



## SHEETAL REFINERIES LIMITED

Sheetal Refineries Limited (SRL), was incorporated on April 6, 1998 as a private limited company by converting M/s. Sheetal Refineries, a Partnership firm, under the provisions of Part IX of the Companies Act, 1956 ("Part IX Conversion"). The partnership firm was originally formed by a Partnership Deed dated October 18, 1994, executed by and between Mr. Jugal Kishore Agarwal and Mr. Jitender Kumar Agarwal (the "Partnership Deed"). The said Partnership Deed was reconstituted on April 1, 1997 and reconstituted partnership deed was executed by and between Mr. Jugal Kishore Agarwal, Mr. Jitender Kumar Agarwal, Ms. Sumitra Bai, Ms. Jyothi Agarwal, Ms. Sheetal Agarwal, Ms. Swetha Agarwal and Mr. Anand Agarwal ("Reconstituted Partnership Deed"). Thereafter, on April 6, 1998 the said partnership firm got converted into a private limited company under the name and style of "Sheetal Refineries Private Limited" and a Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh. Our company subsequently became a public limited company and the name of our Company was changed to "Sheetal Refineries Limited" and a fresh Certificate of Incorporation consequent upon change of name was granted to our Company on August 11, 2010 by the Registrar of Companies, Andhra Pradesh. Company Incorporation Number (CIN) of the Company is U51909AP1998PLC029205.

**Registered Office:** Survey No. 341, Gagan Pahad, R.R. District, Hyderabad – 509323

**Tel:** +91-40-24361880/81/82; **Fax:** +91-40-24361663; **E-mail:** sheetal.ipo@sheetalgroup.net, **Website:** www.sheetaldrop.com,

**Contact Person:** Mr. Ritesh Heda, Company Secretary & Compliance Officer

For details of the change in the registered office, see "History and Certain Corporate Matters" on page 69.

<b>PROMOTERS: MR. JUGAL KISHORE AGARWAL &amp; MR. JITENDER KUMAR AGARWAL</b>
<b>PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS.[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. 6000 LACS BY SHEETAL REFINERIES LIMITED ('COMPANY' OR 'ISSUER' OR 'SRL') (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.</b>
<b>PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS.10 EACH.</b>
<b>THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND</b>

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

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the equity shares is Rs. 10 and the floor price is [●] times of the face value and Cap Price is [●] times of the face value. The issue price (has been determined and justified by the Book Running Lead Manager and the issuer as stated under the paragraph on "Basis for Issue Price") should not be taken to be indicative of the market price of the specified securities after the specified securities are listed. No assurance can be given regarding an active or sustained trading in the equity shares of the issuer nor regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the 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 section titled "Risk factors" on page viii 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 the Company and the Issue which is material in the context of the 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 offered through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE & NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●] respectively.

### IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. For details see "General Information" on page 12 of this Draft Red Herring Prospectus.

### BOOK RUNNING LEAD MANAGER

	<b>Chartered Capital And Investment Limited</b> 711, Mahakant, Opp V.S. Hospital, Ellisbridge, Ahmedabad-380 006 Tel: +91-79-2657 5337, 2657 7571 Fax: +91-79-2657 5731 E-mail: srl.ipo@charterredcapital.net Investor grievance Id: investor.relation@charterredcapital.net Website: www.charterredcapital.net Contact Person: Mr. Sagar Bhatt
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### REGISTRAR TO THE ISSUE

<b>Link Intime India Private Limited</b> C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel :+91-22- 2596 0320, Fax :+91-22- 2596 0329 Toll Free: 1-800-22-0320 E-mail: srl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact person: Mr. Chetan Shinde
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### ISSUE PROGRAMME

**BID / ISSUE OPENS ON : [●]**

**BID / ISSUE CLOSES ON : [●]**

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## SECTION I- DEFINITIONS AND ABBREVIATIONS

### CONVENTIONAL/ GENERAL TERMS

“Issuer” or “Company” or “SRL” or “We” or “us” or “our”, unless the context otherwise requires, refers to Sheetal Refineries Limited, a Company incorporated under the Companies Act, 1956 with its registered office at Survey No. 341, Gagan Pahad, R. R. District, Hyderabad – 509323, Andhra Pradesh

<b>Term</b>	<b>Description</b>
Articles/ Articles of Association	The Articles of Association of Sheetal Refineries Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder
Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
Government/ GOI	The Government of India
GAAP	Generally Accepted Accounting Principles
HUF	Hindu Undivided Family
Memorandum/Memorandum of Association	The Memorandum of Association of Sheetal Refineries Limited
Mn, mn	Million
NAV	Net Asset Value
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSE	The National Stock Exchange of India Ltd
OCB/ Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
P/E Ratio	Price/Earnings Ratio
PAT	Profit After Tax
PBT	Profit Before Tax
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
RONW	Return on Networth
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares

## ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares will be/have been issued
Application Supported by Blocked Amount (ASBA)	means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Investor	means an Investor who intends to apply through ASBA process
ASBA Form	Bid cum Application form for ASBA Investor
Bankers to the Issue	[•]
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company's 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 and payable by the Bidder on submission of the Bid in the Issue.
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper , a Hindi national newspaper and a regional language newspaper with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for the Issue of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form
Bidding Period/Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is made
Book Running Lead Manager	Chartered Capital And Investment Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the price band, above which the issue price will not be finalized and above which no bids will be accepted
Cut off Price	Any price within the Price Band finalized by the company in consultation with the BRLM. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Designated date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Ltd
Director(s)	Director(s) of Sheetal Refineries Limited, unless otherwise specified
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof.
Escrow Account	Account to be opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount while submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar, the Escrow Collection Banks(s), the BRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the

	amounts collected, to the Bidders
Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no bids will be accepted.
IPO	Initial Public Offer.
Issue	Public Issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating up to Rs. 6000.00 Lacs
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Period	The Issuer period shall be [●], the issue opening date, to [●], the issue closing date.
Issue size	Public Issue of [●] Equity Shares aggregating up to Rs. 6000 Lacs by Sheetal Refineries Limited.
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument and registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion being [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 150.00 Lacs, available for allocation to Mutual Funds only, out of QIB Portion.
NECS	National Electronic Clearing Service
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers for this Issue or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 2,00,000.
Non-Institutional Portion	The portion of the Issue being at least 15% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 900.00 lacs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date
Pay-in Period	This term means the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date
Price Band	Price band with a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price.
Promoters	Promoters shall mean jointly Mr. Jugal Kishore Agarwal & Mr. Jitender Kumar Agarwal
Promoter Group	Promoter Group Entities and Promoter Group Individuals
Promoter Group Entities	Sheetal Globe Agro Oils Private Limited, Sheetal Commodities Private Limited, Siddhi Vegetable Oil Products (Partnership firm), Globe Agro Oils (Sole proprietorship), Sheetal Constructions and Infrastructure (Sole proprietorship), Sheetal Globe Agro Oils (Sole proprietorship), Nathmal Jugal Kishore HUF
Promoter Group Individuals	Ms. Sumitra Bai, Mr. Raghunath Mal Goel, Mr. Ghansyam Das Agarwal, Mr. Radhe Shyam Agarwal, Ms. Ansuia Bai, Ms. Shanta Bai, Ms. Sheetal Agarwal, Ms. Sweta Agarwal, Mr. Dilip Kumar, Mr. Rajesh Kumar, Ms. Devi Agarwal, Ms. Sushila Agarwal, Ms. Sahkuntala Agarwal, Ms. Lalitha Agarwal, Ms. Sunita Agarwal, Ms. Pinky Agarwal, Ms. Saroj Agarwal, Ms. Jyothi Agarwal, Ms. Saloni Agarwal, Ms. Suhani Agarwal, Ms. Muskan Agarwal, Ms. Vimala Agarwal, Mr. Rajesh Agarwal, Mr. Ajay Agarwal, Ms. Preeti Agarwal
Prospectus	The Prospectus, to be filed with the RoC 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 Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.

Qualified QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) 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; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; (xii) insurance funds set up and managed by the Department of Post, India
QIB Portion	The portion of this Issue being up to 50% of the Issue, i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 3000.00 Lacs, available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Registrar & Transfer Agent, Viz. Link Intime India Private Limited
Red Herring Prospectus or RHP	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 issued and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the pricing date.
Retail Individual Bidder	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 2,00,000, in any of the bidding options in the Issue.
Resident Retail Individual Investor	means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Portion	The portion of the Issue being at least 35% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 2100.00 Lacs, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Stock Exchanges	Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd
Subsidiary	Sheetal Siddhi Veg Oil Private Limited
Syndicate	The BRLM and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and Syndicate Member.
Underwriting Agreement	The Agreement between the members of the Syndicate and the Company, on its own behalf to be entered into on or after the Pricing Date.

## COMPANY AND INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, being M/s. S B Kabra & Co.; Chartered Accountants, Hyderabad
Board	The Board of Directors of Sheetal Refineries Limited or a committee thereof.

