	-
Current Liabilities & Provisions	IX	193.74	144.41	112.37	11.96	5.46
<b>Total Current Liabilities and Provisions</b>		<b>207.83</b>	<b>155.85</b>	<b>112.37</b>	<b>11.96</b>	<b>5.46</b>
<b>(5) Net Worth</b>		<b>3,746.43</b>	<b>1,588.45</b>	<b>520.63</b>	<b>144.43</b>	<b>107.66</b>
<b>(6) Represented By:</b>						
Share Capital		899.61	299.87	299.87	299.87	299.87
Reserves and Surplus	VI	2,846.82	1,288.58	220.76	1.97	1.97
Less: Revaluation Reserve						
<b>Reserves (Net of revaluation reserves)</b>		2,846.82	1,288.58	220.76	1.97	1.97
Less: Profit & Loss Account (Debit Balance)		-	-	-	(157.40)	(194.17)
<b>(7) Net worth</b>		<b>3,746.43</b>	<b>1,588.45</b>	<b>520.63</b>	<b>144.43</b>	<b>107.66</b>

**Annexure II**  
**(₹ in Lakhs)**

**Statement of Profit and Loss, as Restated**

Particulars	Annexure	For the year ended March 31 <sup>st</sup>				
		2011	2010	2009	2008	2007
<b>INCOME</b>						
<b>Sales</b>						
<b>i) Domestic</b>						
a) Produced Goods		8,509.38	4,489.26	2,082.89	509.07	325.02
b) Traded Goods		70.68	-	-	-	-
<b>Sub-Total</b>		<b>8,580.06</b>	<b>4,489.26</b>	<b>2,082.89</b>	<b>509.07</b>	<b>325.02</b>
<b>ii) Export</b>						
a) Produced Goods		-	-	-	-	-
b) Traded Goods		17.92	-	-	-	-
<b>Sub-Total</b>		<b>17.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>8,597.99</b>	<b>4,489.26</b>	<b>2,082.89</b>	<b>509.07</b>	<b>325.02</b>
Other Income	X	2.79	-	-	-	-
Increase / ( Decrease ) in Stocks		(91.83)	605.08	32.16	3.21	1.34
<b>TOTAL</b>		<b>8,508.95</b>	<b>5,094.34</b>	<b>2,115.05</b>	<b>512.27</b>	<b>326.36</b>
<b>EXPENDITURE</b>						
Purchase of traded goods		207.02	-	-	-	-
Cultivation Expenses		5,927.90	3,863.85	1,614.75	444.44	231.46
Personnel Expenses		68.17	64.73	42.64	11.04	10.24
Administrative Expenses		104.15	54.19	60.58	12.56	32.14
Sales Promotion Expenses		4.86	5.60	4.38	0.66	12.03
Depreciation		34.36	26.70	16.25	6.73	5.08
<b>TOTAL</b>		<b>6,346.45</b>	<b>4,015.08</b>	<b>1,738.60</b>	<b>475.44</b>	<b>290.96</b>
Net Profit before Interest, Tax and extraordinary items		2,162.50	1,079.26	376.45	36.84	35.40
Net Profit before Tax		2,162.50	1,079.26	376.45	36.84	35.40
Income Tax		1.86	-	-	-	-
Deferred Tax Liability		2.65	11.44	-	-	-
Fringe Benefit Tax		-	-	0.25	0.07	-
<b>Net Profit After Tax</b>		<b>2,157.98</b>	<b>1,067.82</b>	<b>376.20</b>	<b>36.77</b>	<b>35.40</b>

## Annexure III

(₹ in Lakhs)

## Statement of Cash flows, as Restated

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Net Profit / (Loss) Before tax as Restated</b>	<b>2,162.50</b>	<b>1,079.26</b>	<b>376.45</b>	<b>36.84</b>	<b>35.40</b>
<b>Adjustments for:</b>	-	-	-	-	-
Depreciation	34.36	26.70	16.25	6.73	5.08
Interest Income	(2.79)	-	-	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>2,194.07</b>	<b>1,105.96</b>	<b>392.70</b>	<b>43.57</b>	<b>40.48</b>
<b>Adjustment for:</b>					
(Increase)/Decrease in Receivables	(454.56)	(281.23)	1.20	32.76	46.67
(Increase)/Decrease in Inventories	91.83	(605.08)	(32.16)	(3.21)	(1.34)
(Increase)/Decrease in Loans & Advances	(1,220.40)	(206.70)	(23.32)	(43.02)	36.20
Increase/(Decrease) in Current Liabilities and Provisions	47.47	32.36	100.16	6.42	(73.82)
<b>Cash Generated from/(used in) Operations</b>	<b>658.41</b>	<b>45.30</b>	<b>438.58</b>	<b>36.52</b>	<b>48.20</b>
(Direct Taxes Paid)/Refund received	-	(0.32)	-	-	(0.39)
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>658.41</b>	<b>44.98</b>	<b>438.58</b>	<b>36.52</b>	<b>47.81</b>
<b>Cash Flow from Investing Activities</b>					
Purchase of Fixed Assets	(201.00)	(50.13)	(413.72)	(37.43)	(44.61)
Capitalisation of Capital Work In Progress	(18.40)	22.15	(22.15)	-	-
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(219.40)</b>	<b>(27.98)</b>	<b>(435.87)</b>	<b>(37.43)</b>	<b>(44.61)</b>
<b>Cash Flow from Financing Activities</b>					
Interest Received	2.79	-	-	-	-
<b>Net Cash (used in) / from Financing Activities (C)</b>	<b>2.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>441.79</b>	<b>17.00</b>	<b>2.72</b>	<b>(0.91)</b>	<b>3.19</b>
Cash and Cash Equivalents At the Beginning of the Period/Year	24.18	7.18	4.46	5.37	2.17
Cash and Cash Equivalents At the End of the Period/Year	<b>465.97</b>	<b>24.18</b>	<b>7.18</b>	<b>4.46</b>	<b>5.37</b>

**Note:** 1. Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

2. Figures in the bracket indicate cash outflow.

## Annexure IV

### Statement of Adjustment in Profit & Loss Account:

(₹ in Lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Net Profit /(Loss) After Taxes as per Audited P&amp;L A/C</b>	<b>2,114.61</b>	<b>1,110.46</b>	<b>376.20</b>	<b>36.88</b>	<b>36.02</b>
Capital Work in Progress (written off) / adjusted	42.56	(42.56)	-	-	-
Provision for Gratuity Excess/(written off)	0.81	(0.08)	0.00	(0.11)	(0.62)
<b>Net Total (Decrease)/Increase due to Adjustments</b>	<b>43.37</b>	<b>(42.64)</b>	<b>0.00</b>	<b>(0.11)</b>	<b>(0.62)</b>
<b>Net Profit /(Loss) After Tax as per Restated Profit and Loss</b>	<b>2,157.98</b>	<b>1,067.82</b>	<b>376.20</b>	<b>36.77</b>	<b>35.40</b>

### Statement of Adjustment in Assets and Liabilities:

(₹ in Lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>a) <u>Capital Work in Progress</u></b>					
Capital Work in Progress	-	42.56	-	-	-
Charged to Profit and loss account	-	(42.56)	-	-	-
<b>Net Effect in Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>b) <u>Provision for Gratuity</u></b>					
Opening Balance	0.81	0.73	0.73	0.62	-
Add: Additional Provision (Charged to Profit and Loss Account).	-	0.08	(0.00)	0.11	0.62
<b>Total Provision made in Balance Sheet</b>	<b>0.81</b>	<b>0.81</b>	<b>0.73</b>	<b>0.73</b>	<b>0.62</b>

### MATERIAL ADJUSTMENTS RELATED TO PREVIOUS YEAR AND CHANGE IN ACCOUNTING POLICY:

#### On account of changes in accounting policies:

##### 1. Retirement Benefits (AS 15):

The company has changed its accounting policy in financial year 2011 with regards to provision for the Employee retirement benefits liability in compliance with Accounting Standard 15. The amount has been taken to the related years in the restated financial statements.

##### 2. Intangible Assets (AS 26):

During the Financial year 2009-10 the company has incurred ₹ 42.56 lakhs towards Research and Development expenses and capitalised it and have shown in Capital work in progress. As per AS 26 (Intangible Assets) this amount has to be charged to P & L account, hence now restated and debited to P&L account for the Financial Year 2009-10.

**Significant Accounting Policies****1. Basis of Preparation of Financial Statements**

The Financial Statements have been prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said Financial Statements comply with the relevant provisions of the Companies Act, 1956 (the Act), the mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006.

**2. Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing these financial statements.

**3. Inventories (AS 2)**

Inventories are valued at cost or net realizable value whichever is less. The cost includes Purchase Price and Freight.

**4. Depreciation (AS 6)**

Depreciation is provided on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

**5. Recognition of Income and Expenditure (AS-9)**

Revenue from Sale of goods is recognized when:

- i) The Property in goods have been transferred to the buyer for a price or all significant risks and rewards of ownership have been transferred to the buyer.
- ii) No Significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

Items of income and expenditure are recognized on accrual basis.

**6. Fixed Assets (AS 10)**

The Fixed assets are stated at the cost of acquisition and after adjustment of additions and after charging depreciation up to the year. The Capital Work in progress represents amount paid towards Research and Development. No revaluation of the assets has been done during the year. Fixed Assets are stated at cost less depreciation. Cost includes all direct expenses relating to the acquisition and installation of fixed assets.

**7. Foreign Currency Transactions (AS 11)**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. At the year-end, all monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rates. Exchange differences arising on actual payment / realization and year end re-instatement referred to above are recognized in the Profit & Loss Account.

## 8. Retirement Benefits (AS 15)

### (a) Post-employment benefit plans

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

**Defined contribution plans:** A defined contribution plan i.e. provident fund is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution provident plans are recognised as an employee benefit expense in the Profit and Loss Account when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**Defined benefit plans:** A defined benefit plan i.e. gratuity, is a post-employment benefit plan. The Company's gratuity plan is a defined benefit plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The gratuity plan of the entity is an unfunded plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan year by estimating the amount of future benefit that employee have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rates used for determining the present value of Obligation under defined benefit plans is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. The calculation is performed annually by an independent actuary using the projected unit credit actuarial method. When the calculation results in a benefit to the Company, the asset is recognised only to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

The company has obtained the valuation certificate from Actuary and has made provision based on such valuation certificate.

### (b) Short term employment benefits

The company does not have any written leave encashment plan and does not pay for leaves hence has not made any provision for leave encashment.

The details of the components of net benefit expenses recognized in the profit and loss account with regard to gratuity and amounts recognized in the Balance Sheet are given below:

(₹ in Lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Cost for the year:</b>					
Current Service Cost	0.97	0.81	0.73	0.73	0.62
Interest cost on benefit obligation	0.06	0.06	0.06	0.05	Nil
Expected return on plan assets	Nil	Nil	Nil	Nil	Nil
Net Actuarial (gain). Loss recognized in the year	(0.87)	(0.79)	(0.79)	(0.67)	Nil
Past Services Cost	Nil	Nil	Nil	Nil	Nil
Net Benefit expenses	Nil	Nil	0.00	Nil	Nil
<b>Actual return on plan assets</b>	Nil	Nil	Nil	Nil	Nil
Opening defined benefit obligation	0.81	0.73	0.73	0.62	0
Interest cost	0.06	0.06	0.06	0.05	0
Current services cost	0.97	0.81	0.73	0.73	0.62
Benefits paid	Nil	Nil	0.00	Nil	Nil
Actuarial (gains)/losses on obligation	(0.87)	(0.79)	(0.79)	(0.67)	0
Past Service Cost	Nil	Nil	0	0	0
Closing defined benefit obligation	0.97	0.81	0.73	0.73	0.62
<b>Amounts recognized in the Balance Sheet:</b>					
Projected benefit obligation at the end of the year	0.97	0.81	0.73	0.73	0.62
Fair Value of Plan Assets at the end of the year	Nil	Nil	Nil	Nil	Nil
Funded Status of the plan- (Assets)/Liability	0.97	0.81	0.73	0.73	0.62
<b>Assumptions</b>					
Salary Rise	5%	5%	5%	5%	5%
Discount Rate	8%	8%	8%	8%	8%
Mortality Rate	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)
Retirement Age	58Years	58Years	58Years	58Years	58Years

#### 9. Borrowing Cost (AS-16)

Borrowing cost attributable to acquisition of qualifying assets which take Substantial time to put to use are Capitalized. All other borrowing cost is charged to Revenue.

#### 10. Segment Reporting (AS-17)

Segment wise Revenue, Results and Capital Employed		(₹ in Lakhs)
Particulars	2010-11	2009-10
	Audited	Audited
<b>1. Segment Revenue</b>		
(a) Segment – Retail Sales	49.23	-
(b) Segment – Farm Sales	8,548.76	4,489.26
<b>Total</b>	<b>8,597.99</b>	<b>4,489.26</b>
Less: Inter Segment Revenue	-	-
<b>Net Segment Revenue</b>	<b>8,597.99</b>	<b>4,489.26</b>
<b>2. Segment Results</b>		
(a) Segment – Retail Sales	0.97	-
(b) Segment – Farm Sales	2,161.53	1,079.26
<b>Total</b>	<b>2,162.50</b>	<b>1,079.26</b>
Less: i) Interest	-	-
ii) Other Un-allocable Expenditure Net Off	-	-
iii) Un-allocable income	-	-
<b>Total Profit Before Tax</b>	<b>2,162.50</b>	<b>1,079.26</b>
<b>3. Capital Employed</b>		
(a) Segment –Retail Sales	65.63	-
(b) Segment – Farm Sales	3,680.80	1,588.45
<b>Total</b>	<b>3,746.43</b>	<b>1,588.45</b>

#### Notes:

- Segment Revenue, Segment Results, Segment assets and Segment liabilities shall have the same meaning as defined in the Accounting Standards on Segment Reporting (AS-17) issued by ICAI /Company (Accounting Standards) Rules, 2006.
- The above information shall be furnished for each of the reportable primary segments as identified in accordance with AS-17, issued by ICAI /Company (Accounting Standards) Rules, 2006.
- The company was operating in single segment i.e. agricultural activities till March 31, 2010. Hence, segment report is not applicable for the period prior to April 01, 2010.

## 12. Accounting For Leases (AS 19)

Where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating lease. Operating lease payments consisting of rental for the premises taken on lease are recognized as an expense in profit and loss account on straight line basis over the lease term. AS 19 has excluded from its scope, lease agreements to use of land hence, provisions of accounting Standard 19 does not apply for the agreements entered to use of lands.

## 13. Earnings Per Share (AS-20)

In computing earnings per share, the company considers the net profit or loss after tax for the year attributable to the equity shareholders. Basic Earnings per share are computed using the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the basis as basic EPS, after adjusting for the effect of potential dilutive equity shares and their corresponding effect on the net profit for the equity shareholders.

## 14. Taxation (AS-22)

Current tax is determined on the income for the year chargeable to tax in accordance with Income tax Act, 1961. Deferred tax liability is recognized for all timing differences. Deferred tax assets are recognized subject to consideration of prudence.

Statement of Deferred tax liability		(₹ in Lakhs)				
Particulars	For the year ended March 31 <sup>st</sup>					
	2011	2010	2009	2008	2007	
Opening Balance:	11.44	-	-	-	-	
Add: Deferred Tax Liability/(Asset) during the year	2.65	11.44	-	-	-	
Net Deferred Tax Effect	14.10	11.44	-	-	-	

## 15. Intangible Assets (AS-26)

The Preliminary Expenditure, Trade Marks and Advertisement Expenditure incurred by the company have been charged to Profit & Loss Account in the year of incurrence in accordance with AS-26 (Intangible Assets).

The Research and Development Expenditure has been charged to Profit & Loss Account in the year of incurrence in accordance with AS-26 (Intangible Assets)

## 16. Provisions (AS-29)

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## 17. Events occurring after Balance Sheet dates

Except the below listed events, no significant events which could affect the financial position, to a material extent have been reported by the company, after the balance sheet date till the signing of report.

(i) **Change in the name of the Company:**

Genera Agri Corp Limited which was originally incorporated on 28-10-1992 under the Companies Act 1956 as "ANAND LAKSHMI FINANCE PRIVATE LIMITED". The name of the company has been changed from "Genera Industries Limited" to "Genera Agri Corp Limited" w.e.f 29-04-2011 after complying with provisions of section 21 and other applicable provisions of Companies Act.

- (ii) The company has given Inter Corporate Deposit (ICD) for value of ₹ 2.25 Crores to Diagonal Fashions Pvt. Ltd. Interest Rate @12.00 p.a of the said ICD payable monthly by 5<sup>th</sup> succeeding month from the date of investment, failing which Diagonal Fashions Pvt.Ltd unconditionally agree to pay a penalty of 2% p.m. Due date for repayment of the said ICD by October 2011.