ESIC	Employees' State Insurance Corporation
ICAI	The Institute of Chartered Accountants of India
Project	The proposed project of the Company
Registered Office/ Registered office of the Company	The Registered Office of the Company at Survey No. 341, Gagan Pahad, R.R.District, Hyderabad – 509323
ROC	Registrar of Companies, Andhra Pradesh, Hyderabad

## ABBREVIATIONS

AGM	Annual General Meeting.
ASBA	Application Supported by Blocked Amount
A.Y	Assessment Year
A/C	Account
BSE	Bombay Stock Exchange Limited.
BV / NAV	Book Value / Net Asset Value
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Ltd.
DP	Depository Participant.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share.
ESOP	Employees Stock Option Plan
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
FII's	Foreign Institutional Investors
GOI	Government of India.
I.T.Act	Income Tax Act, 1961.
MAT	Minimum Alternate Tax
MW	Mega Watt
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
N.A.	Not Applicable
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QC	Quality Control
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India.
SCSB	Self Certified Syndicate Bank
SIA	Secretariat for Industrial Assistance
SSI	Small Scale Industries
The Act	The Companies act, 1956 (as amended from time to time)
UK	United Kingdom
U.S./U.S.A.	United States of America

## **SECTION II – RISK FACTORS**

### **CERTAIN CONVENTIONS - USE OF MARKET DATA**

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations included elsewhere in this Draft Red Herring Prospectus. Our fiscal year commences on April 1 every year and closes on March 31 of the next year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. Throughout this Draft Red Herring Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India.

Industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and other authenticated published data. 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 that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

**For additional definitions, please refer to the section titled ‘Definitions and Abbreviations’ on page no. i of this Draft Red Herring Prospectus. In the section titled ‘Main Provisions of the Articles of Association’ on page no. 219 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.**



## FORWARD LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely 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”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements include statements as to our business strategy, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward looking statements are subject to risks, uncertainties and assumptions about the company 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:

- Our ability to retain and attract trained employees;
- Loss or decline in the business from any of our key clients;
- General economic and business conditions in India and other countries;
- Our ability to successfully implement the strategy, growth, new projects and expansion plans;
- Changes in the Indian and international interest rates;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in laws and regulations that apply to Edible Oil Industry.
- Changes in political conditions in India.

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

## RISK FACTORS

*An investment in equity shares involves a high degree of risk. One 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 the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.*

*Unless otherwise stated in the relevant risk factors set forth below, the Company is not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.*

### Materiality

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

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may be having material impacts in future.

### A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

#### 1) We and our Group Company are involved in a number of legal and regulatory proceedings, which if determined against us, could adversely affect our operations.

We and our Group Company are party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory, authorities/ other judicial authorities, and if determined against us, could have an adverse impact on the business, financial condition and results of operations. No assurances can be given as to whether these legal proceedings will be decided in our favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

A summary of the cases filed against the Company and Group Company is as follows:

#### Litigation against the Issuer Company

Sr. No.	Name	Nature of Litigation	No. of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Sheetal Refineries Ltd	Civil Laws	2	7.41

#### Litigation against the Group Company

Sr. No.	Name	Nature of Litigation	No. of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Siddhi Vegetable Oil Products	Criminal Laws	1	NA
2	Siddhi Vegetable Oil Products	Civil Laws	3	11.75

For further details of outstanding litigation against us and our Group Company, see "Outstanding Litigations and Material Developments" on page 151 of this Draft Red Herring Prospectus.

#### 2) We are required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect our business and operations.

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with its business and operations. There can be no assurance that we will be able to obtain and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed

conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition.

#### LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR EXISTING UNIT

Sr. No.	Authority granting approval	Applicable Law	Nature of approval
1.	Andhra Pradesh Pollution Control Board, Hy'bad	Water (Prevention and Control Pollution) Act, 1974 and Air (prevention and Control of Pollution) Act, 1981	NOC
2.	District Inspector, Legal Metrology Department, Ranga Reddy District III	Standards of weights and measures (Packaged Commodities) Rules, 1977	Certificate of Registration
3.	District Supply Officer, Ranga Reddy District	A.P. Scheduled Commodities Dealers (Licensing, Storage and Regulation) Order, 2008	License for purchase, sale / storage for sale of Scheduled Commodities.
4.	Andhra Pradesh Pollution Control Board, Hy'bad	Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008	Consent for existing unit
5.	Additional Director, Fire Prevention Wing, Hy'bad	---	No Objection Certificate

#### LIST OF APPROVALS YET TO BE APPLIED FOR (FOR NEW PROJECT)

Our Company has to apply for the following major/material licenses, which will be in applied in due course of time for the proposed project:

Sr. No.	Authority granting approval	Applicable Law	Nature of approval
1	Joint Inspector Of Boilers, Hyderabad, A.P	Indian Boilers Act, 1923	Certificate for use of a Boiler
2	District Inspector, Legal Metrology Department, Ranga Reddy District III	A.P. Standards of Weights & Measures (E) Act, 1985,	Stamping of Electronic Weighing Machines
3	Fire Service Department	--	No Objection Certificate
4	Assistant Commissioner of Provident fund, Hyderabad	Employees (Provident Fund & Miscellaneous provisions) Act-1952.	Provident Fund Registration.
5	Regional Director Employees' State Insurance Corporation, Hyderabad	Employees state Insurance Act, 1948	Registration
6	Director ( SEO), Vegetable Oils and Vegetable Oils Products Controller of India	Solvent Extracted Oil, De-oiled Meal and Edible Flour (Control) Order, 1967	Registration as user of Solvent Extracted Oil.
7	Gazetted Food Inspector & Licensing Authority	A.P.P.F.A. Rules, 1993	License to manufacture for sale/sell/storage for sale/Distribution of Edible Oils
8	Assistant Food Controller, Zone and Local (Health) Authority	Edible Oils Packaging (Regulation) Order, 1998	Registration Certificate
9	Andhra Pradesh Pollution Control Board, Hy'bad	Water (Prevention and Control Pollution) Act, 1974 and Air (prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management Handling and Transboundary Movement)Rules, 2008	Consent to Operate
10	Chief Director, Vegetable	Vegetable Oil Products	Registration Certificate

	Oil Products Commissioner,	(Regulation) Order, 1998	
11	Commissioner, Rajendra Nagar Municipality, Ranga Reddy District	A.P.M Act 1965	Trade License
12	Inspector of Factories,	Factories Act 1948	License to work a Factory
13	Deputy Commissioner of Customs and Central Excise, Hyderabad-L Division	Central Excise Rules, 2002	Central Excise Registration Certificate

- 3) In the past 12 months we have issued Equity shares to our Promoter Group at a price which may be lower than the issue price. The details of the same are as under:

Allottees	Date of Allotment	No. of Equity Shares	Issue Price (Rs) (Face Value of Rs 10 Each)	Nature of Payment	Reason of allotment
Mr. Jitender Kumar Agarwal	March 21, 2011	9,00,000	100	Cash	Preferential Allotment

Shares were issued on March 21, 2011 as "promoter contribution" in the proposed project.

- 4) We have experienced negative cash flows in prior periods. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.

The details of the cash flows of the Company are as follows:

Standalone Statement of Cash flows, as Restated						(Rs. in Lacs)
Particulars	Period Ended 30.09.10	Year Ended 31.03.10	Year Ended 31.03.09	Year Ended 31.03.08	Year Ended 31.03.07	Year Ended 31.03.06
Net Cash from/ (used in) Operating Activities (A)	5,583.54	(1,202.61)	(757.47)	(751.22)	86.06	(192.88)
Net Cash (used in)/ from Investing Activities (B)	(2,079.69)	(410.49)	(61.22)	(587.33)	(115.04)	(62.46)
Net Cash (used in) / from Financing Activities (C)	(3,589.31)	1,608.18	912.83	1,223.66	163.85	206.28
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(85.46)</b>	<b>(4.92)</b>	<b>94.13</b>	<b>(114.90)</b>	<b>134.87</b>	<b>(49.06)</b>

For detailed cash flow statement, please refer page no. 97 of the DRHP.

- 5) Sheetal Globe Agro Oils (Sole proprietorship), a promoter group entity has incurred loss of Rs. 11.16 lacs for the year ended March 31, 2010 and may incur losses in coming years also.

The details of the profit/(loss) after tax of Sheetal Globe Agro Oils, a promoter group entity which is engaged in the business of trading of edible oils, for the last three years are as below:

(Rs. In Lacs)			
Year Ended March 31	2010	2009	2008
	Unaudited	Unaudited	Unaudited
Total Income	4522.15	NA	NA
Net Profit / (Loss)	(11.16)	NA	NA
Capital A/c.	0.36	NA	NA

- 6) We do not own the land on which our existing as well as proposed plants are located

We do not own the land on which our existing as well as proposed plants are located. A list showing the details of the land which is not owned by us is as under:

Sr.	Particulars of property	Area	Use	Owned/	Remarks
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No.	including address			Lease	
1	Land bearing Survey No. 7,8,339 & 340, Gagan Pahad Village, Rajendrnagar Mandal and municipality, R.R District, Hyderabad (A.P)	2059.06 Sq. Mt.	Existing Plant	Owned	The land is in the name of promoters whereas the payment has been made by the erstwhile partnership firm M/s. Sheetal Refineries which was later on converted into the issuer company
2	Land bearing Survey No. 547A situated at Nandigama Village, Kothur Mandal, Mahabubnagar Dist, A.P	Acre 5.00 guntas	Proposed Unit	Lease	vide an "Agreement of Lease" dated October 1, 2010 between Company and Mr. Jitender Kumar Agarwal who is promoter and Whole Time Director of the Company. The said lease is for a period of 30 years on a monthly rent of Rs. 1 Lac.
3	Land bearing Survey No. 342, Gagan Pahad Village, R .R District, Hyderabad (A.P)	Acre 1.08 guntas	Existing Unit	Lease	vide an "Agreement of Lease" dated October 1, 2010 between Company and Mr. Jugal Kishore Agarwal who is promoter and Chairman & Managing Director of the Company. The said lease is for a period of 30 years on a monthly rent of Rs. 0.5 Lac.

- 7) The Company is dependent on few customers for its products as top 10 customers constitutes 56.71% of the total income for the year 2009-10. The company is also dependent on few suppliers as top 10 suppliers constitute 66.92% of the total purchases for the year 2009-10. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.**

The Company is largely dependent on single and few customers, as top one and top ten customers constitutes 25.20% and 56.71% respectively of the total income for the year 2009-10 on consolidated basis. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes 28.80% and 66.92% respectively of the total purchases for the year 2009-10 on consolidated basis. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.