- (iii) The company has given Unsecured Loans for value of ₹ 0.25 Crores to Diagonal Fashions Pvt. Ltd. Interest Rate @12.00 p.a of the said Unsecured Loans payable monthly by 5<sup>th</sup> succeeding month from the date of investment, failing which Diagonal Fashions Pvt.Ltd unconditionally agree to pay a penalty of 2% p.m. Due date of repayment of the said ICD by October 2011.
- (iv) The Company has made an investment of Rs 3.50 Crores on 29-08-2011 in Wholly Owned Subsidiary viz., “Genera Agri Global Limited” towards Share Subscription.

18. In the opinion of the Board, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known and determined liabilities are adequate and not in the excess of the amount reasonably necessary.

19. An Asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating asset. In that event an impairment loss so computed would be recognized in the accounts in the relevant year. In view of Accounting Standard required by AS-28 “Impairment of Assets” issued by ICAI, the company has reviewed its fixed asset and does not expect any loss, on account of impairment in addition to the provision, if any, already made in the books.

20. There are no Micro and Small enterprises, to which the company owes dues, which are outstanding for more than 45 days. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

#### **Notes Pertaining to 2010-11**

**(i) Change in Authorized Share Capital :**

The Authorized Share Capital of the company increased from ₹ 3.10 Crores to ₹ 12.50 Crores vide resolution passed by the members at the meeting held on 10.12.2010.

**(ii) Allotment of shares:**

During the quarter ended March 31, 2011, the Company had issued 5,997,400 Bonus Equity Shares of ₹. 10/- each in the ratio of 2 equity shares for every 1 equity share, out of which 3,298,400 to promoters and 2,699,000 to non promoters at a price of ₹ 10/- each share.

**Annexure VI**  
**(₹ in Lakhs)**

**Statement of Reserves & Surplus**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Opening Balance	1,286.61	218.79	(157.40)	(194.17)	(229.57)
Add: Current Year Profit	2,157.98	1,067.82	376.20	36.77	35.40
Net Effect	3,444.59	1,286.61	218.79	(157.40)	(194.17)
Less: Bonus Share Issued	(599.74)	-	-	-	-
<b>Total of Reserve &amp; Surplus (a)</b>	<b>2,844.85</b>	<b>1,286.61</b>	<b>218.79</b>	<b>(157.40)</b>	<b>(194.17)</b>
General Reserve	0.97	0.97	0.97	0.97	0.97
Capital Reserve	1.00	1.00	1.00	1.00	1.00
<b>Total (b)</b>	<b>1.97</b>	<b>1.97</b>	<b>1.97</b>	<b>1.97</b>	<b>1.97</b>
<b>Total (a+b)</b>	<b>2,846.82</b>	<b>1,288.58</b>	<b>220.76</b>	<b>(155.44)</b>	<b>(192.21)</b>

**Annexure VII**  
**(₹ in Lakhs)**

**Statement Showing Analysis of Sundry Debtors**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Debts outstanding Exceeding six months</b>					
Considered Good	-	-	-	-	-
Considered Bad	-	-	-	-	-
<b>Debts outstanding Less than six months</b>					
Considered Good	759.32	304.76	23.53	24.73	57.49
Considered Bad	-	-	-	-	-
<b>Total</b>	<b>759.32</b>	<b>304.76</b>	<b>23.53</b>	<b>24.73</b>	<b>57.49</b>

None of the Sundry Debtor includes amount due from directors, promoters, promoter group of the issuer company in any way.

**Annexure VIII**  
**(₹ in Lakhs)**

**Statement of Loans & Advances:**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Advance Paid to land Owners	-	-	-	42.57	-
Staff Advance	-	-	0.80	0.80	0.80
Lease rental deposit to farmers	585.07	184.57	31.27	-	-
Advance paid to poly house	-	43.37	10.37	-	-
Advance to purchase of land	-	24.26	24.26	-	-
Miscellaneous Advances/Staff Advance/Labour Advance	1.00	21.21	-	-	-
Advance paid for Expenses	186.92	-	-	-	-
Deposits	15.59	-	-	-	-
Shukra Chits Pvt Ltd	2.06	-	-	-	-
Input Vat Advance	2.10	-	-	-	-
Inter corporate Deposits	701.05	-	-	-	-
Rent Advance	0.55	0.55	0.55	0.55	0.10
<b>Total</b>	<b>1,494.34</b>	<b>273.95</b>	<b>67.24</b>	<b>43.92</b>	<b>0.90</b>

None of the Loans and Advances includes amounts due from directors, promoters, promoter group of the issuer company in any way.

**Annexure IX**  
**(₹ in Lakhs)**

**Statement of Current Liabilities & Provisions**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>(a) Current Liabilities</b>					
Sundry Creditors	152.36	81.09	76.75	1.75	1.75
Advance Received From Customers	-	14.54	14.54	1.54	-
Outstanding Expenses <sup>β</sup>	39.51	48.78	20.76	8.60	3.71
<b>Total</b>	<b>191.87</b>	<b>144.41</b>	<b>112.05</b>	<b>11.89</b>	<b>5.46</b>
<b>(b) Provisions</b>					
Provision for tax	1.86	-	-	-	-
FBT Payable	-	-	0.32	0.07	-
<b>Total</b>	<b>1.86</b>	<b>-</b>	<b>0.32</b>	<b>0.07</b>	<b>-</b>
<b>Total (a+b)</b>	<b>193.74</b>	<b>144.41</b>	<b>112.37</b>	<b>11.96</b>	<b>5.46</b>

Note: None of the Current Liabilities & Provisions includes amount due to directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned here in below.

As per the representation received from the Management and relied upon by us, there are no outstanding dues of small scale industrial undertaking(s) exceeding ₹ 1 Lakh which is outstanding for more than 30 days

**β Amount Due To Promoters Of The Issuer Company**

**(₹ in Lakhs)**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>Director Remuneration Payable</b>					
Rajesh Naidu Munirathnam	14.95	20.95	7.88	2.40	-
Kalpana Raj Munirathnam	5.28	11.80	6.00	1.80	-
<b>Total</b>	<b>20.23</b>	<b>32.75</b>	<b>13.88</b>	<b>4.20</b>	<b>-</b>

**Annexure X**  
**(₹ in Lakhs)**

**Statement of Other Income**

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
<b>i)Recurring</b>					
Interest on ICD	2.79	-	-	-	-
<b>Total (i)</b>	<b>2.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ii)Non Recurring</b>					
<b>Total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (i+ii)</b>	<b>2.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Annexure XI

## Related Party Disclosures

## Promoters

Name	Designation	Period	
		From	To
Rajesh Naidu Munirathnam	Managing Director	21-04-2005	Till Date
Kalpana Raj Munirathnam	Director	21-04-2005	Till Date
<b>Subsidiary Companies</b>	NIL	NIL	NIL
<b>Other Related Parties where Common control exists :</b>			
<b>Companies</b>	<b>Partnership Firms</b>	<b>Proprietorship Firms</b>	
NIL	NIL	NIL	NIL
<b>Relatives of Promoters</b>	NIL	NIL	NIL

## Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”

PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the year ended March 31 <sup>st</sup>				
			2011	2010	2009	2008	2007
<b>Purchase of Properties</b>	Promoters	Rajesh Naidu Munirathnam	-	-	-	-	0.52
	<b>Total</b>		-	-	-	-	<b>0.52</b>
<b>Managerial Remuneration</b>	Promoters	Rajesh Naidu Munirathnam	24.00	24.00	5.48	2.40	-
		Kalpana Raj Munirathnam	12.00	12.00	4.20	1.80	-
	<b>Total</b>		<b>36.00</b>	<b>36.00</b>	<b>9.68</b>	<b>4.20</b>	<b>-</b>
<b>Land Lease paid</b>	Promoters	Rajesh Naidu Munirathnam	2.50	2.25	2.13	2.00	-
		Kalpana Raj Munirathnam	2.00	1.80	1.70	1.60	-
	<b>Total</b>		<b>4.50</b>	<b>4.05</b>	<b>3.83</b>	<b>3.60</b>	<b>-</b>
<b>Closing Balance</b>	Promoters	Rajesh Naidu Munirathnam	(14.95)	(20.95)	(7.88)	(2.40)	-
		Kalpana Raj Munirathnam	(5.28)	(11.80)	(6.00)	(1.80)	-
	<b>Total</b>		<b>(20.23)</b>	<b>(32.75)</b>	<b>(13.88)</b>	<b>(4.20)</b>	<b>-</b>
<b>Maximum Outstanding Balance</b>	Promoters	Rajesh Naidu Munirathnam	(33.75)	(20.95)	(7.88)	(2.40)	-
		Kalpana Raj Munirathnam	(17.70)	(11.80)	(6.00)	(1.80)	-
	<b>Total</b>		<b>(51.45)</b>	<b>(32.75)</b>	<b>(13.88)</b>	<b>(4.20)</b>	<b>-</b>

Note:

- a) The related party relationships have been identified by the management and relied upon by the auditors  
b) Figures in Bracket indicates Credit Balances.

**Annexure XII**  
**(₹ in Lakhs)**

**Tax Shelter Statement**

Particulars	For the Year Ended				
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
<b>Tax Rate (%) (including Surcharge &amp; Education Cess)</b>	<b>33.22%</b>	<b>33.99%</b>	<b>33.99%</b>	<b>33.99%</b>	<b>33.66%</b>
<b>MAT rate (%) (including Education Cess)</b>	<b>18.54%</b>	<b>15.45%</b>	<b>10.30%</b>	<b>10.30%</b>	<b>10.20%</b>
Net Profit before Taxes, as restated	2,162.50	1,079.26	376.45	36.84	35.40
Less: Agricultural Income exempted u/s 10(1)	2,153.50	1,079.26	376.45	36.84	35.40
Less: Interest Income (considered separately)	2.79				
<b>Net Income (A)</b>	<b>6.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments</b>					
<b>Permanent Differences</b>					
<b>Total of Permanent Difference (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Timing Difference</b>					
1.Provision for Gratuity	0.16	-	-	-	-
2. ESI Payable	0.40	-	-	-	-
3. PF Payable	0.12	-	-	-	-
4.Difference between Tax Depreciation & Book Depreciation	(9.10)	-	-	-	-
<b>Total of Timing Difference (C)</b>	<b>(8.42)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments D = (B+C)</b>	<b>(8.42)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxable Business Income (A-D)</b>	<b>(2.21)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax Liability on above or on Book Profit u/s 115 JB</b>	<b>1.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Statement of Accounting and Other Ratios**
**Annexure XIII**

Particulars	For the Year Ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Net worth as at the end of the year( ₹ in Lakhs)	3,746.43	1,588.45	520.63	144.43	107.66
Net Profit after Tax, as restated (₹ in Lakhs)	2,157.98	1,067.82	376.20	36.77	35.40
No. of equity shares outstanding at the end of year	8,996,100	2,998,700	2,998,700	2,998,700	2,998,700
Weighted average no. of equity shares outstanding during the year	8,996,100	8,996,100	8,996,100	8,996,100	8,996,100
Basic & Diluted Earnings per Share (₹) (As per AS-20-Earnings Per Share)	23.99	11.87	4.18	0.41	0.39
Return on Net Worth (%)	57.60	67.22	72.26	25.46	32.88
Net Asset Value per Share (₹)	41.65	52.97	17.36	4.82	3.59
Book Value per Share (₹)	41.65	52.97	17.36	4.82	3.59

**The ratios have been computed as below:**

The ratios have been computed as below:

Basic & Diluted Earnings per Share	=	Net Profit after Tax, as restated, attributable to shareholders		
		Weighted average no. of equity shares outstanding during the year		
Return on Net Worth (%)	=	Net Profit after Tax, as restated	X100	
		Net Worth (excluding revaluation reserve) as at the end of the year		
Net Assets Value per Equity Share	=	Net Worth as at the end of the year		
		No. of equity shares outstanding as at the end of the year		
Book Value per Equity Share	=	Net Worth (excluding revaluation reserve) as at the end of the year		
		No. of equity shares outstanding as at the end of the year		

1. Net Worth means Equity Share Capital + Reserves & Surplus (Excluding Revaluation Reserve) – Miscellaneous Expenditure – Debit balance of Profit and Loss Account.
2. Weighted average no. of shares has been calculated on time basis.
3. The figures above are based on the restated financial statements of the Company.
4. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India.
5. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure II) and net worth as appearing in the statement of restated assets and liabilities (Annexure I), has been considered for the purpose of computing the above ratios.
6. Calculation of ratios for post issue has not been considered.
7. There are no securities outstanding having potential dilution effect on the equity shares during the above period. The Share application money is not considered as having potential dilution effect.

**Annexure XIV****Statement of Earnings per Share****(₹ in Lakhs)**

Particulars	For the Year Ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Net Profit after Tax, as restated (₹ In Lakhs)	2,157.98	1,067.82	376.20	36.77	35.40
Weighted average no. of equity shares outstanding during the year	8,996,100	8,996,100	8,996,100	8,996,100	8,996,100
Nominal Value of Per ordinary Share (₹)	10/-	10/-	10/-	10/-	10/-
Basic & Diluted Earnings per Share (₹) (As per AS-20- Earnings Per Share)	23.99	11.87	4.18	0.41	0.39

**Statement of Rates and amount of Dividend****Annexure XV**

Particulars	For the year ended March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Face Value of Equity Shares (₹)	10	10	10	10	10
Interim Dividend on each Equity Share (₹)	Nil	Nil	Nil	Nil	Nil
Final dividend on each Equity Share (₹)	Nil	Nil	Nil	Nil	Nil
Dividend Rate (%)	Nil	Nil	Nil	Nil	Nil

**Contingent Liabilities****Annexure XVI**

Particulars	As at March 31 <sup>st</sup>				
	2011	2010	2009	2008	2007
Contingent Liabilities	NIL	NIL	NIL	NIL	NIL

**Annexure XVII**  
**(₹ in Lakhs)**

**Capitalization Statement**

<b>Particulars</b>	<b>Pre- Issue as at Mar 31, 2011</b>	<b>Post Issue *</b>
Borrowings		
Long Term Debt	-	
Short Term Debt	-	
<b>Total Debt (A)</b>	-	
<b>Equity (Shareholders' Funds)</b>		
Equity Share Capital	899.61	
Reserves and Surplus	2,846.82	
Less : Debit Balance in P&L	-	
Less: Miscellaneous Expenditure to the extent not Written off	-	
<b>Total Equity</b>	<b>3,746.43</b>	
Long Term Debt/ Equity Share Capital	-	
Long Term Debt/ Shareholders' funds (Net Worth)	-	

\*Will be updated at the time of prospectus.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements included in this Draft Red Herring Prospectus. Our restated financial statements were prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and restated as described in the report of our Statutory Auditor Hari Vara Prasada & Associates, Chartered Accountants dated August 29, 2011 in the chapter titled "Financial Statements" beginning on page 107 of this Draft Red Herring Prospectus. You should also read the chapter titled 'Risk Factors' beginning on page 10 of this Draft Red Herring Prospectus which enumerates number of factors and contingencies that could impact the Company's financial condition and result of operations.*

*Our financial year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. The Company's historical performance may not be considered as indicative of future financial performance.*

### Business Overview

Our Company is a Horticulture Company having base in southern part of India. In October 2005, our present promoters Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam took over our Company from the erstwhile promoters. Our Company diversified into Bio Fuels Cultivation and gradually transformed into Horticulture business by cultivating fruits and vegetables under the guidance of our present promoters.

In year 2009, as a part of our strategy to forward integrate, we ventured into retail operations through mobile vans and sales outlet at gated community centers. In year 2011, we started our retail outlets, under the name of "Genera Fresh". At present we have 5 retail outlets situated at locations considered to be prime in Hyderabad, Andhra Pradesh. Our Company is also engaged in marketing and selling of our crops in domestic as well as international markets.

The crops we produce/procure include fruits like Banana, Papaya, Sweet lime, Mango, Acid Lime and Grapes and vegetables including exotic vegetables. We do contract farming for mango, sweet lime, acid lime gardens, papaya. Our Company currently exports grapes to Germany.

As per our Restated Financials, our total sales for the financial year ending 2011 was ₹8,597.99 lakhs as compared to ₹4,489.26 lakhs for financial year ending 2010. During the same period our profit after tax stood at ₹2,157.98 lakhs and ₹1,067.82 lakhs respectively.

### Key factors affecting the results of operation

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

1. Efficient logistics and supply chain management;
2. Seasonality and weather conditions;
3. Our ability to successfully implement our strategy, growth and expansion plans;
4. Changes in laws & regulations applicable to the industry, fiscal, economic and political conditions in the economy;
5. Ability to expand in terms of number of outlets and the customer base;
6. Ability to attract, recruit and retain good management;
7. Our ability to respond to Competition and Pricing pressures;
8. Condition and performance of the Horticulture industry;
9. General economic and demographic conditions.