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

As on September 30, 2010, the Company has outstanding unsecured loans of Rs. 152.79 lacs on a standalone basis and Rs. 291.97 lacs on a consolidated basis which are repayable on demand. In the event that the lenders of such loans demand the repayment of these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all because of which we may face the liquidity crunch in the future.

- 9) Other ventures promoted by our promoters are engaged in a similar line of business and conflict of interest cannot be ruled out which may have adverse effect on our operations and financial conditions.**

Subsidiary Company, Sheetal Siddhi Veg Oil Pvt Ltd is involved in the activities of refining and trading of edible oils which is also one of the activity carried on by the issuer company.

Group companies, Sheetal Globe Agro Oils Private Limited and Sheetal Commodities Private Limited, are having similar object of manufacturing and trading of edible oil which is also an object mentioned in

the object clause of the issuer company. Also, Siddhi Vegetable Oil Products (Partnership Firm) was involved in the trading and refining of edible oil. However, no such activity is being carried out by these companies and firm at present.

Group entities, Sheetal Globe Agro Oils (proprietary concern) and Globe Agro Oils (proprietary concern), are involved in the activities of trading of edible oils which is also one of the activity carried on by the issuer company.

Group entity, Sheetal Construction and Infrastructure (proprietary concern), was involved in the activity of the construction and infrastructure development which is also one of the object mentioned in the object clause of Issuer Company. However, currently, no such activity is carried on by this entity.

This could lead to a potential conflict of interest for us and could adversely affect our results of operations and financial condition. In addition, attention to the other Group entities may distract or dilute management attention from our business, which could adversely affect our results of operations and financial condition.

For further information, see the section entitled "Our Promoters and Promoter Group" on page 84 of this Draft Red Herring Prospectus.

**10) Even after this public issue, the Company may continue to be controlled by our promoters who will collectively hold majority of the outstanding Equity Shares and our other shareholders may not be able to affect the outcome of shareholder voting.**

After the completion of the Issue, our promoters will collectively hold majority of the outstanding Equity Shares. Consequently, our Promoters, may exercise substantial control over the Company and *inter alia* may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investing policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions/joint ventures.

**11) Our indebtedness and the conditions and restrictions imposed on us by our financing agreements and any acceleration of amounts due under such arrangements could adversely affect our ability to conduct our business.**

We at present have fund based and non fund based facilities from bank & other entities and may also incur additional indebtedness in the future. The use of borrowings presents the risk that our Company may be unable to service interest payments and principal repayments or comply with other requirements of any loans, rendering borrowings immediately repayable in whole or in part. Additionally, our Company might be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing.

The agreements for debt financing contain certain restrictive covenants that restrict Company's right and Company can do certain activities only with prior permission of Banks/Financing entities, which includes, but not limited to, the following:

- a) Effect any change in the company's capital structure.
- b) Formulate any scheme of amalgamation or re-construction or restructuring of any kind.
- c) Undertake guarantee obligations on behalf of any other company, firm or person.
- d) Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.

For details, please refer section "Financial Information of the Company" on page no. 93 of DRHP.

**12) We are yet to place orders for 24.49% of the plant & machinery required for the project of the Issuer Company. Any delay in placing orders, procurement of plant and machinery may delay our implementation schedule which may also lead to increase in price of these equipments, further affecting our revenue and profitability.**

The Company is yet to place orders for Rs. 209.42 lacs being 24.49% of the plant & machinery cost relating to project of the issuer company. For details, please refer page 29 of Draft Red Herring

Prospectus. Any delay in placing the order for procurement of the same and its delivery will inadvertently delay the completion of project and will lead to the increase in price of these equipments, which in turn will have its effect on the revenue and profitability of the Company.

- 13) Our management will have flexibility in applying the Net Proceeds of the Issue and the deployment of the Net Proceeds is not subject to any monitoring by any independent agency. The purposes for which the Net Proceeds of the Issue are to be utilized are based on management estimates and have not been appraised by any banks or financial institutions.**

We intend to use the Net Proceeds of the Issue for the purposes described in "Objects of the Issue" on page 26 of DRHP. Our management may revise estimated costs, fund requirements and deployment schedule owing to factors relating to our business and operations and external factors which may not be within the control of our management.

The utilization of the Net Proceeds of the Issue and other financings will be monitored only by the Board and is not subject to any monitoring by any independent agency. Net Proceeds of the Issue allocated to general corporate purposes will be used at the discretion of the management. Further, pending utilization of the Net Proceeds of the Issue, we intend to invest such Net Proceeds in high quality interest/dividend bearing liquid instruments including investment in mutual funds, deposits with the banks for the applicable period.

Our funding requirements and the deployment of the Net Proceeds of the Issue are based on management estimates and have not been appraised by any banks or financial institutions. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change.

- 14) Expansion project for which funds are being raised is substantially large in Capacity in comparison to our existing operations. If we are not able to operate effectively, our operations and result may suffer, which may have a material adverse impact on our financial condition.**

The present installed capacity is 30000 TPA which the Company proposes to increase to 1,05,000 TPA i.e. the scale of operations is being increased to manifold in this project, which is a substantial increase over its current size of operations. Although the promoters have experience in this industry, their competence in handling a project of this magnitude remains to be tested.

- 15) Any penalty or action taken by any regulatory authorities in future for non-compliance of Section 383A of the Companies Act, 1956 could impact financial position of the Company to that extent.**

The Company has not complied with the provisions of Section 383A of the Companies Act, 1956 during the period April 6, 1998 to June 10, 2002 (for 1527 days) and again for the period December 6, 2004 to September 16, 2010 (for 2111 days) as the Company had not appointed any Company Secretary during the said period. Thereby there was a non-compliance of Section 383A of the Companies Act, 1956 for a total period of 3638 days. This may attract a maximum liability of Rs. 13.77 Lacs. No show cause notice in respect of the above has been received by the Company from the office of Registrar of the Companies till date. Any penalty in future by any regulatory authorities could affect Company's financials to that extent.

- 16) Our contingent liabilities could adversely affect our financial condition.**

Our contingent liabilities appearing in our restated financial statements as at September 30, 2010 aggregated Rs. 709.92 Lacs on a stand-alone basis as well as consolidated basis, the details of which are as follows:

Particulars	(Rs. in Lacs)	
	Standalone as at 30.09.10	Consolidated as at 30.09.10
Sales Tax Appeals	523.30	523.30
Consumer Forum	21.23	21.23
Income tax Disputes	153.30	153.30
Food Adulteration Dispute	3.25	3.25

Bank Guarantees	8.84	8.84
<b>Total</b>	<b>709.92</b>	<b>709.92</b>

In the event that any of these contingent liabilities materialize, our results of operations and financial condition could be adversely affected.

**17) The Company has not paid any dividend on equity shares and may not pay dividend in future also.**

The Company has not paid any dividend on the Equity Shares in the past. Whether our Company pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition, contractual restrictions (including the terms of some of our financing arrangements that restrict our ability to pay dividends) and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that our Company will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares at any point in the future.

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

The Company is constantly exposed to possible unpredictability in the supply of raw materials. Lack of any backward linkage exposes the company to volatility inherent in availability of the critical raw material at competitive prices which may affect our operations.

**19) There is risk associated with price fluctuation of raw material and finished product which may affect the result of our operations.**

In the recent past, there have been fluctuations in the prices of critical raw materials. Such fluctuations in prices of raw material and the Company's inability to negotiate at optimum market rates may affect its profitability. Similarly, the prices of finished products have also shown price variations, which may impact its profitability.

**20) The present project is funded mainly from the proceeds of present public issue. Due to the delay in the public issue there may be a delay in the schedule of implementation of the project that the company proposes to undertake which may affect the business and results of operations of the Company.**

The cost of project is to be funded mainly from the IPO. Any delay/failure of the IPO will impact the completion of project. Failure to complete the project according to its schedule, may give rise to potential liabilities, as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations and profitability of our Company.

**21) Our success depends upon our senior management team and skilled personnel and our ability to attract and retain such persons. Any failure to attract and retain such personnel could have an adverse impact on our business, financial conditions and result of operations.**

We are highly dependent on our executive directors, our senior management, and our other key managerial personnel for our business. Attracting and retaining talented professionals is key to our business growth. Our business model is reliant on the efforts and initiatives of our senior level management and our key managerial personnel. If one or more members of our senior management team were to leave their present positions, it may be difficult to find adequate replacements and our business could be adversely affected. In this regard, we cannot assure you that we will be able to retain our skilled senior management or managerial personnel or continue to attract new talents in the future. Failure to effectively manage labour or failure to ensure availability of sufficient labour could also affect the business operations of the Company.

**22) We face substantial competition in the industry which may affect our revenues in case we are not able to obtain or retain customers and orders.**

We may face significant competition from existing players and potential entrants in the industry. Some of our competitors are larger than us and have greater financial resources. The current demand and



prospects for Edible Oil could lead to other companies increasing their production capacity in these segments. This could result in excess capacity in the market.

**23) The Company may not be fully insured for business losses, which the Company might incur.**

The Company has not taken any insurance for protecting us from future business losses and in the event of such losses occurring, the operations of our Company may be affected significantly.

**24) The Company has in the past entered into related party transactions and may continue to do so in the future.**

The Company has entered into transactions with its promoters, certain directors, subsidiary & promoter group entities. There can be no assurance that the Company could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Company's financial condition and results of operations. For further information on the common pursuits and our transactions with the promoters, certain directors, Subsidiary & promoter group entities, please refer "Common Pursuits" and "Related party transactions" on pages 72, 88, 110 and 137, respectively, of this Draft Red Herring Prospectus.