For more information on these and other factors/developments which have or may affect us, please refer to chapters titled "Risk Factors", "Industry Overview" and "Business Overview" beginning on pages 10, 64 and 74 respectively of this Draft Red Herring Prospectus.

## OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the chapter titled “Financial Statements” beginning on page 107 of this Draft Red Herring Prospectus.

### Principal Components of our Statement of Profit and Loss Account

#### Total Sales

Our Company is in business of cultivation/trading of fruits and vegetable as well as retailing through our retail outlets. The break-up of total sales for the earlier years are as under:

(₹ lakhs)

Segment	2010-11		2009-10		2008-09		2007-08	
	Amount	%	Amount	%	Amount	%	Amount	%
Fruits	2,888.95	33.60	1,306.26	29.10	622.28	29.88	-	-
Vegetables	5,638.36	65.58	3,183.00	70.90	1,460.61	70.12	509.07	100.00
Total Farm Sales (A)	8,527.31	99.18	4,489.26	100.00	2,082.89	100.00	509.07	100.00
Retail Sale (B)	70.68	0.82	-	-	-	-	-	-
<b>Total Sales (A+B)</b>	<b>8,597.99</b>	<b>100.00</b>	<b>4,489.26</b>	<b>100.00</b>	<b>2,082.89</b>	<b>100.00</b>	<b>509.07</b>	<b>100.00</b>

#### Cultivation Expenses

The break-up of cultivation expenses are as under:

(₹ lakhs)

Particulars	2010-11		2009-10		2008-09		2007-08	
	Amount	%	Amount	%	Amount	%	Amount	%
Other Cultivation Expenses	3,883.23	65.51	2,588.07	66.98	1,001.51	62.02	315.71	71.04
Electricity Charges	10.20	0.17	4.39	0.11	2.39	0.15	0.44	0.10
Agri Farm Inputs - Purchase	1,721.26	29.04	1,061.39	27.47	490.85	30.40	101.30	22.79
Ware House Maintenance	0.35	0.01	-	-	-	-	-	-
Research and Development Expense	14.97	0.25	-	-	-	-	-	-
Salaries – Farm Managers & Supervisors	297.90	5.03	210.00	5.43	120.00	7.43	27.00	6.08
<b>Total Cultivation Expenses</b>	<b>5,927.90</b>	<b>100.00</b>	<b>3,863.85</b>	<b>100.00</b>	<b>1614.75</b>	<b>100.00</b>	<b>444.44</b>	<b>100.00</b>

#### Other Expenses

##### Administration Expenses

Administration expense includes office rent & store rent, legal & professional charges, bad debt, vehicle maintenance, printing & stationery, rates & taxes etc.

##### Personnel Expenses

Personnel Expenses includes salaries & wages, managerial remuneration and staff welfare expenses.

##### Sales Promotion Expenses

Sales Promotion Expenses includes Advertisement & Sales Promotion Expenses.

##### Depreciation

Depreciation is provided on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

## Profit After Tax

(₹ lakhs)

Particular	For the year ended March 31			
	2011	2010	2009	2008
PAT	2,157.98	1,067.82	376.20	36.77
Total Sales	8,597.99	4,489.26	2,082.89	509.07
PAT / Sales (%)	25.10	23.79	18.06	7.22

The efforts and experience of management in streamlining the operations of our Company have resulted in increase in margin from 7.22% in fiscal 2008 to 25.10% in fiscal 2011. The increase in margin is mainly due to reduction in cultivation expenses as a percentage of total income from 86.76% in fiscal 2008 to 69.67% in fiscal 2011.

## Discussion on Results of Operations

(₹ lakhs)

Particulars	For the year ended March 31							
	2011	% of Total Income	2010	% of Total Income	2009	% of Total Income	2008	% of Total Income
<b>INCOME</b>								
Sales	8,597.99	101.05	4,489.26	88.12	2,082.89	98.48	509.07	99.37
Other Income	2.79	0.03	-	-	-	-	-	-
Increase / ( Decrease ) in Stocks	(91.83)	(1.08)	605.08	11.88	32.16	1.52	3.21	0.63
<b>TOTAL</b>	<b>8,508.95</b>	<b>100.00</b>	<b>5,094.34</b>	<b>100.00</b>	<b>2,115.05</b>	<b>100.00</b>	<b>512.27</b>	<b>100.00</b>
<b>EXPENDITURE</b>								
Purchase of traded goods	207.02	2.43	-	-	-	-	-	-
Cultivation Expenses	5,927.90	69.67	3,863.85	75.85	1,614.75	76.35	444.44	86.76
Personnel Expenses	68.17	0.80	64.73	1.27	42.64	2.02	11.04	2.15
Administrative Expenses	104.15	1.22	54.19	1.06	60.58	2.86	12.56	2.45
Sales Promotion Expenses	4.86	0.06	5.60	0.11	4.38	0.21	0.66	0.13
Depreciation	34.36	0.40	26.70	0.52	16.25	0.77	6.73	1.31
<b>TOTAL</b>	<b>6,346.45</b>	<b>74.59</b>	<b>4,015.08</b>	<b>78.81</b>	<b>1,738.60</b>	<b>82.20</b>	<b>475.44</b>	<b>92.81</b>
<b>Net Profit before Interest, Tax and extraordinary items</b>	<b>2,162.50</b>	<b>25.41</b>	<b>1,079.26</b>	<b>21.19</b>	<b>376.45</b>	<b>17.80</b>	<b>36.84</b>	<b>7.19</b>
<b>Net Profit before Tax</b>	<b>2,162.50</b>	<b>25.41</b>	<b>1,079.26</b>	<b>21.19</b>	<b>376.45</b>	<b>17.80</b>	<b>36.84</b>	<b>7.19</b>
Income Tax	1.86	0.02	-	-	-	-	-	-
Deferred Tax Liability	2.65	0.03	11.44	0.22	-	-	-	-
Fringe Benefit Tax	-	-	-	-	0.25	0.01	0.07	0.01
<b>Net Profit After Tax</b>	<b>2,157.98</b>	<b>25.36</b>	<b>1,067.82</b>	<b>20.96</b>	<b>376.20</b>	<b>17.79</b>	<b>36.77</b>	<b>7.18</b>

## Comparison of Fiscal Year 2011 with 2010

### Total Income:

Our total income for the year ended 2011 was ₹8,508.95 lakhs as compare to ₹5,094.34 lakhs in the year 2010 showing a growth of 67.03%. Total income consists of income from sales, other income & increase/ (decrease) in stock.

### Total Income: Sales

Sales Income constitutes major part of our income from operations. Our Company undertakes sale of fruits & vegetables in retail as well as wholesale markets. For the fiscal year 2011, the sales income constituted 101.05% of total income as compared to 88.12% of sales income for fiscal year 2010. In fiscal year 2011, our Company started retail outlets “GENERA FRESH”. Sale from retail outlets was ₹70.68 lakhs constituting to 0.83% of our total sales.

### Total Income: Other Income

Other income for fiscal year 2011 consists of interest accrued on ICD amounting to ₹2.79 lakhs. Other income in fiscal year 2010 was Nil.

**Expenses:**

Our total expenditure for the fiscal 2011 was ₹6,346.45 lakhs and ₹4,015.08 lakhs in fiscal 2010 showing increase of 58.07%. Total expenditure comprises of purchase of traded goods, cultivation expenses, personnel expenses, administrative expenses, sales promotion expenses and depreciation. Total expenditure as a percentage of total income for the fiscal 2011 was 74.59% as compared to 78.81% in fiscal 2010.

**Purchase of traded goods:**

Our Company started trading of goods from fiscal 2011. Purchase of traded goods during the fiscal 2011 was ₹207.02 lakhs constituting 2.43% of our total income.

**Cultivation Expenses:**

Cultivation Expenses constitutes the major portion of our total expense. Cultivation expense increased to ₹5,927.90 lakhs in fiscal 2011 from ₹3,863.85 lakhs in fiscal 2010 showing increase of 53.42%. The increase in cultivation expenses is mainly on account of increase in produce as well as increase in salary of Farm Managers. Cultivation expense as a percentage of total income was 69.67% in fiscal 2011 and 75.85% of in fiscal 2010.

**Personnel Expenses:**

Personnel expense includes salaries & wages, managerial remuneration, staff welfare expenses etc. The personnel expenses increased from ₹64.37 lakhs in FY 2010 to ₹68.17 lakhs in the FY 2011.

**Administration Expenses:**

Administration expenses increased from ₹54.19 lakhs in FY 2010 to ₹104.15 lakhs during FY 2011 showing increase of 92.18%. The increase is mainly on account of increase in rent, legal & professional charges, rates & taxes and bad debts in FY 2011. Administrative expenses as a percentage of total income were 1.06% and 1.22% for FY 2010 and FY 2011 respectively.

**Sales Promotion Expenses:**

Sales promotion expenses decreased from ₹5.60 lakhs in the FY 2010 to ₹4.86 lakhs during the FY 2011 showing decrease of 13.32%. The decrease is mainly because of reduction in incentive payable to organizers. Further, Sales promotion expenses as a percentage of total income has gone down from 0.11% to 0.06% during FY 2010 to FY 2011.

**Depreciation:**

Depreciation increased from ₹26.70 lakhs in FY 2010 to ₹34.36 lakhs in FY 2011 showing an increase of 28.69% on account of addition of assets by ₹201.00 lakhs. Further, Depreciation as a percentage of total income stood at 0.40% in FY 2011 compared to 0.52% in FY 2010.

**Net Profit after tax:**

As a result of increase in total income and overall reduction of total expenditure as a percentage of total income, the net profit after tax of our Company increased from ₹1,067.82 lakhs for the FY 2010 to ₹2,157.98 lakhs for the FY 2011, showing an increase of 102.09%. Further, Net Profit after tax as a percentage of total income stood at 25.36% in FY 2011 as compared to 20.96% in FY 2010.

**Comparison of Fiscal Year 2010 with 2009****Total Income:**

Our total income increased from ₹2,115.05 lakhs in FY 2009 to ₹5,094.34 lakhs in FY 2010. This increase was primarily due to increase in income from sales by 115.53% compared to FY 2009.

**Total Income: Sales**

Income from Sales increased from ₹2,082.89 lakhs in FY 2009 to ₹4,489.26 lakhs in FY 2010 showing an increase of 115.53%. The increase was mainly on account of increase in area under cultivation by nearly 400 acres. Our Company was able to undertake cultivation in all three seasons (Rabi, Kharif and Summer) because of availability of water sources in summer on account of good rainfall during the year. Eventually, there is an increase in the production of crop resulted in increase of sales. Further, sales as a percentage of total income stood at 88.12% in FY 2010 as compared to 98.48% in FY 2009.

**Expenses:**

Total expenses increased by 130.94% from ₹1,738.60 lakhs in FY 2009 to ₹4,015.08 lakhs in FY 2010. The total expense as a percentage of total income decreased to 78.81% in FY 2010 from 82.20% for FY 2009. Increase in expenses was mainly due to increase in cultivation expenses by 139.28% y-o-y. Other expenses like personnel expenses increased by 51.80%, sales promotion expenses by 28.05%, and depreciation by 64.29% compared to FY 2009. Administration expenses were decreased by 10.54% compared to FY 2009.

**Cultivation expenses:**

Cultivation expenses increased from ₹1,614.75 lakhs in FY 2009 to ₹3863.85 lakhs in FY 2010 showing increase by 139.28%. The increase in cultivation expenses is mainly on account of increase in area under cultivation by nearly 400 acres and cultivation in all the three seasons (Rabi, Kharif and Summer). The total cultivation expenses as a percentage of total income decreased to 75.85% from 76.35% for Fiscal 2010.

**Personnel Expenses:**

Personnel expenses include managerial remuneration, salaries & wages etc. The personnel expense increased from ₹42.64 lakhs in FY 2009 to ₹64.73 lakhs in the FY 2010. The increase in personnel expense is mainly on account of increase in managerial remuneration.

**Administration Expenses:**

Administration expenses decreased to ₹54.19 lakhs in the FY 2010 from ₹60.58 lakhs in the FY 2009 showing decrease of 10.54%. The decrease is mainly on account of decrease in general administration expenses. The administrative expenses have gone down from 2.86% to 1.06% as a percentage of total income from FY 2009 to FY 2010.

**Sales Promotion Expenses:**

Sales promotion expenses increased from ₹4.38 lakhs in the FY 2009 to ₹5.60 lakhs during the FY 2010 showing increase of 28.05% on account of promotional activities undertaken by our Company during the year. There was a reduction in sales promotion expenses as a percentage of total income from FY 2009 i.e 0.21% to 0.11% in FY 2010.

**Depreciation:**

Depreciation increased from ₹16.25 lakhs in FY 2009 to ₹26.70 lakhs in FY 2010 showing an increase of 64.29% on account of addition of fixed assets by ₹50 lakhs. Further, Depreciation as a percentage of total income stood at 0.52% in FY 2010 compared to 0.77% in FY 2009.

**Net Profit after tax:**

As a result of increase in area under cultivation and consequent increase in production, there was an increase in sales. Further on account of inflation, realisation of our crops was comparatively higher. The net profit after tax of our Company increased from ₹376.20 lakhs for the FY 2009 to ₹1067.82 lakhs for the FY 2010 showing an increase of 183.84%. Further, Net Profit after tax as a percentage of total income stood at 20.96% in FY 2010 as compared to 17.79% in FY 2009.

**Comparison of Fiscal Year 2009 with 2008****Total Income:**

Our total income increased from ₹512.27 lakhs in FY 2008 to ₹2115.05 lakhs in FY 2009 showing an increase of 312.88%. This increase was due to increase in sales and increase in stocks.

**Total Income: Sales**

Income from Sales increased from ₹509.07 lakhs in FY 2008 to ₹2082.89 lakhs in FY 2009 showing an increase of 309.16%. The increase was mainly on account of cultivation undertaken in all three seasons i.e Rabi, kharif and summer of cultivation. Increased production resulted in more sales. Further, sales as a percentage of total income stood at 98.48% in FY 2009 compared to 99.37% in FY 2008.

**Expenses:**

Total expenses increased by 265.69% from ₹475.44 lakhs in FY 2008 to ₹1,738.60 lakhs in FY 2009. Total expense constituted 82.20% of total income in FY 2009 and 92.81% in FY 2008.

**Cultivation Expenses:**

Cultivation expenses increased by 263.32% from ₹444.44 lakhs in FY 2008 to ₹1614.75 lakhs in FY 2009. The increase in cultivation expenses is mainly on account of increase in Agri Farm Inputs and increase in salary of farm manager and

supervisor. The total cultivation expenses as a percentage of total income decreased to 76.35% in FY 2009 from 86.76% in FY 2008.

*Personnel Expenses:*

Personnel expenses increased from ₹11.04 lakhs in the FY 2008 to ₹42.64 lakhs in the FY 2009, showing an increase of 286.35%. The increase was primarily due to increase in salaries & wages as well as increase in managerial remuneration. Further, personnel expenses as a percentage of total income stood at 2.02% in FY 2009 compared to 2.15% in FY 2008.

*Administration Expenses:*

Administration expenses increased from ₹12.56 lakhs in the FY 2008 to ₹60.58 lakhs during the FY 2009 showing an increase of 382.17%. The increase is mainly on account of increase in Rent, Postage & Telephone Expenses, Travelling & Conveyance, vehicle maintenance etc. Further, administrative expenses as a percentage of total income stood at 2.86% in FY 2009 compared to 2.45% in FY 2008.

*Sales Promotion Expenses:*

Sales promotion expenses increased from ₹0.66 lakhs in the FY 2008 to ₹4.38 lakhs during the FY 2009 showing an increase of 564.32%. The increase was mainly due to increase in sales and promotional activities. Further, sales promotion expenses have gone up from 0.13% to 0.21% of the total income from FY 2008 to FY 2009.

*Depreciation:*

Depreciation increased from ₹6.73 lakhs for the FY 2008 to ₹16.25 lakhs for the FY 2009 showing an increase of 141.29%. The increase is mainly due to addition of fixed assets by ₹413.72 lakhs in FY 2009. Further, Depreciation as a percentage of total income stood at 1.31% in FY 2009 compared to 0.77% in FY 2008.

*Net Profit after tax:*

As a result of foregoing, the net profit after tax of our Company increased from ₹36.77 lakhs for the FY 2008 to ₹376.20 lakhs for the FY 2009. Further, Net Profit after tax as a percentage of total income stood at 17.79% in FY 2009 as compared to 7.18% in FY 2008.