**B. EXTERNAL RISK FACTORS BEYOND THE CONTROL OF THE COMPANY**

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

**25) There may be further equity offerings in the Company which will dilute the shareholding of existing shareholders and may affect the market price of the Equity Shares.**

The Company may require further infusion of funds to satisfy its capital needs and future growth plans, which the Company may not be able to procure. Any future equity offerings by the Company may lead to dilution of equity and may affect the market price of the Equity Shares.

**26) Failure to comply with environmental laws, rules and regulations may adversely affect our business operations.**

A failure on our part to adequately comply with applicable environmental laws, rules and regulations, could hamper or adversely impact the operations of our Company, and consequently, could adversely affect the Company and its cash flows and profitability.

**27) Changes in Government Policies and political situation in India could adversely affect our business operations.**

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. The Company cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well.

The current Indian Government is coalition of several parties. The withdrawal of one or several parties could result in political instability, which may have adverse affect on the capital market and investor confidence.

Any adverse change in Government policies relating to the Edible Oil Industry in general may have an impact on the profitability of the industry.

**28) Changes in regulations could adversely affect our business operations.**

Changes in regulatory environment relating to refining and marketing Edible Oil in and outside the country will significantly impact the business of the Company.

**29) Changes in taxation policies could adversely affect our business operations & results of operations.**

Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our trading margin. Any increase in taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

**30) Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect financial markets and our business.**

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, making travel and other services more difficult and ultimately adversely affecting our business.

**31) We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.**

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

**32) Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.**

Any adverse revisions to India's credit ratings 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 may be available. This could have an 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.

**33) Any disruption in infrastructural facilities could adversely affect our business and production process of the Company.**

Any disruption in supply of power, basic infrastructural facilities, telecom lines, etc. could adversely affect the business and production process of the Company or subject it to excess cost.

**34) A slowdown in global economic growth could cause our business to suffer.**

The Company's performance is highly dependent upon the growth of business and economy in the Countries outside India. An economic down turn may negatively impact the operating results of the Company.

**35) Trading of Equity Shares will be permitted only in Dematerialized form and shareholders holding Equity Shares in physical form will not be able to trade in such Equity Shares.**

Since the Equity Shares of the Company are required to be traded compulsory in demat form, shareholders who hold shares in Physical Form may not be able to trade in such Equity Shares unless they get their holding dematerialized.

**36) After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.**

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;

- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

### C. PROMINENT NOTES

1. Public issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs.6000 lacs by Sheetal Refineries Limited. The issue would constitute [●] % of the fully diluted post issue paid up capital of the company.
2. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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.
3. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
4. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled "Basis of Allotment" on page no. 210 of this Draft Red Herring Prospectus).
5. Net worth of the Company as on September 30, 2010 is Rs. 2391.32 lacs on a standalone basis and Rs. 2559.00 lacs on a consolidated basis. The book value of the Equity Shares of the Company as on September 30, 2010 is Rs. 33.94 per Equity Share on a standalone basis and Rs. 36.32 per Equity Share on a consolidated basis.
6. The Company has not issued any Equity Shares for consideration otherwise than for cash.
7. Investors are advised to refer the paragraph on "Basis for Issue Price" on page no. 41 of this Draft Red Herring Prospectus before making an investment in the Issue.
8. Investors are free to contact the Book Running Lead Manager or Compliance Officer for any clarification or information or complaints pertaining to the Issue.
9. Investors may note that allotment and trading in shares of the Company shall be done only in dematerialized form.
10. All information shall be made available by the Book Running Lead Manager and the Company 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.
11. The average cost of acquisition of Equity Shares of face value of Rs.10 each by our promoters is given below:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition per share (Rs.)
1.	Mr. Jitender Kumar Agarwal	25.34
2.	Mr. Jugal Kishore Agarwal	10.00

12. Except as stated below, there have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

Name of Promoter / Promoter Group	Date of transaction	Name of Transferor	No. of Equity Shares	Issue / Purchase Price (Rs.)	Nature of Transaction
Mr. Jitender Kumar Agarwal	March 21, 2011	NA	900000	100	Preferential Allotment
Mr. Jitender Kumar Agarwal	October 25, 2010	<ul style="list-style-type: none"> <li>• M/s Fastner Merchantile Private Limited</li> <li>• M/s Nilay Finance and Leasing Private Limited</li> </ul>	100000 200000	10	Transfer

		<ul style="list-style-type: none"> <li>• M/s Good Wave Distributors Private Limited</li> <li>• M/s Rose Securities Limited</li> </ul>	200000  100000		
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13. There has been no financing arrangements whereby the promoter group, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with the Board.
14. There has been no change in Company's name since its incorporation.
15. For Related party transactions, please refer page 110 & 137 under heading "Related Party transactions" of the Draft Red Herring Prospectus. The total value of transactions with related parties for the year ended March 31, 2010 was Rs. 41435.31 lacs on a standalone basis and Rs. 43000.13 lacs on a consolidated basis.

## SECTION - III INTRODUCTION

### SUMMARY

The Investor should read the following summary with the Risk Factors included from page no. viii to xvii and the more detailed information about the Company and the financial statements included in the Draft Red Herring Prospectus.

#### INDUSTRY OVERVIEW

##### Importance of Edible Oils in the Country's Economy

Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producers of oilseeds in the world and this sector occupies an important position in the agricultural economy and accounting for the estimated production of 28.21 million tonnes of nine cultivated oilseeds during the year 2007-08. India contributes about 6-7% of the world oilseeds production. Export of oil meals, oilseeds and minor oils has increased from 5.06 million Tones in the financial year 2005-06 to 7.3 million tons in the financial year 2006-07. In terms of value, realization has gone up from Rs. 5514 crores to Rs.7997 crores. India accounted for about 6.4% of world oilmeal export.

##### Consumption Pattern of Edible Oils in India

India is a vast country and inhabitants of several of its regions have developed specific preference for certain oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard/rapeseed oil. Likewise several pockets in the South have a preference for coconut and sesame oil. Inhabitants of northern plain are basically hard fat consumers and therefore, prefer Vanaspati, a term used to denote a partially hydrogenated edible oil mixture. Vanaspati has an important role in our edible oil economy. Its production is about 1.2 million tonnes annually. It has around 10% share of the edible oil market. It has the ability to absorb a heterogeneous variety of oils, which do not generally find direct marketing opportunities because of consumers' preference for traditional oils such as groundnut oil, mustard oil, sesame oil etc. For example, newer oils like soyabean, sunflower, ricebran and cottonseed and oils from oilseeds of tree and forest origin had found their way to the edible pool largely through vanaspati route. Of late, things have changed.

(Source: <http://www.fcamin.nic.in/dfpd/EventDetails.asp?EventId=561&Section=Edible%20Oil&ParentID=0&Parent=1&check=0>)

##### Major Features of Edible Oil Economy

There are two major features, which have very significantly contributed to the development of this sector.

1. The setting up of the Technology Mission on Oilseeds in 1986. This gave a thrust to Government's efforts for augmenting the production of oilseeds. This is evident by the very impressive increase in the production of oilseeds from about 11.3 million tonnes in 1986-87 to 24.8 million tonnes in 1998-99. There was some setback in 1999-2000 because of the un-seasonal rain followed by inclement weather. The production of oilseeds declined to 20.7 million tonnes in 1999-2000. However, the oilseeds production went up to 27.98 million tones in 2005-06 and was 24.29 million tonnes during 2006-07 oil year. As per the 3rd advance estimate by Ministry of Agriculture dated 22.4.08 the production of nine major oilseeds is estimated to be about 28.21 million tonnes during 2007-08.
2. The other dominant feature which has had significant impact on the present status of edible oilseeds/oil industry has been the programme of liberalization under which the Government's economic policy allowing greater freedom to the open market and encourages healthy competition and self regulation rather than protection and control. Controls and regulations have been relaxed resulting in a highly competitive market dominated by both domestic and multinational players.

(Source: [fcamin.nic.in/CCA\\_DATA/Outcome2009-10.doc](http://fcamin.nic.in/CCA_DATA/Outcome2009-10.doc))

#### BUSINESS OVERVIEW

Sheetal Refineries Limited (SRL), was incorporated on April 6, 1998 as a private limited company by converting M/s. Sheetal Refineries, a Partnership firm, under the provisions of Part IX of the Companies Act, 1956 ("**Part IX Conversion**"). The partnership firm was originally formed by a Partnership Deed dated

October 18, 1994, executed by and between Mr. Jugal Kishore Agarwal and Mr. Jitender Kumar Agarwal (**the “Partnership Deed”**). The said Partnership Deed was reconstituted on April 1, 1997 and reconstituted partnership deed was executed by and between Mr. Jugal Kishore Agarwal, Mr. Jitender Kumar Agarwal, Ms. Sumitra Bai, Ms. Jyothi Agarwal, Ms. Sheetal Agarwal, Ms. Swetha Agarwal and Mr. Anand Agarwal (**“Reconstituted Partnership Deed”**). Thereafter, on April 6, 1998 the said partnership firm got converted into a private limited company under the name and style of “Sheetal Refineries Private Limited” and a Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh. Our company subsequently became a public limited company and the name of our Company was changed to “Sheetal Refineries Limited” and a fresh Certificate of Incorporation consequent upon change of name was granted to our Company on August 11, 2010 by the Registrar of Companies, Andhra Pradesh.