## Cash Flow Statement

Set forth below is a table of selected, restated cash flow statement data for Fiscal 2011, 2010, 2009, 2008 and 2007:

(₹ lakhs)

Particulars	For the year ended March 31 <sup>st</sup>			
	2011	2010	2009	2008
Cash generated from / (used in) Operations	658.41	44.98	438.58	36.52
Cash flow from / (used in) Investing Activities	(219.40)	(27.98)	(435.87)	(37.43)
Cash flow From / (used in) Financing Activities	2.79	-	-	-
Net increase / (decrease) in Cash and Cash Equivalents	465.97	24.18	7.18	4.46

### Fiscal year 2008

In the Fiscal 2008, there has been a growth of 4.07% y-o-y in net profit before tax. In the Fiscal 2008, our Company generated positive cash flow from operations due to decrease in receivables ₹32.76 lakhs and increase in current liabilities and provisions amounting to ₹6.42 lakhs. There was increase in inventories by ₹3.21 lakhs and loans & advances by ₹43.20 lakhs. To expand our operation, our Company invested in fixed assets amounting to ₹37.43 lakhs.

### Fiscal year 2009

In the Fiscal 2009, there has been a growth of 921.85% y-o-y in net profit before tax. The cash generated from operations stood at ₹438.58 lakhs on account of increase in current liabilities and provisions by ₹100.16 lakhs which was mainly on account of increase in sundry creditors and advances from customers. There has been an increase in Inventories and Loans & Advances by ₹32.16 lakhs and ₹23.33 lakhs respectively due to increase in inventory holding period and increased sales volume.

The cash flow from investing activities was negative in fiscal 2009. To fuel our expansion our Company invested in machinery and other fixed assets amounting to ₹413.72 lakhs and capital work in progress amounting to ₹22.15 lakhs.

## **Fiscal year 2010**

In the Fiscal 2010, there has been a growth of 186.69% y-o-y in net profit before tax. There was a decline in the cash generated from operations as compared to previous year. The cash generated from operations stood at ₹ 44.98 lakhs which was mainly due to increase in receivables by ₹281.23lakhs, inventories by ₹605.08 lakhs and loans & advances by ₹206.70 lakhs. The increase in current assets has been partly funded by increase in current liabilities by ₹32.36 lakhs. The increase in current assets is attributable to the increase in area under cultivation by nearly 400 acres, good rainfalls during the year. As a result the production of crops increased substantially leading to higher inventory and receivables. The increase in loans & advances was mainly on account of lease rental deposits paid for the additional land taken on lease for cultivation.

The cash flow from investing activities was negative in fiscal 2010 due to purchase of fixed assets amounting to ₹50.13 lakhs.

## **Fiscal year 2011**

In the Fiscal 2011, there has been a growth of 100.37% y-o-y in net profit before tax. The cash generated from operations stood at ₹658.41 mainly due to increase in receivables by ₹454.56 lakhs and loans & advances by ₹1220.40 lakhs. The increase in current asset has been partly funded by increase in current liabilities by ₹47.47 lakhs. The increase in loans & advances was mainly on account of lease rental deposits paid for the additional land taken on lease for cultivation. Our Company has also given ICD's to the corporate to the tune of ₹700.00 lakhs during the fiscal 2011.

In fiscal 2011, the net cash from investing activities was negative amounting to ₹219.40 lakhs due to purchase of fixed assets amounting to ₹201.00 lakhs and increase in capital work in progress amounting to ₹18.40 lakhs.

## **FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:**

### **1. Unusual or infrequent events or transactions.**

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 have been no significant economic changes that materially affected 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.**

Other than described in the chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 10 and 126, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

### **4. Future changes in relationship between costs and incomes**

Other than described in the chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 10 and 126, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operations and finances.

### **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.**

The increase in operating income is mainly on account of increase in sales volume in the normal course of business.

**6. Total turnover of each major industry segment in which the issuer company operated.**

Please refer to chapter titled “Industry Overview” beginning on page 64 of this Draft Red Herring Prospectus. However, there are no published data available with our Company for total turnover of the industry in which our Company operates.

**7. Status of any publicly announced new products or business segment.**

Our Company has not announced any new product and segment except in the ordinary course of our business.

**8. The extent to which business is seasonal**

Our Company deals in various varieties of fruits and vegetables. Cultivation of various fruits and vegetable is dependent on seasons.

**9. Any significant dependence on a single or few suppliers or customers**

There is no significant dependence on a single or few suppliers.

**10. Competitive conditions**

Please refer to chapter titled “Industry Overview” and “Business Overview” beginning on pages 64 and 74 respectively of this Draft Red Herring Prospectus for details on competitive conditions.

**Material Recent Developments**

Except as disclosed under the chapter titled “Business Overview” beginning on page 74 and under the paragraph titled “Material Developments occurring after last Balance Sheet date i.e. March 31, 2011” beginning on page 136, in the opinion of our directors, there has not arisen any circumstances since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

## **SECTION VI: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*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 or Companies promoted by our Company 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 our 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. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which our Promoters were associated in the past but are no longer associated, in respect of which the name(s) of our Promoters continues to be associated with those litigation(s).*

This section has been divided into seven parts:

Part 1: Contingent Liabilities of our Company

Part 2: Litigation relating to our Company

Part 3: Litigation against our Directors

Part 4: Litigation relating to our Promoters and Group Companies

Part 5: Other disclosures

Part 6: Amounts owed to Small Scale Undertakings and other Creditors

Part 7: Material Developments

#### **PART 1: CONTINGENT LIABILITIES OF OUR COMPANY**

As on August 31, 2011, Contingent Liabilities: NIL

#### **PART 2: LITIGATION RELATING TO OUR COMPANY**

**A) Filed against our Company - Nil**

**B) Filed by our Company – Nil**

#### **PART 3: LITIGATION AGAINST OR BY OUR PROMOTERS AND DIRECTORS**

##### **Litigation against the Directors of our Company**

The Promoter Directors of our Company Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam are associated as directors with a Company i.e. M/s. D'ala Soft Private Limited, against which debt recovery proceedings are pending. M/s. D'ala Soft Private Limited has defaulted in repayment of working capital loan amounting to ₹50 lakhs and Term Loan amounting to ₹50 lakhs and interest thereon availed from State Bank of India, IFB, Hyderabad. The said loan was transferred by Debt Recovery Tribunal to M/s. Asset Reconstruction Company (India) Limited (ARCIL). D'ala Soft Private Limited has approached ARCIL for the one-time settlement of the said loan. The case is pending for hearing.

Other than as disclosed above;

- There is no outstanding litigation against the Directors of our Company;
- There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

- There are no pending proceedings initiated for economic offences against our directors.
- There are no past cases in which penalties were imposed by the concerned authorities on our Company's directors.
- There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases), any disciplinary action taken by the SEBI / stock exchanges against our Company's directors.

**Litigations by our Company's Directors: NIL**

## **PART 4: LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES**

### **OUR PROMOTERS**

The Promoter Director of our Company Mr. Rajesh Naidu Munirathnam and Mrs. Kalpana Raj Munirathnam are associated as directors with a Company i.e. M/s. D'ala Soft Private Limited, against which debt recovery proceedings are pending. M/s. D'ala Soft Private Limited has defaulted in repayment of working capital loan amounting to ₹50 lakhs and Term Loan amounting to ₹50 lakhs and interest thereon availed from State Bank of India, IFB, Hyderabad. The said loan was transferred by Debt Recovery Tribunal to M/s. Asset Reconstruction Company (India) Limited (ARCIL). M/s. D'ala Soft Private Limited has approached ARCIL for the one-time settlement of the said loan. The case is pending for hearing.

Other than as disclosed above;

- There are no pending litigations in which the promoters are involved. No defaults have been made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/ firms promoted by the promoters.
- Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the Promoters were associated in the past but are no longer associated.
- Further, there are no litigations against the Promoters involving violation of statutory regulations or alleging criminal offence.
- There are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.
- There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the Issuer Company as per section 370 (1B) of the Companies Act, 1956).

### **OUR GROUP COMPANIES**

A. Litigation against group company: NIL

B. Cases Filed by group companies: NIL

C. None of the Group Companies have faced/are facing any litigations/defaults/over dues or labour problems/closure etc.

## **PART 5: OTHER DISCLOSURES**

Our promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not declared as wilful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Except as mentioned in chapter "Outstanding Litigation and Material Developments", there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities present or past by / against our Company, Directors, promoters, Group Companies and against the directors in their individual capacity that would have a material adverse effect on our Company and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues that would have a material adverse effect on our Company.

Our Company, promoters, directors or any of our Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

There are no changes in the business of our Company, including discontinuance of lines of business, during the last five years, which may have had a material effect on the profits of our Company.

#### **PART 6: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

There are no Small Scale Undertakings or other creditors to whom the Company owes an amount exceeding ₹1 lakhs which is outstanding for more than 30 days from the due date.

#### **PART 7: MATERIAL DEVELOPMENTS**

##### **Material Developments occurring after last Balance Sheet date i.e. March 31, 2011**

Except as stated above, there are no material developments after the date of the last audited balance sheet, which may materially affect the performance, or prospects of our Company,

(i) **Change in the name of the Company:**

Name of our Company has been changed from "Genera Industries Limited" to "Genera Agri Corp Limited" w.e.f. 29-04-2011 after complying with provisions of section 21 and other applicable provisions of Companies Act.

- (ii) Our Company has given Inter Corporate Deposit (ICD) for value of ₹2.25 Crores to Diagonal Fashions Pvt. Ltd. Interest Rate @12.00 p.a of the said ICD payable monthly by 5<sup>th</sup> succeeding month from the date of investment, failing which Diagonal Fashions Pvt Ltd unconditionally agree to pay a penalty of 2% p.m. Due date for repayment of the said ICD by October 2011.
- (iii) Our Company has given Unsecured Loans for value of ₹0.25 Crores to Diagonal Fashions Pvt. Ltd. Interest Rate @12.00 p.a of the said Unsecured Loans payable monthly by 5<sup>th</sup> succeeding month from the date of investment, failing which Diagonal Fashions Pvt Ltd unconditionally agree to pay a penalty of 2% p.m. Due date of repayment of the said ICD by October 2011.
- (iv) The Company has made an investment of ₹3.50 Crores on August 29, 2011 in wholly owned subsidiary viz., "Genera Agri Global Limited" towards Share Subscription.

## GOVERNMENT/STATUTORY AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

### Incorporation details of our Company:

1. Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh, dated October 28, 1992 issued to M/s. Anand Lakshmi Finance Private Limited.
2. Fresh Certificate of Incorporation issued by the RoC, dated April 18, 1994 consequent to conversion from a Private Limited Company under the name M/s. Anand Lakshmi Finance Private Limited to a Public Limited Company under the name M/s. Anand Lakshmi Finance Limited.
3. Fresh Certificate of Incorporation issued by the RoC, dated August 11, 2005 consequent to change of name from M/s. Anand Lakshmi Finance Limited to M/s. Genera Industries Limited.
4. Fresh Certificate of Incorporation issued by the RoC, dated April 29, 2011 consequent to change of name from M/s. Genera Industries Limited to "Genera Agri Corp Limited".
5. The Corporate Identity number of the Company is L01403AP1992PLC014945

### Approvals for the Issue:

1. Our Board of Directors has, pursuant to their resolution dated April 28, 2011, approved this Issue.
2. Our Shareholders have, pursuant to their resolution dated May 25, 2011, Under Section 81(1A) of the Companies Act, 1956 authorized this Issue.
3. In - principle approval from the BSE dated [●]
4. In - principle approval from the MSE dated [●]

### Statutory Registrations

#### (a) Registration under the Companies Act, 1956:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Registrar of Companies, Andhra Pradesh	01-14945 Dated October 28, 1992	Companies Act, 1956	Certificate of Incorporation	Valid till cancelled

#### (b) Registration under various Acts/Rules relating to Income Tax, Sales Tax, Value Added Tax and Central Excise:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Chief Commissioner of Income Tax, Hyderabad	AADCG6564B	Income Tax Act 1961	Permanent Account No.	Valid till cancelled
02.	Assistant Commercial Tax Officer, Hyderabad	28208188960	Central Sales Tax (Registration and Turnover) Rules, 1957	Registration	Valid till cancelled
03.	Commercial Tax Officer, Hyderabad, Jubilee Hills Circle, Panjagutta Division	28208188960	A.P. VAT Act 2005	Value Added Tax Registration	Valid till cancelled.
04.	Office of Tax Deducted At Source ITU WARD 14(4)	VPNA 00668D ITO, WARD-1(2) HYD	u/s 203A of the Income Tax Act 1961	Tax Deduction and Collection Account Number	Valid Till Cancelled

**(c) Registration under various Industrial and Labour Laws:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval
01	Assistant Commissioner of Provident Fund, Hyderabad	Applied for	Employees (Provident Fund & Miscellaneous provisions) Act, 1952	Provident Fund Registration
02	Regional Director Employees' State Insurance Corporation, Hyderabad	Applied For	Employees State Insurance Act, 1948	Registration

**(d) Registration and approvals from various Governmental and Regulatory Authorities:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Ministry of Commerce and Industry, Office of the Regional Joint Director General of Foreign Trade	0910001197	EXIM Policy	Importer Exporter Code	Valid till cancelled
02.	Assistant General Manager, Agricultural and Processed Food Products Export Development Authority	163039	APEDA Act,	Registration - Cum-Membership. Merchant Exporter approval.	June 16, 2015
03.	The Inspector and Asst. Labour Officer, Circle 37, Hyderabad	ALO 37/HYD/16/2011	A.P. Shops & Establishment Act, 1988	Registration of outlet at Nandagiri Hills	December 31, 2011
04.	The Inspector and Asst. Labour Officer, Circle 37, Hyderabad	ALO 37/HYD/17/2011	A.P. Shops & Establishment Act, 1988	Registration of Registered Office	December 31, 2011
05.	The Inspector and Asst. Labour Officer, Circle 21, Hyderabad	ALO 21/HYD/18/2011	A.P. Shops & Establishment Act, 1988	Registration of Outlet at Balkampet	December 31, 2011
06.	The Inspector and Asst. Labour Officer, Balanagar, Ranga Reddy	ALO BNR/125/2011	A.P. Shops & Establishment Act, 1988	Registration of outlet at Kondapur.	December 31, 2011
07	Ministry of Agriculture Directorate of Marketing & Inspection (AGMARK)	C.A. Book No. A/2 7079	Grading & Marking of Table Grapes under AGMARK for Export	Registration	March 31, 2015
08	Commercial Tax Department, Professional Tax Officer, Hyderabad	28405121608 Dated June 10, 2011	Andhra Pradesh Tax on Profession Trade, Calling and Employment Act 1987	AP Profession Tax Payer Registration Certificate	Valid till cancelled
09	Commercial Tax Department, Professional Tax Officer, Hyderabad	28375261742 Dated June 10, 2011	Andhra Pradesh Tax on Profession Trade, Calling and Employment Act 1987	AP Profession Tax Payment Enrolment Certificate	Valid till cancelled

## Intellectual Properties

Our Company has filed the following applications with the Trade Mark registry of Chennai of trademarks and Logo, which are pending in various classes under the Trade Mark Act.

Sr. No.	Application No.	Filling Date	Class	Name of Applicant	Trade Mark
1.	2154766	June 03, 2011	29	Genera Agri Corp Limited	GENERA
2.	2154765	June 03, 2011	30	Genera Agri Corp Limited	GENERA
3.	2154767	June 03, 2011	31	Genera Agri Corp Limited	GENERA
4.	2154764	June 03, 2011	35	Genera Agri Corp Limited	GENERA FRESH
5.	2154768	June 03, 2011	43	Genera Agri Corp Limited	GENERA FRESH

## **SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Board has, pursuant to a resolution passed at its meeting held on April 28, 2011 authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of our Company held on May 25, 2011.

### **Prohibition by SEBI**

We confirm that neither (i) our Company, the Promoters, Promoter Group, persons in control of our Company or the Group Companies; nor (ii) companies with which any of the Promoters, the Directors, persons in control of our Company or any natural person behind the Promoters are or were associated as a promoter, director or person in control, are debarred or have been prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

There has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors. Neither our Company, nor our Promoters, Promoter Group, Group Companies, or Directors have been declared as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or pending against them.

### **Prohibition by RBI**

Our Company, its Directors, its Promoters, relatives of the Promoters (as defined under the Companies Act) and Group Companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against our Company or them.

### **Eligibility for the Issue**

Our Company is eligibility criteria mentioned in Chapter III, Part I, Regulation 26 (1) of SEBI (ICDR) Regulations, 2009 as explained under, based on the restated financial statements under Indian GAAP:

1. Our Company has net tangible assets of at least ₹300 lakhs in each of the preceding three full years. The monetary assets held by our Company for the financial year ended March 31, 2011, 2010 and 2009 are not more than 50% of the net tangible assets of our of three preceding full years;
2. Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, 1956, for at least three out of immediately preceding five years;
3. Our Company has a net worth of at least ₹100 lakhs in each of the preceding three full years;
4. The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of issue size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-issue net worth of our Company as per audited balance sheet of the last financial year;
5. Our Company has not changed its name within the last one year i.e from April 01, 2010 to March 31, 2011. However, our Company has changed its name w.e.f. April 29, 2011 without changing the main objects;

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

Based on the Statutory Auditor certificate dated September 15, 2011, our Company's net tangible assets, monetary assets, net profit and net worth derived from Restated Financial Statements for the last five years are set forth below:

(₹ lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Net Tangible Assets <sup>(1)</sup>	3,760.53	1,599.89	520.63	144.43	107.66
Monetary Assets <sup>(2)</sup>	465.97	24.18	7.18	4.46	5.37
Monetary assets as a % of Net Tangible Assets	12.39	1.51	1.38	3.09	4.98
Distributable Profits <sup>(3)</sup>	2,157.98	1,067.82	376.2	36.77	35.4
Net Worth <sup>(4)</sup>	3,746.43	1,588.45	520.63	144.43	107.66

- (1) Net tangible assets are defined as the sum of fixed assets (including capital work in progress and capital advances and excluding intangible assets and revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (including working capital) and short term liabilities;
- (2) Monetary assets include cash on hand, bank balances and investments in mutual funds.
- (3) The distributable profits of our Company, as per section 205 of the Companies Act, 1956 have been calculated from the audited financial statements of respective years and/or period before making adjustments for restatement of Financial Statements.
- (4) Net worth = Equity Share Capital + Reserves & Surplus (excluding revaluation reserve, if any) – Miscellaneous Expenditure

#### Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, BEING BOB CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS 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 INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, BOB CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 26, 2011 WHICH READS AS FOLLOWS:

- (1) *WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;*
- (2) *ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:*
- (A) *THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;*
- (B) *ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL*

**GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.- NOTED FOR COMPLIANCE**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN ₹10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.**

***(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.***

***(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:***

- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND***
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.***

***(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.***

***(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.***

***(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.***

**THE FILING OF THIS 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 AND/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 BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS."**

**All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies in terms of Sections 56, 60 and 60B of the Companies Act.**

**Disclaimer from our Company, our Directors and the BRLM**

Our Company, the Directors and the BRLM accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, [www.genera.in](http://www.genera.in) would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between BRLM, our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, the

Company and the affiliates or associates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company and the affiliates or associates, for which they have received, and may in the future receive, compensation.

### **Caution**

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares 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, Public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, and provident funds (subject to applicable law) with minimum corpus of ₹2500 lakhs and pension funds with minimum corpus of ₹2500 lakhs, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this 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 Hyderabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this 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 this 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 or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of 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 Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Bidder where required agrees that such Bidder 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 BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

### **Disclaimer clause of the MSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the MSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

### **Filing**

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, D' Monte Building, 3<sup>rd</sup> Floor, 32 D' Monte Colony, TTK Road, Alwarpet, Chennai-600 018, Tamil Nadu, India.

A copy of the Red Herring Prospectus, along with the other 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, along with the other documents required, to be filed under section 60 of the Companies Act will be delivered for registration with RoC located at the address mentioned below,

Registrar of Companies  
Kendriya Sadan,  
Koti, Hyderabad – 500 195,  
Andhra Pradesh, India.

### **Listing**

The Equity Shares of the Company are listed on Madras Stock Exchange Limited. Applications have been made to Madras Stock Exchange Limited and also to the Bombay Stock Exchange Limited, to use their respective names in this Draft Red Herring Prospectus and for their in-principle approval for listing the Equity Shares. BSE will be the Designated Stock Exchange, with which the basis of allotment will be finalized for the Issue.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Company become liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with at the rate of interest of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of Bid Closing Date.

### **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 otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

## Consents

Consents in writing of the Directors, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to our Company, Bankers to the Issue, BRLM, Syndicate Members, Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

M/s. Hari Vara Prasada & Associates, Auditors of our Company have also given their consent to the inclusion of their report as appearing in the form and context in this Draft Red Herring Prospectus at page 54 and also of the tax benefits accruing to our Company and to the members of our Company and such consent and report have not been withdrawn up to the time of signing this Draft Red Herring Prospectus.

## Expert Opinion

Except the report of Statutory Auditor of our Company on the Re-stated Financial Statements and Statement of Tax Benefits, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

## Expenses of the Issue

Our Management estimates an expense or ₹[●] Lakhs towards issue expense. The expenses of this Issue include, among others, underwriting and lead management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue will be borne by our Company. The estimated Issue expenses are as follows:

(₹ lakhs)

Activity*	Amount (₹ lakhs)	% of the Issue Expenses	% of the Total issue Size
Lead Management Fees	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Registrar to the Issue's Fees	[●]	[●]	[●]
Advertisement and Marketing expenses	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Others (bidding software expenses, depository charges, listing fees, etc.)	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

*\*Will be completed after finalization of the Issue Price*

## Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per the Issue Agreement dated September 26, 2011 signed with the BRLM and the Syndicate Agreement dated [●] amongst our Company, the BRLM and the Syndicate members, copies of which are available for inspection at the Registered Office of our Company. The BRLM will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

## Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement signed with our Company dated June 28, 2011, a copy of which is available for inspection at our Company's registered office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by our Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

### **Previous Right and Public 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 Issues of shares otherwise than for Cash**

Except as stated in the chapters titled “Capital Structure” and “History and Certain Corporate Matters” beginning on pages 36 and 88 respectively, of this Draft Red Herring Prospectus, our Company has not made any previous issues of shares for consideration other than cash.

### **Commission and Brokerage paid on Previous Issues of the Company’s Equity Shares**

Our Company made an initial public offer of our Equity Shares in the year 1995. Brokerage was paid @ 1.50 % on the nominal value of equity shares on the basis of allotment made against application.

### **Issues Made By The Companies Under The Same Management Under Section 370(1B) Of The Companies Act, 1956.**

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue i.e. public/right/composite during the last three years.

### **Promise vis-à-vis Performance**

Since our Company has not made any public/right issue in past 10 years preceding the date of filing the Draft Red Herring Prospectus, Promise vis-à-vis Performance is not applicable to us.

Further, none of the group company has made any public/right issue during last 10 years preceding the date of filing of this Draft Red Herring Prospectus with the Board and therefore, Promise vis-à-vis Performance is not applicable to a group company/ associate company.

### **Outstanding debentures, bonds, redeemable preference shares and other instruments issued by Our Company**

Our Company has no outstanding debentures, bonds or redeemable preference shares and other instruments as of the date of this Draft Red Herring Prospectus.

### **Stock Market Data of the Company’s Equity Shares**

The existing equity shares of our Company are currently listed on Madras Stock Exchange Limited. However, the same are not being traded, and hence no stock market data is provided.

### **Disclosure on Investor Grievances and Redressal System**

Our Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of our Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years to enable the investors to approach the Registrar to the Issue for redressal of their grievances. We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will 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, we will seek to redress these complaints as expeditiously as possible. Our Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

All grievances relating to the ASBA process may be addressed to the 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 or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

The Registrar to the issue, namely, Bigshare Services Private Limited, will handle investor’s grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to our Company.

Our Company would also be co-ordinating with the Registrar to the issue in attending to the grievances to the investor. Our Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by our Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. Our Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by our Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of our Company.

Our Company has appointed Ms. Khusboo Laxmi Bhagat 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:

**Ms. Khusboo Laxmi Bhagat**

H. No. 8-2-293, Block III,  
Road No. 82, Plot No. 382,  
Film Nagar, Jubilee Hills,  
Hyderabad – 500 033,  
Andhra Pradesh, India  
Tel No.: +91-40-67229000  
Fax No.: +91-40-2354 7720  
Email: investors@genera.in  
Website: www.genera.in

We further confirm that there are no pending investor complaints as on September 21, 2011.

**Mechanism for Redressal of Investor Grievances by Listed Group Companies**

There are no listed Group Companies of our Company. There are no investor complaints pending as on the date of filing of this Draft Red Herring Prospectus

**Changes in the Auditors during last three years**

Change in Auditors	Date of Appointment	Date of Resignation
M/s. J. K. Rao Associates	29-Sep-06	05-Apr-10
M/s. Hari Vara Prasada & Associates	05-Apr-10	- - -

**Capitalisation of reserves or profits during last five years**

Our Company has not capitalised its reserves or profits at any time since inception, except for the bonus issue, details of which are given in chapter titled "Capital Structure" beginning on page 36 of this Draft Red Herring Prospectus.

**Revaluation of assets during last five years**

There has been no revaluation of assets of the Company during last five years.

**Purchase of property**

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the Issue Proceeds or the purchase or acquisition of which would not have been completed on the date of the Draft Red Herring Prospectus, other than property in respect of which:

- a. the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of this Issue nor is this Issue contemplated in consequence of the contracts; or
- b. the amount of the purchase money is not material; or
- c. disclosure has been made in this Draft Red Herring Prospectus in chapter titled “Business Overview” beginning on page 74

## SECTION VIII: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, the SCRR, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the ASBA Bid cum Application Form, the ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the RBI, RoC and/ or other relevant 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 our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment. See section titled “Main Provisions of the Articles of Association” beginning on page 189 of this Draft Red Herring Prospectus for a description of the Articles of Association of our Company.

#### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

#### Face Value and Issue Price

The face value of the Equity Shares is ₹10 each and the Floor Price is ₹[●] and the Cap Price is ₹[●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

#### Compliance with SEBI Regulations

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

#### Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules 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 powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled “Main Provisions of Articles of Association” beginning on page 189.

#### Market Lot and Trading Lot

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

one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 1 Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares.

### **Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agent of the Company.

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

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

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

In the event our Company does not receive the minimum subscription of 90% of the Issue, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further, in accordance with the regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

**Application in Issue**

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialised form only.

Restriction on transfer of Equity Shares as detailed in the chapter titled “Capital Structure” beginning on page 36 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation/ splitting except as provided in the Articles of Association. For details, see the section titled “Main Provisions of the Articles of Association” beginning on page 189 of this Draft Red Herring Prospectus.

**Bidding Period**

Bidders may submit their Bids only in the Bidding Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●].

**Arrangements for disposal of odd lots**

Our Company's Equity Shares will be traded in dematerialized form only. Marketable lot is one Equity Share. Hence there is no possibility of odd lots.

**Restrictions on transfer of shares**

Except for the lock-in of the post-Issue Equity Shares forming the Promoters' contribution in the Issue and the balance pre-Issue share capital of our Company as detailed in chapter titled "Capital Structure" beginning on page 36 of this Draft Red Herring Prospectus, there are no restrictions on the transfer and transmission of shares/debentures and on their consolidation/ splitting except as provided for in our Articles. Please see the section titled “Main Provisions of the Articles of Association” beginning on page 189 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.

## ISSUE STRUCTURE

The Issue of [●] Equity Shares of face value ₹10 each, at an Issue Price of ₹[●] for cash, including a premium of ₹ [●] per Equity Share, aggregating to ₹9800 lakhs is being made through the Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares	Not less than [●] Equity Shares or Issue less allocation to QIBs and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Issue less allocation to QIBs and Non - Institutional Bidders shall be available for allocation.
Percentage of Issue Size available for allocation	Not more than 50% of Issue. However, up to 5% of the QIB Portion shall be available for allocation to mutual Funds only.	Not less than 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	Not less than 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds (b) The balance Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares whereby the Bid Amount does not exceed ₹200,000.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.		
Trading Lot	One Equity Share.		
Mode of Allotment	Compulsorily in dematerialised form		
Who can apply **	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of ₹2,500 Lakhs, pension funds with minimum corpus of ₹2,500 Lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005	Resident Indian individuals including HUF (in the name of Karta), companies, bodies' corporate, scientific institutions societies, trusts.	Resident Indian Individuals including HUF (in the name of Karta), applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹200,000.in value.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	of Government of India published in the Gazette of India, Insurance funds set up and managed by the army, navy, or air force of the Union of India, Insurance funds set up and managed by the Department of Posts, India		
Terms of Payment	Full Bid Amount on Bidding		

\* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through a Book Building Process wherein not more than 50% of the Issue shall be allotted on a proportionate basis to QIBs. 5% of the Issue in the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds. The remainder shall be available for allotment on a proportionate basis to 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.

In case of under-subscription in the Issue, spillover to the extent of under-subscription shall be permitted from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds

\*\* In case the Bid cum Application Form or the Application Supported by Blocked Amount is submitted in joint names, the investors should ensure that the demat 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 or the Application Supported by Blocked Amount.

\*\*\* In case of ASBA bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA bidder that are specified in the Bid cum ASBA Form.

### Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason there for. 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 acknowledgement of the Prospectus after it is filed with the RoC. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of notification of withdrawal of the issue. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. If our Company does not receive minimum subscription of 90% of the Issue size, including devolvement of the members of the syndicate, our Company shall forthwith refund the entire subscription amount received. In case, our Company receives minimum subscription but wishes to withdraw the Issue after Issue Opening but before allotment, our Company will give public notice giving reasons for withdrawal of Issue but if our Company thereafter decides to proceed with the issue of its Equity Shares, it shall file a fresh draft red herring prospectus. The Public Notice will appear in an English national newspaper, a Hindi national newspaper and one regional language newspaper with wide circulation.

### Letters of Allotment or Refund Orders

Our Company shall credit each beneficiary account with its depository participant within 10 Working Days of the Bid/Issue Closing Date. Applicants those who are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants, our Company shall ensure the dispatch of refund orders, if any,

of value up to ₹1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above ₹1,500, if any, by registered post or speed post at the sole or First Bidder’s, sole risk within 10 Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within 10 Working Days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue will, within 9 Working Days of the Bid Closing Date, instruct the relevant SCSB to, on the receipt of such instructions from the Registrar to the Issue, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Form or the relevant part thereof, for withdrawn, rejected, unsuccessful or partially successful ASBA Bids.

### **Interest in case of delay in dispatch of Allotment Letters/Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company undertakes that:

- Allotment shall be made only in dematerialized form within 10 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 10 Working Days from the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 15 day time period prescribed above.

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 the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### **Bid/Issue Program**

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

Bids and any revision in Bids shall 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 on the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders (ii) till until 5.00 p.m. in case of Bids by Retail Individual Bidders. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one 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 advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Working days, i.e., Monday to Friday (excluding any public holidays).

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Closing Date.

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

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that pursuant to the SEBI Circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all non-Retail Individual Bidders i.e. QIBs and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. ASBA Bidders should note that the ASBA process involves application procedures that may be 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 Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form.*

*Please note that the information stated/ covered in this section may not be complete and / or accurate and as such would be subject to modification/change. Our Company and the Book Running Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

### **Book Building Procedure**

The Issue is being made through a Book Building Process wherein not more than 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIBs"). 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In case of under-subscription in the Issue, spillover to the extent of under-subscription shall be permitted from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds.

Non- retail investors are mandatorily required to make use of the ASBA facility. All ASBA Bidders can submit their Bids through the Syndicate (at ASBA Bidding Locations). Pursuant to SEBI circular no CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

**Investors should note that Allotment to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidder's depository accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Equity Shares will be traded only on the dematerialized segment of the Stock Exchanges.**

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form or the ASBA Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum Application Form or the ASBA Bid cum Application Form was submitted in joint names, Bidders are required to ensure that the beneficiary accounts are held in the same joint names in the same sequence in which they appeared in the Bid cum Application Form or the ASBA Bid cum Application Form.

## **ASBA Process**

In accordance with the ICDR Regulations, all Bidders can participate in the Issue through the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account (“ASBA Account”) specified in the ASBA Bid-cum- Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM and/or the Registrar.

### **Bid-cum-Application Form and ASBA Bid-cum-Application Form**

Retail Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Non- retail Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being “ASBA” obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA Bidding Locations). Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB or to a member of the Syndicate (at ASBA Bidding Locations). (Syndicate / Sub – syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors and submit the same to SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate (at ASBA Bidding Locations) or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	(i) If Bidding through ASBA, ASBA Form (physical or electronic); <b>or</b> (ii) If Bidding through non-ASBA, Bid cum Application Form.	(i) If using physical ASBA Form, to the members of the Syndicate only at Syndicate ASBA Centres; <b>or</b> (ii) If using physical ASBA Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; <b>or</b> (iii) If using electronic ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; <b>or</b> (iv) If using Bid cum Application Form, to the members of the Syndicate at the Bidding Centres.
Non-Institutional Bidders and QIBs	ASBA ( <i>Kindly note that ASBA is mandatory and no other mode of Bidding is permitted</i> )	ASBA Form (physical or electronic)	(i) If using physical ASBA Form, to the members of the Syndicate only at Syndicate ASBA Centre; <b>or</b> (ii) If using physical ASBA Form, to the Designated Branches of the SCSBs where the SCSB account is maintained; <b>or</b> (iii) If using electronic ASBA Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.