We are engaged in the business of trading and refining of rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. We are selling majority of our products in Andhra Pradesh and Tamil Nadu. The business was originally started by Mr. Jugal K. Agarwal and in the year 1994, for expansion of the said business along with his son Mr. Jitender kumar Agarwal as a partner, constituted a partnership firm under the name of “Sheetal Refineries” which was primarily engaged in refining of sunflower oil and trading of all kind of edible oils.

Our Company was primarily engaged in refining of sunflower oil and trading in all kind of edible oils. Later on we started refining of rice bran oil, cottonseed oil, soya bean oil, Palm Oil, groundnut oil etc and one of our brand “Sheetal Drop” got registered for refining of sunflower oil. After 2008-09, major income of the Company is coming from rice bran oil.

Company’s products adhere to its quality standards for ‘refining of all edible oils’ and has got ISO 9001:2000 certification from ‘Moody International Certification Ltd’.

In the financial year 2009-2010, “Sheetal Siddhi Veg Oil Private Limited” became our subsidiary company by acquiring 36,50,000 Equity shares of Rs. 10 each. It is mainly engaged in trading and refining of edible oils. At present, Our subsidiary company is having installed capacity of 40000 TPA and is proposing to set up an additional unit for enhancing its installed capacity by 30000 TPA to cater increasing demand of edible oils.

Presently, Our Company is having installed capacity of refining edible oil of 30000 TPA and proposing to set up an additional unit for enhancing its installed capacity by 75000 TPA to cater increasing demand of edible oils.

The Company changed the Object Clause of MOA in the year 2010-11 and passed the necessary resolutions for commencing the construction and real estate activities.

**SUMMARY FINANCIAL INFORMATION**  
Standalone Financial Information

(INR in Lakhs)

Particulars	For the Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>(1). Fixed Assets</b>						
(a) Gross Block	1,434.32	1,316.80	1,271.31	1,210.09	622.76	507.72
(b) Less: Depreciation	605.51	548.04	427.77	299.27	223.79	170.66
(c) Net Block	828.82	768.75	843.54	910.82	398.97	337.06
Less : Revaluation Reserve	-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	<b>828.82</b>	<b>768.75</b>	<b>843.54</b>	<b>910.82</b>	<b>398.97</b>	<b>337.06</b>
Capital Work in Progress	1,960.74	-	-	-	-	-
<b>(2). Investment</b>	<b>365.25</b>	<b>365.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
<b>(3). Current Assets, Loans, and Advances</b>						
(a) Inventories	6,593.20	2,812.67	4,322.34	2,779.39	2,253.53	1,420.61
(b) Sundry Debtors	1,243.60	5,903.16	3,622.84	2,153.20	831.33	894.70
(c) Cash and Bank Balance	49.03	134.49	139.40	45.27	160.17	25.30
(d) Loans and Advances	534.82	398.15	358.04	124.69	27.02	64.61
(e) Other Current Assets	330.64	341.74	444.86	437.18	396.85	377.86
<b>Total Current Assets, Loans, and Advances</b>	<b>8,751.29</b>	<b>9,590.20</b>	<b>8,887.49</b>	<b>5,539.73</b>	<b>3,668.89</b>	<b>2,783.07</b>
<b>(4). Liabilities and Provisions</b>						
Secured Loans	3,246.66	5,299.20	3,070.21	2,331.87	1,269.28	939.39
Unsecured Loans	152.79	1,111.18	1,244.99	424.13	93.52	35.64
Current Liabilities and Provisions	5,975.35	1,916.96	3,649.20	2,094.84	1,610.19	1,265.51
Deferred Tax Liability#	139.97	152.76	180.95	141.04	58.00	36.99
<b>Total Liabilities and Provisions</b>	<b>9,514.78</b>	<b>8,480.09</b>	<b>8,145.36</b>	<b>4,991.88</b>	<b>3,030.99</b>	<b>2,277.52</b>
<b>(5). Net Worth</b>	<b>2,391.32</b>	<b>2,244.11</b>	<b>1,585.92</b>	<b>1,458.91</b>	<b>1,037.12</b>	<b>842.86</b>
<b>(6). Represented By</b>						
Share Capital (Including Share Application)	704.66	899.66	759.66	869.66	669.63	648.63
Reserves and Surplus	1,688.08	1,344.45	826.26	589.25	367.53	194.30
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves & Surplus (Net of revaluation reserves)	1,688.08	1,344.45	826.26	589.25	367.53	194.30
Less: Miscellaneous Expenditure (To the extent Not Written Off)	(1.42)	-	-	-	(0.04)	(0.08)
<b>(6). Net Worth</b>	<b>2,391.32</b>	<b>2,244.11</b>	<b>1,585.92</b>	<b>1,458.91</b>	<b>1,037.12</b>	<b>842.86</b>

# Deferred Tax Liability details have been taken from the audited financial statements.

Note: The Income Tax Liability has been provided as per the income tax computation filed with Income tax authorities for the year ended March, 31, 2006, 2007, 2008, 2009 and 2010 and the figures for the Sep 30, 2010 are based on the provisional computation of income tax made by the management of the Company.

Figures have been rounded off to the nearest thousand

**Standalone Statement of Profit and Loss, as Restated**
**(INR in Lakhs)**

Particulars	For the Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>INCOME</b>						
<b>Sales -</b>						
a. of products manufactured by the Company						
Domestic Sales	6,146.08	10,908.66	13,592.47	11,743.90	10,792.90	3,358.54
Export Sales	-	-	-	-	-	-
b. of products traded in by the Company	14,863.34	28,729.11	35,403.61	26,728.05	13,926.32	15,288.29
<b>Total</b>	<b>21,009.41</b>	<b>39,637.77</b>	<b>48,996.08</b>	<b>38,471.96</b>	<b>24,719.22</b>	<b>18,646.83</b>
Other Income	42.20	294.88	94.76	127.78	167.66	24.97
Increase/Decrease in Stock	2,622.97	(1,136.64)	936.04	215.87	269.83	451.02
<b>TOTAL</b>	<b>23,674.58</b>	<b>38,796.02</b>	<b>50,026.88</b>	<b>38,815.61</b>	<b>25,156.70</b>	<b>19,122.82</b>
<b>EXPENDITURE</b>						
Material Consumed	6,626.43	8,961.00	12,122.23	10,385.95	9,325.81	3,381.77
Purchase of Trading Goods	15,726.14	27,513.59	35,477.09	26,868.39	14,630.63	14,946.17
Manufacturing Expenses	181.53	446.16	822.94	457.18	334.24	294.73
Benefits to Employees	27.50	34.50	30.57	27.14	22.74	28.76
Power & Fuel Expenses	51.00	71.39	240.83	110.05	121.31	65.43
Administrative and Selling Expenses	102.15	186.86	340.90	184.87	180.88	142.22
Excise Duty	-	-	-	-	-	0.34
Depreciation	57.46	120.27	128.50	75.48	53.14	52.98
<b>TOTAL</b>	<b>22,772.23</b>	<b>37,333.76</b>	<b>49,163.07</b>	<b>38,109.06</b>	<b>24,668.74</b>	<b>18,912.40</b>
Profit before interest, tax, extraordinary items	902.34	1,462.26	863.82	706.55	487.96	210.42
Financial Expenses	383.39	626.99	536.38	369.57	244.93	109.92
Net Profit before Tax and extraordinary items	518.96	835.28	327.44	336.98	243.04	100.50
Restated Provision for Income Tax	188.11	345.28	48.32	30.87	47.59	36.66
FBT	-	-	2.20	1.35	1.20	1.96
Deferred Tax Liability	(12.79)	(28.20)	39.91	83.04	21.01	2.67
Net Profit after Tax but before extraordinary items	343.63	518.19	237.01	221.72	173.23	59.21
Add/ (Less): Extraordinary items	-	-	-	-	-	-
<b>Net Profit after extra- ordinary items and before prior period expenses</b>	<b>343.63</b>	<b>518.19</b>	<b>237.01</b>	<b>221.72</b>	<b>173.23</b>	<b>59.21</b>
Less : Prior Period Expenses	-	-	-	-	-	-
<b>Net Profit after Prior period Expenses</b>	<b>343.63</b>	<b>518.19</b>	<b>237.01</b>	<b>221.72</b>	<b>173.23</b>	<b>59.21</b>