The prescribed colour of the Bid cum Application Form /ASBA Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form	Colour of ASBA Bid cum Application Form
Resident Indians	[●]	[●]
Non-Institutional Bidders and QIB Bidders	<b>Not Applicable</b>	[●]

#### Who can Bid?

- Persons eligible to invest in the Equity Shares under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of 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;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- 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 ₹2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹2500 lakhs and who are authorised under their constitution to hold and invest in equity shares; and
- National Investment Fund; and
- Insurance funds set up and managed by the army, navy or air force and Department of Posts of the Union of India.

#### **Participation by Associates and Affiliates of BRLM and Syndicate Members**

The BRLM and Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in QIB Portion or Non-Institutional Portion as may be applicable to such Bidder, where the allotment is on a proportionate basis.

#### **Bids by Mutual Funds**

**As per the current regulations, the following restrictions are applicable for investments by mutual funds:**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the Asset Management Companies or Custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. 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.

**No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid have been made.**

#### **Bids made by Provident Funds**

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹2500 lakhs and pension funds with minimum corpus of ₹2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company, the Directors, the officers of the Company and the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form or the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “IRDA Investment Regulations”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) the industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

### **Bids by SEBI-registered Venture Capital Funds**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended, prescribe investment restrictions on Venture Capital Funds registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund registered with the SEBI should not exceed the prescribed investment limit as the case may be.

**The SEBI has issued a press release on 26 June, 2006 stating that the shareholding of SEBI registered Venture Capital Funds held in a company prior to making an further public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing this Draft Red Herring Prospectus with the SEBI.**

### **Bids by QIBs**

Only QIBs as defined in clause 2 (zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86 of the SEBI Regulations are eligible to invest. Currently the definition of a QIB includes:

- Public financial institutions as defined in section 4A of the Companies Act;
- Scheduled commercial banks;
- Mutual funds registered with SEBI;
- Foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of ₹2500 lakhs;
- Pension Funds with minimum corpus of ₹2500 lakhs; 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.

However, non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are not eligible to bid or invest in this Issue.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2500 lakhs, 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 along with the Bid cum Application Form. Failing this, our Company reserves the right to

accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bid by way of ASBA pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.;
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.;
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2500 lakhs, 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 or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.;

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form/ASBA Bid cum Application Form, subject to such terms and conditions that our Company, and the BRLM may deem fit. Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice, the demographic details given on the Bid-cum-Application Form/ASBA Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use demographic details as given in the Bid-cum-Application Form/ ASBA Bid cum Application Form instead of those obtained from the depositories

#### **Bids by ASBA Investor**

For ASBA process, please refer paragraph titled “ASBA Process” beginning on page 158 of this Draft Red Herring Prospectus.

#### **Maximum and Minimum Bid Size (including ASBA Bidder)**

- (i) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed ₹200,000. In case the Bid Price is over ₹200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (ii) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of [●] Equity Shares such that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **QIB Bidders cannot withdraw their Bids after the Bid Closing Date & is required to pay the entire Bid amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-Off Price’

The maximum and the minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.

Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

#### **Information for the Bidders:**

1. The Red Herring Prospectus will be filed by our Company with the RoC at least 3 days before the Bid/ Issue Opening Date.
2. Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate. For ASBA Bidders, Bid cum Application Forms will be available on the websites of the BSE and the Designated Branches of the SCSBs.
3. Any Investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form or the ASBA Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. In addition, electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.
4. Our Company, the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in 2 widely circulated national newspapers (1 each in English and Hindi) and 1 regional language daily newspaper.
5. The members of the Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches shall accept Bids from the Bidder during the Bid / Issue Period in accordance with the terms of the Red Herring Prospectus.
6. Eligible Bidders who are interested in Bidding for the Equity Shares should approach the BRLM or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.
7. The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (at the ASBA Bidding Locations) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.
8. With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified excluding (i) persons resident in the state of Sikkim; (ii) the Central or State Governments and the (iii) officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

#### **Additional information specific to ASBA Bidders**

It may be noted that with effect from May 01, 2011, non – retail Bidders i.e. QIBs and Non Institutional Investors shall mandatorily utilise the ASBA facility to submit their Bids.

1. Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from the websites of the Stock Exchanges (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening

Date. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. The BRLM and the SCSBs will provide the hyperlink to the BSE on their websites.

2. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non-retail Investors who are required to apply in this Issue through the ASBA process and retail Investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the Red Herring Prospectus as well as the ASBA Bid cum Application Forms and that the same are made available on the websites of the SCSBs.
3. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLM or members of the Syndicate/ sub-syndicate members located at the ASBA Bidding Locations. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.
4. The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form. ASBA Bidders at ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.
5. The ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate and/or an SCSB will be rejected.
6. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the applicable Designated Branch or members of the Syndicate/ sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

**Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.**

#### **Method and Process of Bidding**

1. Each Bid cum Application and/or the ASBA Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” beginning on page 165 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and/or the ASBA Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form or ASBA Bid cum Application Form after Bid(s) on one Bid cum Application Form or ASBA Bid cum Application Form have been submitted to any member of the Syndicate or 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 SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form or ASBA Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” beginning on page 165 of this Draft Red Herring Prospectus.

3. 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 or ASBA Bid cum Application Form.
4. With regard to Syndicate ASBA, upon receipt of the ASBA Bid cum Application Form by a member of the Syndicate, the concerned member of the Syndicate shall issue an acknowledgement by giving the counter foil of the ASBA Bid cum Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the member of the Syndicate shall upload the details of the Bid in the electronic Bidding system of the Stock Exchanges and forward the ASBA Bid cum Application Form to the concerned SCSB. The SCSB shall carry out further action for such ASBA Bid cum Application Forms such as signature verification and blocking of funds. If sufficient funds are not available in the ASBA Account, the SCSB shall reject such Bids. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Payment Amount mentioned in the ASBA Bid cum Application Form and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
5. With regard to non-Syndicate ASBA i.e. ASBA Bidders Bidding through the SCSBs, upon receipt of an ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Payment Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Payment Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic Bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
6. The Payment Amount shall remain blocked in the aforesaid ASBA Account until approval of the Basis of Allotment and consequent transfer of the Payment Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is approved, 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 ASBA 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.
7. During the Bidding/Issue Period, Bidders should approach the members of the Syndicate or their authorized agents to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. ASBA Bidders Bidding through Syndicate ASBA should submit their Bids to the members of the Syndicate. ASBA Bidders Bidding through the SCSBs are required to submit their Bids to the Designated Branches of such SCSBs.
8. The Members of the Syndicate shall accept Bids from the Bidders during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement.
9. 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" beginning on page 166 of this Draft Red Herring Prospectus.

#### **Bids at Different Price Levels and Revision of Bids**

1. 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 one days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.
2. Our Company, in consultation with the BRLM will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

3. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ₹200,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of ₹200,000 and such bids shall be rejected.
4. 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 and 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 bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
5. 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 the paragraph titled “Payment Instructions” beginning on page 174 of this Draft Red Herring Prospectus.

#### **Electronic Registration of Bids**

1. The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
2. 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 Closing Date.
3. 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 Syndicate Members and/or SCSBs shall be 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 Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
4. 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 is available with the members of the Syndicate on regular basis.
5. 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.
6. 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:
  - Investor Category – Individual, Corporate, Mutual Fund etc.;
  - Numbers of Equity Shares Bid for;
  - Bid Amount;
  - Cheque Details;
  - Bid cum Application Form number;
  - DP ID and Client ID; and
  - PAN;

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- ASBA Bid cum Application Form Number;
  - PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);
  - Investor Category and Sub-Category – Individual, Corporate, Mutual Funds etc.;
  - DP ID and Client ID;
  - Numbers of Equity Shares Bid for;
  - Bid Amount; and
  - Bank account number;
7. TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Syndicate or our Company
  8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  9. In case of QIB Bidders, only the BRLM and its affiliates have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein.
  10. The permission given by the Stock Exchanges to use their network and software of the online IPO connectivity system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
  11. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID, Client ID and PAN uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.

#### **Build up of the book and revision of Bids**

1. Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges mainframe on a regular basis.
2. The Book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/Issue Period.
3. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid cum Application Form and/or ASBA Bid cum Application Form. Retail Individual Bidders may revise their bids within the Price Band at any time until finalization of Basis of Allotment.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or ASBA Revision Form. Apart from mentioning the revised options in the Revision Form or ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form, or ASBA Bid cum Application Form or earlier Revision Form, or ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form/ ASBA Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form/ ASBA Revision Form, the Bidder must still fill the details of the other two options that

are not being revised, in the Revision Form or ASBA Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Form/ASBA Revision Form.

5. 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.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 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 ₹200,000 by Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap 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.
7. 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 or unblocked by the SCSBs in case of ASBA Bidders.
8. 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.
9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment. The excess amount, if any, resulting from downward revision of Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.
10. When a Bidder revises his or her Bid, he or she should surrender the earlier TRS and request for a revised TRS from the Syndicate or the SCSB, as proof of his or her having revised the previous Bid.

#### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
2. 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.
3. 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.
4. In case of under-subscription in the Issue, spillover to the extent of under-subscription shall be permitted from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws,

rules, regulations and guidelines. In case inadequate demands from the mutual funds, the Equity shares will be made available to the QIBs other than the mutual funds

5. The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. 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.

The allotment details shall be uploaded on the website of the Registrar of 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, the underwriting arrangements and will be complete in all material respects.

#### **Filing with the RoC**

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with RoC in terms of Sections 56, Section 60 and Section 60B of the Companies Act.

#### **Public Announcement post filing of the Draft Red Herring Prospectus**

Our Company shall, either on the date of filing of this Draft Red Herring Prospectus or the next day, make a public announcement on one English language national daily, one Hindi language national daily and one Telugu language newspaper, each with wide circulation, disclosing to the public the fact of filing of this Draft Red Herring Prospectus with the SEBI and inviting the public to give their comments to the SEBI in respect of disclosures made in this Draft Red Herring Prospectus.

#### **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 newspaper (one each in English and Hindi) and one Telugu 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 CANs to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the 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. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment.
- (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.

**Bidders 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;
- (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 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 at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (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 (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form or the 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 transaction

and all Bidders should mention their PAN allotted under the IT Act;

- (m) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

**Don'ts:**

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (f) Do not submit more than five ASBA Bid cum Application forms with respect to any single ASBA Account;
- (g) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹200,000);
- (h) Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders;
- (i) 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;
- (j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (k) Do not submit the Bids without the full Bid Amount; and.
- (l) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;

**ADDITIONAL INSTRUCTIONS SPECIFIC TO ASBA BIDDERS**

**Do's:**

- (a) Check if you are eligible to Bid under ASBA;
- (b) Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA;
- (c) Before submitting the physical ASBA Bid Cum Application Form with the member of the Syndicate for Bidding through Syndicate ASBA ensure that the SCSB, whose name has been filled in the ASBA Bid Cum Application Form, has named a branch in that centre;
- (d) Read all the instructions carefully and complete the ASBA Bid cum Application Form;
- (e) For ASBA Bidders Bidding through Syndicate ASBA, ensure that your ASBA Bid cum Application Form is submitted to the members of the Syndicate at the Syndicate ASBA Centre and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholders or the Registrar to the Issue;
- (f) For ASBA Bidders Bidding through the SCSBs, ensure that your ASBA Bid cum Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholders or the Registrar to the Issue or the members of the Syndicate;
- (g) Ensure that the ASBA Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is

not the account holder;

- (h) Ensure that you have mentioned the correct ASBA Account number in the ASBA Bid cum Application Form;
- (i) Ensure that you have funds equal to the Payment Amount in the ASBA Account before submitting the ASBA Bid cum Application Form to the respective Designated Branch;
- (j) Ensure that you have correctly ticked, provided or checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Payment Amount mentioned in the ASBA Bid cum Application Form;
- (k) Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, as the case may be, for the submission of the ASBA Bid cum Application Form;
- (l) Submit the ASBA Revision Form with the same Designated Branch or concerned member of the Syndicate, as the case may be, through whom the ASBA Bid cum Application Form was placed and obtain a revised acknowledgment;
- (m) Ensure that the name(s) given in the ASBA 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 ASBA 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 ASBA Bid cum Application Form.

**Don'ts:**

- a) Do not Bid on another ASBA Bid cum Application Form after you have submitted a Bid to a member of the Syndicate or a Designated Branch, as the case may be;
- b) Payment of Payment Amount in any mode other than through blocking of Payment Amount in the ASBA Accounts shall not be accepted under the ASBA;
- c) Do not submit the ASBA Bid cum Application Form with a member of the Syndicate at a location other than the Syndicate ASBA Centres;
- d) Do not send your physical ASBA Bid cum Application Form by post. Instead submit the same with a Designated Branch or a members of the Syndicate, as the case may be; and
- e) Do not submit more than five ASBA Bid cum Application Forms per ASBA Account.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM AND ASBA BID CUM APPLICATION FORM**

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, ASBA Bid cum Application Form or ASBA 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 ASBA Bid cum Application Form or in the Revision Form or ASBA Revision Form as the case may be. Incomplete Bid cum Application Forms/ASBA Bid cum Applicable Form or Revision Form or Revision Forms/ASBA Revision Form 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/ASBA Bid cum Applicable Form or Revision Forms/ASBA Revision Form;
- (c) Information provided by the Bidders will be uploaded in the online 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 ₹200,000;
- (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 ₹200,000 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) Bids through ASBA must be:
  - (i) made only in the prescribed ASBA Bid cum Application Form or ASBA Revision Forms (if submitted in physical mode) or the electronic mode;
  - (ii) made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant);
  - (iii) completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Bid cum Application Form;
- (i) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the ASBA Bid cum Application Form;
- (j) For ASBA Bidders, 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. For details regarding mode of Bidding and manner of submission of the Bid cum Application Form, please see, “Issue Procedure - Bid cum Application Form and ASBA Bid cum Application Form” beginning on page 158 of this Draft Red Herring Prospectus.

#### **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 and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in 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 ASBA Bid cum Application Form as the case may be.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, CLIENT IDENTIFICATION NUMBER AND PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATIONFORM/ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THENAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE BID-CUM-APPLICATION FORM/ASBA BIDCUM- APPLICATION FORM SHOULD BE EXACTLYTHE SAME AS PROVIDED TO THE DEPOSITORY PARTICIPANT. IF THE BID-CUM-APPLICATIONFORM/ASBA BID-CUMAPPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID CUM**

## **APPLICATION FORM/ASBA BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/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 or ASBA Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, or ASBA 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 or the Escrow Collection Banks or the Registrar or 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 three parameters, namely, PAN of the Bidder, the DP ID and Client ID, then such Bids are liable to be rejected.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Retail individual Bidders other than ASBA Bidders**

*Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.*

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Retail individual Bidders would be deposited in the relevant Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

**The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Each Retail individual Bidder who does not utilize the ASBA facility shall pay the full Bid Amount at the time of the submission of the Bid cum Application Form, and shall, along with the submission of the Bid cum Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see "Payment in Escrow Account" below), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Retail individual Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds. Bid cum Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Retail individual Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. No later than 12 Working Days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Where the Retail individual Bidder has been allotted a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid / Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay of more than 8 days after the day on which our Company becomes liable or 15 days from the Bid / Issue Closing Date, whichever is earlier.

#### *Payment into Escrow Accounts*

- a) All Retail individual Bidders who are not Bidding through ASBA facility would be required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form.
- b) The Retail individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid shall be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- c) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:  
     In case of Resident Retail Bidders: “[●]”  
     In case of Non-Resident Retail Bidders: “[●]”
- d) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
- e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account and the surplus amount shall be transferred to the Refund Account.
- f) Within 12 Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- g) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.
- h) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.
- i) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

#### **Payment mechanism for ASBA Bidders**

***Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue.***

ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form which is to be submitted to the Syndicate member. The Syndicate member shall in turn forward the ASBA Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked

in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Form to the Designated Branch or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing without prior or subsequent notice of such changes to the ASBA Bidders. Upon submission of an ASBA Bid cum Application Form with the SCSB or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch to block such Bid Amount in the ASBA Account. An ASBA Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

***Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.***

#### **Payment into Escrow Account for Bidders other than ASBA Bidders**

**Please Note that the payment into the Escrow Account is applicable only to Retail Individual Bidders, Bidding through the Bid cum Application Form.**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The 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 QIB Bidders: “[●]”;
  - b) In case of Resident Retail and Non-Institutional Bidders: “[●]”;
4. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
5. 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.
6. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection 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.
7. 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. Please note that cheques without the nine digit Magnetic Ink Character Recognition (“MICR”) code are liable to be rejected.

8. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

#### **Payment by cash/ stockinvest/ money order**

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

#### **Submission of Bid cum Application Form and ASBA Bid cum Application Forms**

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 regard to submission of ASBA Bid cum Application Forms, please see, “Issue Procedure - Bid cum Application Form and ASBA Bid cum Application Form” beginning on page 158 of this Draft Red Herring Prospectus.

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 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. In case of ASBA Bids, an acknowledgement from the Designated Branch or concerned member of the Syndicate, as the case may be, for submission of the ASBA Bid cum Application Form may be provided.

#### **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/ASBA Bid cum Application Form or Revision Form/ASBA 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 (and not more than one) Bid.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of over one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by QIBs under QIB Portion will not be considered as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In this regard, the procedures which would be followed by the Registrar to detect multiple Bids are given below:

- a) 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;
- b) 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;
- c) 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;

- d) 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;
- e) 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**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI 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/ASBA Bid cum Application Form without the PAN is liable to be rejected, except for resident in the state of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled “suspended for credit” by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

#### **Withdrawal of ASBA Bids**

##### **QIBs cannot withdraw their ASBA Bids after the applicable Issue Closing Date.**

ASBA Bidders can withdraw their Bids during the Issue Period by submitting a request for the same to the concerned SCSB or the concerned member of the Syndicate, as applicable, who shall do the requisite, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic Bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the ASBA Bid Cum Application Form.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the ‘Basis of Allotment’.

#### **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 RTGS/NEFT/NES/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 Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders 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 Bid by ASBA Bidder 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 on technical grounds including:

- Bid submitted without payment of the entire Payment Amount or if the amount paid does not tally with the Payment Amount;
- Bids submitted by Retail Individual Bidders through the non-ASBA process, wherein the Payment Amount exceeds ₹200,000 upon revision of Bids;
- Bids submitted by Retail Individual Bidders which does not contain details of the Bid Amount and the Payment Amount in the Bid cum Application Form;
- Application submitted on a plain paper;
- Bids by HUFs not mentioned correctly as given in 'Who can Bid';
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnership firm can apply in its own name;
- Bids by minors identified based on the Demographic Details provided by the Depositories;
- PAN not mentioned in the Bid cum Application Form or ASBA Bid cum Application Form, except forbids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants, DP ID and Client ID not mentioned in the Bid cum Application Form or ASBA 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 Bidders and QIBs;
- Bids with Payment Amount for a value of more than ₹200,000 by Bidders falling under the category of Retail Individual Bidders;
- Bids by QIBs and Non-Institutional Bidders not submitted through ASBA;
- Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
- Bids for number of Equity Shares which are not in multiples of [●];
- Multiple bids as referred to in this Draft Red Herring Prospectus;
- Bids accompanied by stockinvest/money order/postal order/cash;
- Bid cum Application Forms and ASBA Bid cum Application Forms not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms and ASBA Bid cum Application Forms, 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 and ASBA Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law;
- Bids where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- With respect to ASBA Bids, the ASBA Account not having credit balance to meet the application money or no confirmation is received from the SCSB for blocking of funds;
- Bids by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by QIBs uploaded after 4.00 p.m. on the Issue Closing Date applicable to QIBs, Bids by Non- Institutional Bidder and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Issue Closing Date.

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION IS LIABLE TO BE REJECTED.**

**FURTHER, BIDS BY PERSONS PROHIBITED FROM BUYING, SELLING OR DEALING IN THE EQUITY SHARES DIRECTLY OR INDIRECTLY BY SEBI OR ANY OTHER REGULATORY AUTHORITY WILL BE REJECTED.**

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar:

- Agreement dated March 22, 2011 between NSDL, our Company and the Registrar to the Issue;
- Agreement dated April 25, 2011 between CDSL, our Company and the Registrar to the Issue.

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.
- i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

## COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or first Bidder, Bid cum Application Form/ASBA Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form / ASBA Bid cum Application 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, the Bidders can contact the Designated Branches of the SCSBs.**

## PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the Bidders PAN, DP ID, Client ID and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Forms, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### 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 centres where such facility is made available, except where the applicant, is eligible and opts to receive refund through direct credit or RTGS.
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 is available and whose refund amount exceeds ₹200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on MICR code of the Bidder as per depository records. In the event the same is not available as per depository's records, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a 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.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to ₹1,500 and through Speed Post/Registered Post for refund orders of ₹1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar shall instruct the SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

#### **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 of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/Issue Closing Date. A suitable communication shall be dispatched 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 its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges 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 dispatched within 12 Working Days from the Bid/Issue Closing Date.
- Our Company shall pay interest at 15% p.a. for any delay beyond 12 Working Days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the eight days from the day our Company becomes liable to repay or after 15 days from the Bid/Issue Closing Date whichever is earlier. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

## **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. 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 Manager, 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 Crores equity Shares
2.	Allocation QIB (50%)	100 Crores Equity Shares
	Of which	
a.	Reservation for Mutual Funds (5%)	5 Crores Equity Shares
b.	Balance for all QIBs including Mutual Funds	95 Crores Equity Shares
3.	No. of QIB applicants	[●]
4.	No. of shares applied for	[●]

**B. Details of QIB Bids**

Sr. No.	Type of QIB bidders	No. of shares bid for (in millions)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF 2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
11.	Total	500

# A1-A5: (QIB Bidders other than MFs), (MF1-MF5) (QIB Bidders which are Mutual Funds)

### C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB bidders	Shares bid for	Allocation of 5% equity shares	Allocation of 95% equity shares	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
	<i>(Number of equity shares in million)</i>			
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
MF 2	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>Total</b>	<b>500</b>	<b>3.5</b>	<b>66.5</b>	<b>30.10</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the chapter titled “Issue Structure” beginning on page 153.
2. Out of 100 crores equity shares allocated to QIBs, 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 95 crores equity shares (i.e. 100 – 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied.
4. The figures in the fourth column entitled “Allocation of balance 95 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 95 /495

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 95/ 495.

The numerator and denominator for arriving at allocation of 95 crore Equity shares to the 10 QIBs are reduced by 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 Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar of the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be 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) 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.
- d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off;
- e) Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will have the option of being allocated Equity Shares in physical form;.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted 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**

Our Company shall credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to ₹1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above ₹1,500, if any, by registered post or speed post at the Bidder’s sole risk within 10 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 10 Working Days of the Bid/Issue Closing Date.

#### **Interest in case of delay in dispatch 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 it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date.

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.

#### **Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company shall issue a public notice in the newspapers (including the reasons for such withdrawal), in which the pre-Issue advertisements were published, within two days of the Issue Closing Date.

Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed and

the BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the accounts of the ASBA Bidders.

If our Company withdraw the Issue after the Issue Closing Date and our Company, thereafter, determines that it will proceed with issue of its Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. 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.

#### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily. Our Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be dispatched to the applicant within 10 Working Days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

#### **Utilisation of Issue proceeds**

The Board of Directors of our Company certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested;
- Our Company shall comply with the requirement of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
- 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, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.*

### **Subscription by Non Resident Indian and Foreign Institutional Investors (NRIs/FIIs)**

Under the extant Consolidated FDI Policy, April 2011, FDI in Indian companies carrying on business in Indian retail and trading sector is prohibited, except “Single Brand Product” retailing. Press Note No. 3 (2006 Series) which provides guidelines for FDI in retail trade of “Single Brand Products”, prescribes a 51% cap on the same, with prior Government approval. Further, Press Note No. 4 (2006 Series), which aims at rationalisation of the FDI Policy, states that the GoI has decided to allow FDI up to 51% with prior Government approval for retail trade of “Single Brand Products”.

Therefore, foreign investment in the Multi Brand Retail Sector is prohibited under the automatic route and also under the approval route.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are also not eligible to invest in this Issue.

In this regard, it is pertinent to note that the corollary changes to the foreign exchange control regulations promulgated by the Reserve Bank of India under the Foreign Investment Management Act, 1999 have not been notified.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.**

## **SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the SEBI (ICDR) Regulations, the main provisions of the Article of Association of the Company are detailed below:

1. The Regulations contained in Table A of Schedule I to the Act shall apply; in so far as and to the extent they are not inconsistent with any of the provisions in these Articles.

### **CAPITAL AND INCREASE AND REDUCTION IN CAPITAL**

4. The Company in General Meeting may from time to time increase the capital by the creation of new shares of such aggregate amount and to be divided into shares of such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting shall, resolving upon the creation direct and if no direction be given as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company and with a right of voting as General Meeting of the Company in conformity with Section 87 and 88 of the Act.
5. Except so far as otherwise provided by 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 payments of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise requires.
6.
  1. Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued capital or out of increased share capital.
    - a) Such further shares shall be offered to the persons who, on the date of the offer are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit to the capital paid-up on those shares at that date.
    - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of offer within which the offer, if not accepted will be deemed to have been declined.
    - c) After the 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 they declines to accept the shares offered, the Board may dispose them of in such manner as they think most beneficial to the company.
  2. Nothing in sub-clause (c) of clause(1) hereof should be accepted.
    - a) To extend the time within which the offer should be accepted:

or
    - b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.
7. The Company may from time to time by Special Resolution, reduce its capital and may use Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law and in particular capital may be paid of on the footing that it may be called up again or otherwise. This article shall not derogate, from any power the company would have, if it omitted.
8. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time alter the conditions of its Memorandum for all or any of the following purposes:
  - a) To consolidate and divided all or any of its capital into shares of larger amount than its existing shares.
  - b) To sub-divided its shares, or any of them into shares of smaller amount than is fixed by the Memorandum so however that in the sub-division the proportion between the amount paid and the amount if any unpaid on each reduced share be the same as it was in the case of the share from which the reduced share is derived.

- c) To cancel any shares which at the date of the passing of the resolution, 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 canceled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.
9. 1. Whenever the capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares all or any of the rights, and privileges attached to cash class may subject to the provisions of section 106 and 107 of the Act be varied, modified, commuted, affected or abrogated or dealt with by the Company with the consent in writing of the holders of not less than three fourths of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereafter contained as to General Meetings shall mutates mutandis, apply to every such meeting. This Article is no derogate from any power of the Company would have if this Article were omitted.
2. The rights conferred upon the holders of the shares (including Preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to have been modified, commented, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu herewith.
10. The company may issue at a discount shares in the Company of a class already issued, if the conditions specified in Section 79 are fulfilled.

## **SHARES AND CERTIFICATES**

11. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) in the capital shall be under the control of the board of Directors who may allot or otherwise dispose off the same to such persons on such terms and conditions and at such time as the Board of Directors think fit and with fully powers to give person the option to call or be allotted shares of any class of the company either at a premium or at par or at a discount and for such time and for such considerations as the Board of Directors think it. Provide that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
15. I.
- a) Every member of allotted of shares shall be entitled, without payment to receive on certificated specifying the name of the person in whose favor it is issued, the shares to which it relates and the amount paid up thereon. Shares/ Debentures certificate shall be issued in marketable lots and where Share/ Debenture certificates are issued for either more or less than marketable lots, sub-division or consolidation into marketable lots shall be done free of charge.
  - b) 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 or requisite value save in cases of issues against letters of acceptance or of renunciation or in case of issue of bonus shares.
  - c) Subject to the provision of the Companies (Issue of Share Certificates) Rules 1960, every such certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of:
    - i. Two Directors or persons acting on behalf of the Directors under a duly registered power of attorney; and
    - ii. the Secretary or some other person appointed by the Board for the purpose, the two Directors (including the Managing Director) themselves or action through persons authorized by them and the secretary or other person duly authorized by the Board shall sign the share certificate. Provided that if the composition of the Board permits, at least one of the aforesaid two aforesaid two Directors shall be a person other than a managing or a whole time Director.
- II. 1. Any two or more joint allottees of a share shall for the purpose of this Article, be treated as a single member, and the certificate or any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

2. For any further certificate the Board shall be entitled, but shall be bound, to prescribe a charge not exceeding Rupees one.

III. 1. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other device.

2. Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating the date of issue.

3. The Company shall comply with the provisions of Section 113 of the Act.

16. 1. No Certificate of any share of shares shall be issued either in exchange for those which are defaced form, or old, decrepit worn-out or where the cages on there reverse for recording transfers have been fully utilized unless the Certificate in lieu of which is issued is surrendered to the Company.

Provided that no fee shall be charged for issue of new share/debenture certificate in replacement of those which are old, decrepit or worn-out or where the cages on the reverse fro recording transfers have been fully utilized.

Provided further that in case of any Share Certificate been lost or destroyed the Company may issue a duplicate Certificate in place of the Certificate so lost or destroyed on such terms as to evidence, out of pocket expenses in regard to investigation of such evidence and indemnity as the Board may determine.

2. When a new share certificate has been issued in pursuance of this Article, it shall state on the face of it against the sub or counterfoil to the effect that it is 'duplicate' issue in lieu of share Certificate No.\_\_\_\_. The word duplicate shall be stamped or punched in bold letters across the face of the share certificate.

3. Where a new share certificate has been issued in pursuance of the article, particulars of every such share certificates shall be entitled in Register or renewed and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued, and necessary changes indicated in the Register of Members by suitable cross reference in the remarks columns.

#### 21A: Dematerialisation of Shares

- (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities held in the Depositories and / or offer its Securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996.
- (ii) Notwithstanding anything contained in the sub-sec (1) of Section 113 of the Act, where the Securities are dealt with in a Depository, the Company shall intimate the details thereof to the Depository immediately on the allotment of such Securities as far as practicable.
- (iii) All securities held by a depository shall be dematerialised and be in fungible form.
- (iv) Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held by a Depository. No certificate shall be issued for the Securities held by Depository.
- (v) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of the Securities where the Company has not issued any certificates and where such Securities are being held in electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply. The Company shall not be required to maintain "Register of Transfers" for entering particulars of transfer and transmission of securities in dematerialised form.
- (vi) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf a Beneficial Owner. Save as otherwise provided herein above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all liabilities in respect of its Securities held by a Depository.

- (vii) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future, or partial interest in any Security or (Except only as is by these Articles otherwise expressly provided) any right in respect of a Security other than absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.
- (viii) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of Depository.
- (ix) Notwithstanding anything contained in the Act or in these Articles, the Company can hold investments in the name of a Depository when such investments are in the form of Securities held by the Company as Beneficial Owner.
- (x) The Company shall caused to be kept a Register and Index of Members in accordance with Section 150, 151 of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of members for the purpose of the Act. The Company shall have the power to keep in any State or Country outside India a branch Register of Members resident in that State or Country.

### **CALLS**

- 22. 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 meeting of the Board and not by circular resolution, make such all as it thinks fit upon the Members in respect of all money unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to persons and at the times and places appointed by the Board.  
  
2. A call may be revoked or postponed at the discretion of the Board.  
  
3. A call may be made payable by installments.
- 23. Unless the terms of Issue of Shares otherwise provide, no call shall exceed one-half of the nominal amount of the share or be made payable within two months after the last proceeding call was payable.
- 24. Thirty days' notice at the least 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 be paid.
- 25. A call shall deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
- 26. The joint holders of share shall be jointly and severally liable to pay all calls in respect thereof.
- 27. The Board may from 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 whom for reason of residence at a distance or other cause, 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 favor.
- 28. 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.
- 29. Any sum which by the terms of issue of a share, becomes payable on allotment or at any fixed date, whether on account of nominal value of the shares or by way of premium shall for the purposes of these article be deemed to be a call duly made and payable and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call

duly made and notified but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

30. Subject to the provision of the Act and these Articles on the trial or hearing of any action of 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 it shall be sufficient to prove.
- a) 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 subsequently to the date which sought to be recovered is alleged to have become due to on the shares in respect of which such money is sought to be recovered;
  - b) That the resolution making the call is duly recorded in the Minute Book: and
  - c) That notice of such call was duly given to the Member or his representative issued in pursuance of these Articles and 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 nor that the meeting 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.
31. 1. a) The Board may, if it thinks fit, agree to receive from Members willing to advance the same all or any part of the amount of their respective shares beyond the sums actually called up and upon the amounts of their 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 exceed the amount of the calls then made upon and due in respect of shares on account of which such advances are made the Board of Directors may pay or allow interest, at such rate as the Member paying the sum in advance and the Board of Directors agree upon: Provided that any amount paid up in advance of calls on any shares shall not in respect thereof confer a right dividends or to participate the profits.
- b) The Board of Directors may agree the repay at any time any amount so advance or may at any time repay the same upon giving to the member three months' notice in writing.
2. No member paying 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 present payable.