Note: Figures have been rounded off to the nearest thousand



**Standalone Statement of Cash flows, as Restated**
**(INR in Lakhs)**

Particulars	For the Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Net Profit / (Loss) Before tax as Restated</b>	<b>518.96</b>	<b>835.28</b>	<b>327.44</b>	<b>336.98</b>	<b>243.04</b>	<b>100.50</b>
<b>Adjustments for:</b>						
Depreciation	57.46	120.27	128.50	75.48	53.14	52.98
Interest Charges	383.39	626.99	536.38	369.57	244.93	109.92
Interest Income	(40.13)	(52.74)	(31.38)	(33.86)	(22.65)	(17.30)
Miscellaneous Expenditure Written Off	-	-	-	0.04	0.04	0.04
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>919.68</b>	<b>1,529.80</b>	<b>960.94</b>	<b>748.20</b>	<b>518.49</b>	<b>246.14</b>
<b>Adjustment for:</b>						
(Increase)/Decrease in Debtors	4,659.55	(2,280.31)	(1,469.65)	(1,321.87)	63.37	(52.93)
(Increase)/Decrease in Inventories	(3,780.53)	1,509.67	(1,542.95)	(525.86)	(832.92)	3.66
(Increase)/Decrease in Loans and Advances	(157.05)	(14.72)	(233.35)	(97.67)	37.59	(8.09)
(Increase)/Decrease in Other Current Assets	11.10	103.12	(7.68)	(40.33)	(18.99)	(223.94)
Increase/(Decrease )in Current Liabilities and Provisions	3,895.67	(2,048.85)	1,543.48	514.62	348.26	(153.68)
<b>Cash Generated from/(used in) Operations</b>	<b>5,548.41</b>	<b>(1,201.29)</b>	<b>(749.21)</b>	<b>(722.91)</b>	<b>115.80</b>	<b>(188.85)</b>
(Direct Taxes Paid)/Refund received	(5.00)	(54.05)	(39.64)	(62.18)	(52.38)	(21.32)
Add: Interest Received	40.13	52.74	31.38	33.86	22.65	17.30
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>5,583.54</b>	<b>(1,202.61)</b>	<b>(757.47)</b>	<b>(751.22)</b>	<b>86.06</b>	<b>(192.88)</b>
<b>Cash Flow from Investing Activities</b>						
Purchase of Fixed Assets	(117.53)	(45.49)	(70.48)	(587.33)	(115.04)	(70.66)
Capital Work In Progress	(1,960.74)	-	-	-	-	-
Pre-operative Expenditure	(1.42)					
Sale of Fixed Assets	-	-	9.26	-	-	8.19
Purchase of Investments	-	(365.00)	-	-	-	-
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(2,079.69)</b>	<b>(410.49)</b>	<b>(61.22)</b>	<b>(587.33)</b>	<b>(115.04)</b>	<b>(62.46)</b>
<b>Cash Flow from Financing Activities</b>						
Interest Paid	(383.39)	(626.99)	(536.38)	(369.57)	(244.93)	(109.92)
Proceeds from Issue of Equity Shares	-	170.00	60.00	0.03	246.00	-
Increase/ (Decrease) in Share application money	(195.00)	(30.00)	(170.00)	200.00	(225.00)	16.58
Increase/ (Decrease) in Bank Borrowings	(2,052.53)	2,228.99	738.34	1,062.59	329.89	316.64
Increase/ (Decrease) in Unsecured Loans	(958.38)	(133.82)	820.86	330.61	57.88	(17.03)
<b>Net Cash (used in) / from Financing Activities (C )</b>	<b>(3,589.31)</b>	<b>1,608.18</b>	<b>912.83</b>	<b>1,223.66</b>	<b>163.85</b>	<b>206.28</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(85.46)</b>	<b>(4.92)</b>	<b>94.13</b>	<b>(114.90)</b>	<b>134.87</b>	<b>(49.06)</b>
Cash and Cash Equivalents At the Beginning of the Period/Year	134.49	139.40	45.27	160.17	25.30	74.36
Cash and Cash Equivalents At the End of the Period/Year	49.03	134.49	139.40	45.27	160.17	25.30

- 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.
  3. Figures have been rounded off to the nearest thousand

**Consolidated Financial Information**  
**Consolidated Statement of Assets and Liabilities Restated** (INR in Lakhs)

Particulars	30-Sep-10	31-Mar-10
<b>(1). Fixed Assets</b>		
(a) Gross Block	2,341.97	2,209.25
(b) Less: Depreciation	763.82	651.86
(c) Net Block	1,578.15	1,557.39
Less : Revaluation Reserve	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	1,578.15	1,557.39
Capital Work In Progress	1,960.74	-
<b>(2). Goodwill on Consolidation</b>	16.81	16.81
<b>(3). Investment</b>	1.25	1.25
<b>(4). Current Assets, Loans, and Advances:</b>		
(a) Inventories	7,672.09	3,095.55
(b) Sundry Debtors	2,185.56	8,446.89
(c) Cash and Bank Balance	52.76	205.56
(d) Loans and Advances	1,146.73	993.64
(e) Other Current Assets	341.81	351.79
<b>Total Current Assets, Loans, and Advances</b>	11,398.95	13,093.43
<b>(5) Liabilities and Provisions</b>		
Secured Loans	5,466.12	7,301.70
Unsecured Loans	291.97	1,686.72
Current Liabilities and Provisions	6,488.53	3,075.69
Deferred Tax Liability#	150.29	161.38
<b>Total Liabilities and Provisions</b>	12,396.90	12,225.50
<b>(6). Net Worth</b>	<b>2,559.00</b>	<b>2,443.39</b>
<b>(7). Represented By:</b>		
Share Capital (Including Share Application)	704.66	899.66
Reserves and Surplus	1,782.48	2,011.80
Less: Revaluation Reserve	-	-
Reserves (Net of revaluation reserves)	1,782.48	2,011.80
Less: Miscellaneous Expenditure (to the extent Not Written Off)	(1.42)	-
Minority Interest	73.29	(468.07)
<b>(8).Net Worth</b>	<b>2,559.00</b>	<b>2,443.39</b>

# Deferred Tax Liability details have been taken from the audited financial statements.

Note: The Income Tax Liability has been provided as per the income tax computation filed with Income tax authorities for the year ended March, 31, 2010 and the figures for the Sep 30, 2010 are based on the provisional computation of income tax made by the management of the Company.

Figures have been rounded off to the nearest thousand

(INR in Lakhs)

**Consolidated Statement of Profit and Loss, as restated**

Particulars	For the period ended 30-Sep-10	For the Year ended 31-Mar-10
<b>INCOME</b>		
<b>Sales -</b>		
a. of products manufactured by the Company		
Domestic Sales	5,586.56	10,144.07
Export Sales	-	-
b. of products traded in by the Company	9,712.01	30,136.08
<b>Total</b>	<b>15,298.57</b>	<b>40,280.14</b>
Other Income	42.20	294.92
Increase/Decrease in Stock	2,643.37	(1,467.47)
<b>TOTAL</b>	<b>17,984.14</b>	<b>39,107.59</b>
<b>EXPENDITURE</b>		
Material Consumed	5,675.49	9,096.24
Purchase of Trading Goods	10,568.33	27,393.61
Manufacturing Expenses	245.44	462.62
Benefits to Employees	35.22	37.29
Power & Fuel Expenses	137.94	94.78
Administrative and Selling Expenses	129.07	192.06
Depreciation	111.96	137.99
<b>TOTAL</b>	<b>16,903.44</b>	<b>37,414.59</b>
Profit before interest, tax, extraordinary items	1,080.70	1,693.01
Financial Expenses	552.43	671.47
Net Profit before Tax and extraordinary items	528.27	1,021.53
Restated Provision for Income Tax	227.33	419.64
Deferred Tax Liability	(11.09)	(27.81)
Net Profit after Tax but before extraordinary items	<b>312.04</b>	<b>629.71</b>
Add/ (Less): Extraordinary items	-	-
Net Profit after extraordinary items and before prior period expenses	<b>312.04</b>	<b>629.71</b>
Less : Prior Period Expenses	-	-
<b>Net Profit after Prior period Expenses</b>	<b>312.04</b>	<b>629.71</b>

Note: Figures have been rounded off to the nearest thousand

# Consolidated Statement of Cash flows, as Restated

(INR in Lakhs)

Particulars	For the period ended 30-Sep-10	For the Year ended 31-Mar-10
<b>Net Profit / (Loss) Before tax as Restated</b>	<b>528.27</b>	<b>1,021.53</b>
<b>Adjustments for:</b>		
Depreciation	111.96	137.99
Interest Charges	552.43	671.47
Interest Income	(40.13)	(52.77)
Miscellaneous Expenditure Written Off	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>1152.53</b>	<b>1,778.22</b>
<b>Adjustment for:</b>		
(Increase)/Decrease in Debtors	6,261.33	(4,131.52)
(Increase)/Decrease in Inventories	(4,576.54)	1,694.03
(Increase)/Decrease in Loans and Advances	(174.50)	(50.03)
(Increase)/Decrease in Other Current Assets	9.98	143.67
Increase/(Decrease) in Current Liabilities	3,285.25	(1,497.30)
<b>Cash Generated from/(used in) Operations</b>	<b>5,958.06</b>	<b>(2,062.93)</b>
(Direct Taxes Paid)/Refund received	(78.33)	(57.62)
Add: Interest Received	40.13	52.77
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>5,919.85</b>	<b>(2,067.78)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(132.72)	(679.09)
Capital Work in Progress	(1,960.74)	-
Pre-operative Expenses	(1.42)	-
Sale of Fixed Assets	-	-
Purchase of Investments	-	(1.00)
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(2,094.89)</b>	<b>(680.09)</b>
<b>Cash Flow from Financing Activities</b>		
Interest Paid	(552.43)	(671.47)
Proceeds from Issue of Equity Shares	-	257.00
Increase/ (Decrease) in Share application money	(195.00)	(30.00)
Increase/ (Decrease) in Bank Borrowings	(1,835.58)	3,369.29
Increase/ (Decrease) in Unsecured Loans	(1,394.76)	(113.93)
<b>Net Cash (used in) / from Financing Activities (C )</b>	<b>(3,977.76)</b>	<b>2,810.89</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(152.80)</b>	<b>63.02</b>
Cash and Cash Equivalents At the Beginning of the Period/Year	205.56	142.55
Cash and Cash Equivalents At the End of the Period/Year	52.76	205.56

**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.  
3. Figures have been rounded off to the nearest thousand

## THE ISSUE

<b>Equity Shares offered</b>	
<b>Public Issue</b>	<b>[●] Equity Shares</b>
<b>Of Which</b>	
QIB Portion	Up to 50% of the Issue, i.e.[●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 3000.00 lacs, (Allocation on proportionate basis)  out of which 5% of the QIB Portion i.e.[●] Equity Shares aggregating to Rs. 150.00 lacs 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price
Non Institutional Portion	At least 15% of the Issue i.e.[●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 900.00 Lacs, available for allocation to Non Institutional Bidders. (Allocation on proportionate basis)
Retain Portion	At least 35% of the Issue i.e.[●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. 2100.00 Lacs, available for allocation to Retail Individual Bidder(s). (Allocation on proportionate basis)
<b>Equity Shares outstanding prior to the Issue</b>	79,46,600 Equity shares of Rs.10 each
<b>Equity Shares outstanding after the Issue</b>	[●] Equity Shares of Rs.10 each
<b>Objects of the Issue</b>	Please see the section entitled "Objects of the Issue" on page 26 of this Draft Red Herring Prospectus.

Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.

## GENERAL INFORMATION

### SHEETAL REFINERIES LIMITED

**Regd. Office:** Survey No. 341, Gagan Pahad, R. R. District, Hyderabad – 509323

(Since incorporation, the registered office of our Company was situated at Survey No. 341 & 342, Gagan Pahad Village, Ranga Reddy District. Thereafter, w.e.f. October 10, 2001, it was shifted to 5-3-756/A, Shankarbagh, Topkhana Road, Hyderabad – 500012. Finally, w.e.f. December 4, 2001, our registered office was shifted to the present premises).

**Tel:** +91-40-24361880/81/82; **Fax:** +91-40-24361663;

**E-mail:** sheetal.ipo@sheetalgroup.net, **Website:** www.sheetaldrop.com,

**Contact Person:** Mr. Ritesh Heda, Company Secretary & Compliance Officer

Company Registration Number: 01-29205. (Company Incorporation Number (CIN) of the Company is U51909AP1998PLC029205

### Address of the Registrar of Companies

2<sup>nd</sup> Floor, CPWD Building,  
Kendriya Sadan, Sultan Bazar,  
Koti, Hyderabad -500195, Andhra Pradesh

### BOARD OF DIRECTORS OF THE COMPANY

Sr. No.	Name	Designation
1.	Mr. Jugal Kishore Agarwal	Chairman & Managing Director
2.	Mr. Jitender Kumar Agarwal	Whole Time Director
3.	Mr. Ravi Agarwal	Non Executive Independent Director
4.	Mr. Prem Kumar Dhoot	Non Executive Independent Director
5.	Mr. Chandan Chauhan	Non Executive Independent Director

For brief profile of Board of Directors of the Company, please refer the section “Our Management” on page no. 74 of this Draft Red Herring Prospectus.

### COMPANY SECRETARY AND COMPLIANCE OFFICER

#### Mr. Ritesh Heda

Sheetal Refineries Limited  
Survey No. 341, Gagan Pahad,  
R. R. District, Hyderabad – 509323  
**Tel:** +91-40-24361880/81/82  
**Fax:** +91-40-24361663  
**E-mail:** sheetal.ipo@sheetalgroup.net  
**Website:** www.sheetaldrop.com

**Investors 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 allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders etc.**

### BANKERS TO THE COMPANY

#### STATE BANK OF HYDERABAD

Mahaboobgunj Branch, Hyderabad,  
Andhra Pradesh - 500012, India  
**Tel:** +91-40-24601340/24650826  
**Fax:** +91-40-24600895  
**Email:** dravindranadh@yahoo.co.in  
**Contact Person:** Mr. D Ravindranadh

#### KOTAK MAHINDRA BANK LIMITED

6-3-11091/1, 2<sup>nd</sup> floor,  
Nava Bharat Chambers  
Raj Bhavan Road, Somajiguda

Hyderabad - 500082, AP, India  
Tel: +91-40-66299000  
Email: deep.mathur@kotak.com  
Contact Person: Mr. Deep Kumar Mathur

### **ISSUE MANAGEMENT TEAM**

#### **BOOK RUNNING LEAD MANAGER**

##### **Chartered Capital And Investment Limited**

711, Mahakant, Opp V.S. Hospital, Ellisbridge, Ahmedabad-380 006  
Tel: +91-79-26575337, 26577571  
Fax: +91-79-26575731  
E-mail: srl.ipo@charteredcapital.net  
Investor grievance Id: investor.relation@charteredcapital.net  
Website: www.charteredcapital.net  
Contact Person: Mr. Sagar Bhatt

#### **SYNDICATE MEMBER**

[•]

#### **REGISTRAR TO THE ISSUE**

##### **Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400 078  
Tel :+91-22- 2596 0320, Fax :+91-22- 2596 0329  
Toll Free: 1-800-22-0320  
E-mail: srl.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact person: Mr. Chetan Shinde

#### **STATUTORY AUDITORS OF THE COMPANY**

##### **S.B. Kabra & Co.**

Chartered Accountants  
"Metro Towers" 3-5-378/1, 1st Floor,  
Vithalwadi "X" Roads, Narayanguda,  
Hyderabad- 500029, Andhra Pradesh  
Email: sbkabra@rediffmail.com  
Website: www.sbkabraco.in  
Tel: +91-40-23228854  
Fax: +91-40-23228275  
Contact person: Mr. S.B. Kabra

#### **LEGAL ADVISOR TO THE COMPANY**

##### **Pawan Kumar Agarwal Advocate**

Flat No. 402, Plot No. 38,  
Pleasant Park Appartment,  
Shanti Nagar, Hyderabad-28  
Andhra Pradesh  
Tel: +91-040-66631495  
Email: pawangrwl@yahoo.com

#### **BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

[•]

#### **SELF CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act for the ASBA Process are provided on <http://www.sebi.gov.in>. 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 BRLMs**

Since Chartered Capital And Investment Limited is the sole BRLM for this Issue, all the Issue related activities are handled by Chartered Capital And Investment Limited.

## **CREDIT RATING**

As this is an Issue of Equity Shares, credit rating is not required.

## **IPO GRADING**

The Company has appointed [●] for the purpose of IPO Grading. Their contact detail is as under:

[●]

This Issue has been graded by [●] as “[●]”, indicating [●] vide its letter dated [●]. For details in relation to the report of [●] furnishing rationale for the IPO grading, please refer to Annexure beginning on page [●] of this Draft Red Herring Prospectus. Attention of the Investors is drawn to the disclaimer of [●] appearing on page 182 of the Draft Red Herring Prospectus.

## **TRUSTEES**

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

## **MONITORING AGENCY**

As the net proceeds of the Issue will be less than Rs. 50,000 Lacs, as per the SEBI Regulations it is not required that a monitoring agency be appointed by our Company.

## **APPRAISING ENTITY**

None of the objects of the issue has been appraised by any entity.

## **WITHDRAWAL OF THE ISSUE**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

## **BOOK BUILDING PROCESS**

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date, The principal parties involved in the Book Building Process are:

1. The Company.
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members, and
4. The Registrar to the issue.
5. Self Certified Syndicate Banks

The SEBI Regulations has permitted an issue of securities to the public through the 100% Book Building Process, wherein (i) up to 50 % of the Issue shall be allocated on a proportionate basis to QIBs, including



upto 5% of the QIB portion that shall be available for Allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, (ii) at least 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and (iii) at least 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Regulations for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the recent amendments to the SEBI Regulations, QIBs are required to pay full Bid amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled "Terms of the Issue" on page 186 of the Draft Red Herring Prospectus.

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

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form/ASBA Form.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 1800 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.77%
2500	20	7500	416.66%

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., Rs.22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

#### **Bid/Issue Programme**

**BID/ISSUE OPENS ON** [•]  
**BID/ISSUE CLOSES ON** [•]

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M.
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a 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.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.

- a) A standard cut-off time of 3.00 P.M. for acceptance of bids
- b) A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
- c) A standard cut-off time of 5.00 P.M. for uploading of bids received from only retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure.

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 **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 am and 3.00 p.m (Indian Standard Time).**

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least two working days prior to the Bid /Issue Opening Date.

**In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the 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 NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the syndicate.**

## UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:  
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
<b>Chartered Capital And Investment Ltd</b> 711, Mahakant, Opp V S Hospital, Ellisbridge, Ahmedabad 380 006, Tel: +91-79-26575337, 26577571 Fax No. : +91-79-26575731 Email: srl.ipo@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Sagar Bhatt	<div style="text-align: right;">[●]</div>	<div style="text-align: right;">[●]</div>
<div style="text-align: right;">[●]</div>	<div style="text-align: right;">[●]</div>	<div style="text-align: right;">[●]</div>

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of our Board of Directors (based on a certificate dated[●] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective

underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors acting through our Chairman and Managing Director, at their meeting held on [●], and we have issued letters of acceptance to the Underwriters.

In addition, in the opinion of the BRLM, the underwriters' assets are adequate to meet their underwriting obligations.

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 responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus.

## CAPITAL STRUCTURE

The Share Capital Structure of the Company as on date of this Draft Red Herring Prospectus with SEBI is as below:

(Rs in lacs)

	Share Capital	Aggregate Nominal Value	Aggregate Value including premium
A.	<b>Authorised Share Capital</b> 2,00,00,000 Equity Shares of Rs.10 each	2000.00	
B.	<b>Issued, Subscribed and Paid-Up Equity Share Capital before the Issue</b> 79,46,600 Equity Shares of Rs.10 each	794.66	
C.	<b>Issue in terms of this Draft Red Herring Prospectus</b> [●] Equity Shares of Rs.10 each	[●]	6000.00
	<b>Of which</b>		
	(i) QIB Portion of up to [●] Equity Shares	[●]	3000.00
	(ii) Non-Institutional Portion of at least [●] Equity Shares	[●]	900.00
	(iii) Retail Portion of at least [●] Equity Shares	[●]	2100.00
D.	<b>Equity Share Capital after the Issue</b> [●] Equity Shares of Rs.10 each	[●]	[●]
E.	<b>Share Premium Account</b> Before the Issue After the Issue	810.00 [●]	

### Change in Authorised Share Capital

1. The Initial authorized shares capital of the Company was Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs.10 each.
2. The authorized shares capital of Rs 1,00,00,000 divided into 10,00,000 equity shares of Rs 10 each was increased to Rs 2,00,00,000 divided into 20,00,000 equity shares of Rs 10 each pursuant to a resolution of shareholders passed at the EGM held on July 5, 1999.
3. The authorized share capital of Rs.2,00,00,000 divided into 20,00,000 equity shares of Rs.10 each was increased to Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on November 28, 2002.
4. The authorized share capital of Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10 each was increased to Rs.6,50,00,000 divided into 65,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on March 25, 2005.
5. The authorized share capital of Rs.6,50,00,000 divided into 65,00,000 equity shares of Rs.10 each was increased to Rs.9,00,00,000 divided into 90,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on September 12, 2008.
6. The authorized share capital of Rs.9,00,00,000 divided into 90,00,000 equity shares of Rs.10 each was increased to Rs.15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on February 1, 2010.
7. The authorized share capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each was increased to Rs.20,00,00,000 divided into 2,00,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on February 21, 2011.