#### **LIEN**

32. The Company shall have a first and paramount lien upon all the Shares (other than fully paid up shares) 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. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of transfer of shares shall operate as a waiver of the company's lien if any on such shares, The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

## **FORFEITURE OF SHARES**

35. If any member fails to any call or installment of a call on or before the day appointed for payment of the same or any such extension thereof as aforesaid, the Board of Directors may at any time thereafter during such time as the call or installment remains unpaid give notice to his required him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
36. For the purposes of the provision of these present relating to forfeiture of shares, the sum payable upon application in full or part in respect of a share shall deemed to be a call payable upon such share on the day of allotment.
37.
  1. The notice shall name a day (not being less than fourteen days from the day of the notice) and a place or places on and at which such call or installment and such interest as the Directors shall determine from the day on which such call or installment ought to have be paid and expenses as aforesaid are to be paid.
  2. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
38. Neither a judgment nor a decree in favor of the Company or the receipt by the Company of 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 or any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of shares as hereinafter provided.
39. If the requirements of any such notice shall not be complied with every or any share respect of such notice has been given may at any time thereafter payment of all calls or installments interest and expenses due in respect thereof be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares not actually paid before the forfeiture.
40. When any share have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by an omission or neglect to give such notice or to make any such entry as aforesaid.
41. Any share so forfeited shall he deemed to 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, such terms and in such manner as the Board shall think fit.
42.
  1. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate, not exceeding 9% per annum, as the Board may determine and the Board may enforce the payment thereof if it thinks fit.
  2. The liability of such person shall cease if and when the Company shall have payment in full of all such moneys in respect of the shares.
48. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate originally issued in respect of the relative share or shares (unless the shares on demand by the Company have been previously surrendered to by the defaulting member) stand canceled and become null and avoid and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the same share or shares to the persons entitled thereto.

## **TRANSFER AND TRANSMISSION OF SHARES**

52. The instrument of transfer of any share shall be in writing in the form prescribed pursuant to Section 108 (1-A) of the Act.
53. The Company the transfer or and the transferee of the shares shall comply with provisions of Sub-sections (1), (1-A) and (1-B) of Section 108 of the Act.
54. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the relative share certificates and such evidence as the Board may require to prove the title of the transfer or his right to transfer the shares and generally under and subject to such conditions and regulations as the Board shall from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors, subject to the provisions of law.
61. The Board shall have power on giving Thirty days' previous notice by the advertisement in some newspaper circulating at the place where the registered office is located to close the Transfer books, the Register of Members of Register or Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.
62. The Directors may, subject to the provisions of Section 111 of the Companies Act, 1956 and Section 22 of the Securities (Contracts Regulation) Act 1956, may decline to register any proposed transfer of shares or transmission of shares giving reasons for such refusal whether or nor the proposed transferee is a member of the Company and in particular may so decline in any case in which the company has a lien upon the shares desired to be transferred or any call or installments regarding any of them remaining unpaid.
63. If the company refuses to register the transfer of any share or transmission of any right therein the Company shall within one months' 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 the transferor or to the person giving intimation of the transmission as the case may be. 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 a lien on the shares.
64. In case of the death of any one or more persons named in the register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any titled to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
66. Any person becoming entitled to any share in consequence of a death, bankruptcy, insolvency, liquidation or winding up, as the case may be, of any member or by any lawful means other than by a transfer in accordance with these Article may with the consent the Board (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board shall required and upon giving such indemnity as the Directors shall require, either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board registered as a member in respect of such shares provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee and instrument of transfer in accordance with the provisions herein contained, and until he does so he shall not be freed from any liability in respect of such shares. This clause is herein referred to as 'THE TRANSMISSION CLAUSE'.
69. A person entitled to a share by transmission shall subject to the right of the Board to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.
70. No fee shall be charged for registration of transfer, probate, Succession Certificate, letters of administration, certificates of death or marriage, power of attorney or other similar documents.

### **71A . Nomination of Shares**

- a) Every holder of Shares in, or holder of Debentures of the company may, at any time nominate, in the prescribed

manner under Section 109A of the Act, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

- b) Any person who becomes a nominee by virtue of the provision of the Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.

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, as the case may be, could have made as required under Section 109B of the Companies Act, 1956.

### **BORROWING POWERS**

74. The Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loan from members either in advance of call or otherwise and generally raise or borrow money by way of deposits loans, overdraft, cash credit by issue of bonds, debenture stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, and corporate body, bank, institution, Government or any authority of any other body for the purpose of the company and may secure the payment of any sum or sums of moneys so received, raised or borrowed.
75. 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 Boards may think fit and in particular by mortgage, charge, lien or any other security upon all or any of assets or property (both present and future) or the undertaking of the Company including its which is called capital for the time being or on the guarantee by any Director or Government or any third party the bonds, debentures and the debenture stock and other securities may be made assignable free from equities between the Company and the person to whom the same be issued and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other persons or company of any obligation undertaken by the company or by any other person or company as the case may be.
76. 1. Any debentures, debenture stock, loan/loan stock or other securities may be issued at a discount, premium or otherwise and the moneys borrowed otherwise may be borrowed on condition that they or any part of them shall be convertible into share of any denomination and with any privilege and conditions as to redemption, surrender, drawing, repayment, allotment of shares, attending (but not voting ) at general meetings, appointment of Directors and otherwise.
2. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General meeting.
3. If any uncalled capital of the company is included in or charged by way or mortgage or other security the Board may subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the pension in whose favour each mortgage or security is executed. Provided that power to make calls on shares shall not be given to any other person without the consent of the members in general meeting.

### **MEETING OF MEMBERS**

77. 1. The Company shall, in each year hold, in addition to any other meetings, a general meeting as an Annual General Meeting in accordance with the provisions of the Act and shall specify the meeting as such in the notice calling it.
2. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a business holiday and shall be held at the registered office of the company or at some other place within the City or town in which the Registered Office of the Company is for the time being situated as the Board may determine and the Notice calling the meeting shall specify it as the Annual General Meeting.
3. Every Annual General Meeting shall be held at the Registered Office of the Company or at some other place within the city or town in which the Registered Office of the Company is for the time being situated as the Board may determine but Resolution to be considered at any such General Meeting shall be as are approved in writing by a

majority of the Directors.

### **NOTICE OF GENERAL MEETINGS**

81. As Annual General Meeting and meeting called for the passing of a special resolution shall be called by 21 day's notice in writing at the least and meeting of the company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by 14 day's notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day, month and the hour of the meeting, and the business to be transacted. In the case of special business there shall be attached to the notice and explanatory statement giving the material facts of the business proposed to be transacted. The notice shall be given to such persons as are under the Articles of the Company entitled to receive such notices from the Company.

Provided that any meeting of the Company including the conversion of any ordinary resolution into a special resolution or vice-verse, shall notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed.

- a. In the case of meeting called as the Annual General Meeting, by all the members entitled to attend and vote there at; and.
- b. In the case of any other meeting and conversion of any ordinary resolution into a special resolution and vice-verse by a majority in number of the members having right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

### **VOTING RIGHTS OF MEMBERS**

95. A Member paying the whole or part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up shall not be entitled to voting rights in respect of the moneys so paid by him.
96. No members shall exercise any voting rights in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
97. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy.
98. If there be joint registered holders of any shares any one of such persons may vote at any meeting personally or by proxy in respect of such shares, as if he were solely entitled there to but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any time either personally or by proxy that one of the said persons so present whose name stands first or higher on the Register shall alone be entitled to speak and to vote in respect of such shares but the other or others the joint holders shall be entitled to be present at the meeting provided always that a person present at any meeting personally shall be entitled to vote in preference to a person by proxy although the name of such person present by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall of the purpose of these Articles be deemed joint holders thereof.
99. Any person entitled under the Transmission Clause to transfer any shares may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least forty eight hours before the time of holding the meeting or the adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
100. Subject to the provisions of these Articles a vote may be given either personally or by proxy

101. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be need not, if the votes, use all his votes or cast in the same way all the votes he uses.
102. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his Proxy to attend and vote instead of himself provided always that a proxy so appointed shall not have any right whatsoever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote entitled to appoint one or more proxies.
103. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
104. No member present only by proxy shall be entitled to vote on a show of hands.
105. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of that authority shall be deposited at the office forty-eight hours before the time for holding the meeting at which a person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
106. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, in the case of an individual member, or winding up in the case of a corporate member, or revocation of the proxy or authority under which such proxy was signed or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, insanity, winding up, revocation or transfer, as the case may be, shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.
107.
  1. The Chairman of any meeting shall be the sole judge of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be sole judge of the validity of every vote tendered at such poll.
  2. If any such instrument of appointment be confined to the object of appointing a proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in custody of the company. If embracing other objects, copy thereof verified with the original shall be delivered to the Company to remain in the custody of the Company.
108. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of the vote at General Meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at General Meeting of the Company duly convened and held.

#### **MANAGING DIRECTOR/WHOLE-TIME DIRECTOR**

127. Subject to the provisions of the Act, and Article 132 the Board may appoint one or more of their body to be Managing Director 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 other from office and appoint another or other in his or their place or places. The Managing Director, whole time Director or whole time Directors may be eligible to reappointment for similar terms. The Board may while appointing a whole time Director other than the Managing Director designate such whole time Director as Technical Director, Finance Director, Executive Director, Commercial Director or such other designation as may be deemed appropriate taking into account, the specific duties to be performed by the whole time Director concerned.

#### **DIVIDENDS**

147.
  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 in proportion 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 nominal amounts of the shares.

2. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.

148. The Company in General Meeting may declare dividends to be paid to members according to their respective rights and interest in the profits and may fix the time for payment.
149. The Board of Directors may from time to time pay to the members such dividends as in their judgment the position of the Company justifies.
150. 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.
151. 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.
152. The Board may retain the dividend payable upon shares in respect of which any person 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 transfer the same.
153. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
154. 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.
155.
  1. Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant payable only in India, or by a pay slip or receipt having the force of a cheque or warrant sent through post directly to the registered address of the member or person entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the members who is first name on the Register of Members in respect of the joint holding or to such person and to the Register of Members in respect of the joint holding or to such person and to such address as the holder or the joint holder as aforesaid may in writing direct.
  2. Every cheque or warrant shall be crossed and made payable to the order of the person to whom it sent.
  3. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for dividend lost, to the member or person entitled thereto any forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
156. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205-A of the Act in respect of such dividend.
157. 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 howsoever, either alone or jointly with any other person or persons whether member or members of the company or not and the Board of Directors may deduct from the interest or dividend to any member all such sums of money or due from him to the Company.
158. Notice of the declaration of any dividend, whether interim or otherwise shall be given to the register holder of shares in the manner herein provided.
159. Dividends unclaimed until transferred to the unpaid dividend account of the Company as per Section 205-A of the Act, may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed or so transferred.

160. Any General meeting a dividend may on the recommendations of the Directors may call on the members of such amounts as the meeting fix, but that the call on each member shall not exceed the dividend payable to him, and that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the member be set off against the call. The making of a call under this Article shall be deemed to be special business.
161. Except as otherwise provide by the Act, unpaid dividend shall not bear interest as against the Company.

### **WINDING UP**

168. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly as may be 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.
- a. If on the winding up the assets available for distribution among members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up or which ought to have paid up on the shares by them respectively.
- b. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
169. 1. If the Company shall be wound up whether voluntarily or otherwise the liquidator may with the sanction of a special resolution divide amongst the contributors 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 contributors or any of them as the Liquidator with the sanction of special resolution think fit.
2. If thought expedient any such subject to the provision of the Act be otherwise than in accordance with legal rights of the contributors (except where fixed by the Memorandum of Association and in particular any class may be given preference 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 contributors shall be determined upon any contributory who would be prejudiced there shall have a right to dissent and have ancillary rights as if such determination were a special resolution passed pursuant to section 49 of the Act.
3. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolutions by the notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall if practicable act accordingly.
170. A Special resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.

### **INDEMNITY**

171. 1. Save and except so far as the provisions of this Article shall be avoided by Section 201 of the Act, the Board of Directors, Managing Director, Manager, Secretary and other Officers or other employees for the time being of the Company, Auditor and the Trustees if any for the time being acting in relation to any of the affairs of the Company and every one of them and every one of their executors and administrators shall be indemnified and secured harmless out of the assets and profit of the Company from and against all actions cost, charges, losses, damages and expenses which they or any of them their or any of their executors or administrators shall or may incur or sustain through or by their or any of their executors or administrators shall or may incur or sustain through or by their own willful neglect or default respectively.

2. Save and except so far as the provision of this Article shall be avoided by Section 201 of Act, none of them shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other persons with whom any moneys or effect belonging to the Company shall or may be lodged or deposited for safe custody or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be place out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trust or in relation thereto except when the same shall happen by or though their own willful neglect or default respectively.
172. Subject to the provisions of Section 201 of Act, no Director, Auditors or other Officer of the Company shall be liable for the Act, receipts, neglect or default of any other Directors or Officer or for joining in any receipts 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 in any security in or upon which any of them moneys of the Company shall he invested or for any loss or damages arising for 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 error of judgment, omission , default or oversight on his part of for any other loss damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation there to unless the same shall happen by or through his own willful neglect or default.
173. 1. Members shall be entitled to require discovery of or any information respecting any detail of the Company's business or any matter, which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.
2. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade secret process or any other matter which may relate to the conduct of the business of the Company and which the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
174. Every Director, Officer and other employee of the Company shall be entering upon his duties sign a declaration of fidelity and secrecy in the form set out or such other form as the Directors may from time to time direct.

## **SECTION X: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Draft Red Herring Prospectus delivered to the Registrar of Companies, Andhra Pradesh for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered Office of our Company from 11.00 am to 5.00 pm from Monday to Saturday (except Public holidays) from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing date.

#### **Material contracts to the Issue**

1. Issue Agreement dated September 26, 2011 amongst our Company and the BRLM, BOB Capital Markets Limited.
2. Agreement dated June 28, 2011, between our Company and Bigshare Services Private Limited.
3. Escrow Agreement dated [●] amongst our Company, the BRLM, Syndicate Members, Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, BRLM, and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, BRLM, and the Syndicate Members.

#### **Material Documents**

1. Our Memorandum and Articles of Association of our Company, as amended from time to time;
2. Copy of Certificate of Incorporation dated October 28, 1992, issued by the Registrar of Companies, Hyderabad, Andhra Pradesh, in the name of Anand Lakshmi Finance Private Limited;
3. Copy of Fresh Certificate of Incorporation dated April 18, 1994, consequent to conversion into public limited company;
4. Copy of Fresh Certificate of Incorporation dated August 11, 2005, consequent to change in name of our Company to Genera Industries Limited;
5. Copy of Fresh Certificate of Incorporation dated April 29, 2011, consequent to change in name of our Company to Genera Agri Corp Limited;
6. Certified copy of the Shareholders' resolution dated May 25, 2011 and the Board resolution dated April 28, 2011 authorising the Issue under section 81(1A) of Companies Act, 1956;
7. Reports of our Statutory Auditors, M/s. Hari Vara Prasada & Associates, Chartered Accountants, dated August 29, 2011 regarding Restated Financial Statements of the Company;
8. Copy of Certificate dated August 28, 2011, from the Statutory Auditors, M/s. Hari Vara Prasada & Associates, Chartered Accountants, detailing the tax benefits;
9. Copy of the Certificate from the Statutory Auditors, M/s. Hari Vara Prasada & Associates, Chartered Accountants, dated September 15, 2011 regarding the sources and deployment of funds as on August 31, 2011;
10. Shareholders Resolution dated September 30, 2010 re-appointing Wholetime Director w.e.f. December 01, 2009;
11. Shareholders Resolution dated September 30, 2010 re-appointing Managing Director w.e.f. December 01, 2009;
12. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to our Company, Bankers to the Issue & Refund Banker, Book Running Lead Manager, Registrar of the Issue, Legal Advisor to the Issue to act in their respective capacities;
13. Consent of Rabo Bank for inclusion of extracts of information of their Report title Pre-Feasibility Study – South North Corridor
14. Due diligence certificate dated September 26, 2011 to SEBI from the BRLM.

15. Copies of In-principle listing approvals received from BSE and MSE dated [●] and [●] respectively.
16. Tripartite Agreement dated March 22, 2011, among our Company, NSDL and Bigshare Services Private Limited.
17. Tripartite Agreement dated April 25, 2011, among our Company, CDSL and Bigshare Services Private Limited.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We certify that all relevant provisions of the Companies Act, the regulations issued by the Securities and Exchange Board of India, and the guidelines issued by the Government of India, as applicable, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, or the rules or regulations issued thereunder. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**Signed by the Directors, Chief Financial Officer, Company Secretary and Compliance officer of our Company**

Mr. Rajesh Naidu Munirathnam Managing Director	
Mr. Kalpana Raj Munirathnam Whole Time Director	
Mr. Rambabu Rupakula Independent Director	
Mr. Sagi Venkata Vanshi Krishna Independent Director	
Mr. Venkata Rama Rao Nadipalli Independent Director	
Mr. V N S S R Krishna Prasad Chief Financial Officer	
Ms Khusboo Laxmi Bhagat Company Secretary and Compliance Officer	

**Date : September 26, 2011**

**Place : Hyderabad**

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