Our current authorized capital is sufficient to meet the requirements of the Public Issue.

### Notes to Capital Structure

#### 1. Equity Share Capital history of the Company.

The current capital structure of the Company is built up as under.

Date of Allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative No of Shares	Cumulative paid up share capital (Rs in lacs)	Cumulative Share Premium (Rs in lacs)
April 6, 1998	7,00,500	10	10	Cash*	Subscription to Memorandum	700500	70.05	Nil
August 06, 1998	1,80,000	10	10	Cash	Further Issue of Equity Shares	880500	88.05	Nil
March 22, 1999	60,000	10	10	Cash	Further Issue of Equity Shares	940500	94.05	Nil
March 31, 2001	9,85,800	10	10	Cash	Further Issue of Equity Shares	1926300	192.63	Nil
December 6, 2004	3,60,000	10	10	Cash	Further Issue of Equity Shares	2,286,300	228.63	Nil
February 27, 2007	2,10,000	10	10	Cash	Further Issue of Equity Shares	2,496,300	249.63	Nil
March 15, 2007	22,50,000	10	10	Cash	Further Issue of Equity Shares	4,746,300	474.63	Nil
March 31, 2008	300	10	10	Cash	Further Issue of Equity Shares	4,746,600	474.66	Nil
January 10, 2009	6,00,000	10	10	Cash	Further Issue of Equity Shares	5,346,600	534.66	Nil
April 01, 2009	3,00,000	10	10	Cash	Further Issue of Equity Shares	5,646,600	564.66	Nil
April 02, 2009	2,00,000	10	10	Cash	Further Issue of Equity Shares	5,846,600	584.66	Nil
April 22, 2009	6,00,000	10	10	Cash	Further Issue of Equity Shares	6,446,600	644.66	Nil
November 06, 2009	6,00,000	10	10	Cash	Further Issue of Equity Shares	7,046,600	704.66	Nil
March 21, 2011	9,00,000	10	100	Cash	Further Issue of Equity Shares	7,946,600	794.66	810.00

\*allotted to the erstwhile partners for conversion of the partnership firm M/s. Sheetal Refineries into private limited company under part IX of the Companies Act.

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

No equity share has been allotted by the company for consideration other than cash.

## 3. Issue of Equity Shares in the last one year

The Company has issued 9,00,000 Equity Shares to Mr. Jitender Kumar Agarwal who is one of the Promoter of Company, on March 21, 2011 at an issue price of Rs. 100 each including share premium of Rs. 90 per equity share. The allotment was made to fund the proposed project of the Company.

## 4. Equity Shareholding of the Promoters & Promoters Group and Lock-in

Details of the Built up of the Promoters and Promoters Group Shareholding are as under:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer	No of Shares	Nature of Allotment (Rights, Bonus, Preferential etc.)	Consideration	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Capital	% Of Post Issue Capital
<b>PROMOTERS</b>									
1	Mr. Jitender Kumar Agarwal	April 06, 1998	400000	Subscription to Memorandum	Cash	10	10		

				um					
		March 31, 2001	200000	Preferencia l Allotment	Cash	10	10		
		March 31, 2005	43000	Transfer <sup>1</sup>	Cash	10	10		
		February 27, 2007	210000	Preferencia l Allotment	Cash	10	10		
		March 15, 2007	2000000	Preferencia l Allotment	Cash	10	10		
		March 31, 2007	(50,000)	Transfer <sup>2</sup>	Cash	10	10		
		January 10, 2009	300,000	Preferianci al Allotment	Cash	10	10		
		April 02, 2009	200000	Preferencia l Allotment	Cash	10	10		
		April 30, 2009	476800	Transfer <sup>3</sup>	Cash	10	10		
		October 25, 2010	600000	Transfer <sup>4</sup>	Cash	10	10		
		March 21, 2011	900000	Preferianci al Allotment	Cash	10	100		
		<b>Total (A)</b>	<b>5279800</b>					<b>66.44</b>	<b>[•]</b>
	<sup>1</sup> On March 31, 2005, Mr. Surender Agarwal transferred 43000 Equity Shares to Mr. Jitender Kumar Agarwal.								
	<sup>2</sup> On March 31, 2007, Mr. Jitender Kumar Agarwal transferred 50000 Equity Shares to Ms. Sheela Kabra.								
	<sup>3</sup> On April 30, 2009, Mr. Rajesh Jain transferred 476800 Equity Shares to Mr. Jitender Kumar Agarwal.								
	<sup>4</sup> On October 25, 2010, M/s Fastner Merchantile Private Limited, M/s Nilay Finance and Leasing Private Limited, M/s Good Wave Distributors Private Limited and M/s Rose Securities Limited transferred 100000, 200000, 200000 & 100000 Equity Shares respectively to Mr. Jitender Kumar Agarwal.								
<b>2</b>	<b>Mr. Jugal Kishore Agarwal</b>	April 06, 1998	300000	Subscription to Memorandum	Cash	10	10		
		March 22, 1999	33,500	Preferencia l Allotment	Cash	10	10		
		March 31, 2001	9,000	Preferencia l Allotment	Cash	10	10		
		March 31, 2005	54,000	Transfer <sup>5</sup>	Cash	10	10		
		April 01, 2010	14,00,000	Transfer <sup>6</sup>	Cash	10	10		
		<b>Total (B)</b>	<b>1796500</b>					<b>22.61</b>	<b>[•]</b>
	<sup>5</sup> On March 31, 2005, Mr. Nanda Kishore Agarwal transferred 54000 Equity Shares to Mr. Jugal Kishore Agarwal.								
	<sup>6</sup> On April 1, 2010, Mr. Ratan Lal Agarwal, M/s Aryaman Merchandise Private Limited and Mr. Narendra Nath Chaganla transferred 300000, 500000 & 600000 Equity Shares respectively to Mr. Jugal Kishore Agarwal.								
		<b>Total (C=A+B)</b>	<b>7076300</b>					<b>89.05</b>	<b>[•]</b>
<b>Promoter Group</b>									
<b>3</b>	<b>M/s Sheetal Globe Agro Oils Private Limited</b>	November 6, 2009	600000	Preferencia l Allotment	Cash	10	10		
		<b>Total (D)</b>	<b>600000</b>					<b>7.55</b>	<b>[•]</b>
<b>4</b>	<b>Ms. Sumitra Bai</b>	April 06, 1998	100	Subscription to Memorandum of	Cash	10	10		

				Association					
		March 31, 2005	102800	Transfer <sup>7</sup>	Cash	10	10		
		April 1, 2009	(300)	Transfer <sup>8</sup>	Cash	10	10		
		<b>Total (E)</b>	<b>102600</b>					<b>1.29</b>	<b>[•]</b>
	<sup>7</sup> On March 31, 2005, Ms. Sheetal Agarwal, Ms. Swetha Agarwal, Mr. Anand Agarwal, Ms. Saroj Agarwal, and Mr. Shashi Agarwal transferred 100, 100, 100, 75500 and 27000 Equity Shares respectively to Ms. Sumitra Bai.								
	<sup>8</sup> On April 1, 2009, Ms. Sumitra Bai transferred 100 Equity Shares each to Nathmal Jugal Kishore HUF, Mr. Ghanshyam Das Agarwal and Ms. Gayathri Devi.								
<b>5</b>	<b>Ms. Jyothi Agarwal</b>	April 06, 1998	100	Subscription to Memorandum	Cash	10	10		
		March 31, 2005	7000	Transfer <sup>9</sup>	Cash	10	10		
		April 10, 2010	110000	Transfer <sup>10</sup>	Cash	10	10		
		<b>Total (F)</b>	<b>117100</b>					<b>1.47</b>	<b>[•]</b>
	<sup>9</sup> On March 31, 2005, Mr. Ghanshyam Das Agarwal transferred 7000 Equity Shares to Ms. Jyothi Agarwal.								
	<sup>10</sup> On April 10, 2010, Ms. M. Sharana Kumari, Ms. M. Varalaxmi, and Mr. M. Venugopal transferred 20000, 40000 and 50000 Equity Shares respectively to Ms. Jyothi Agarwal.								
<b>6</b>	<b>Nathmal Jugal Kishore HUF</b>	April 1, 2009	100	Transfer <sup>11</sup>	Cash	10	10		
		<b>Total (G)</b>	<b>100</b>					<b>0.00</b>	<b>[•]</b>
	<sup>11</sup> On April 1, 2009, Ms. Sumitra Bai transferred 100 Equity Shares to Nathmal Jugal Kishore HUF.								
<b>7</b>	<b>Mr. Ghanshyam Das Agarwal</b>	March 22, 1999	7000	Preferential Allotment	Cash	10	10		
		March 31, 2005	(7000)	Transfer <sup>12</sup>	Cash	10	10		
		April 1, 2009	100	Transfer <sup>13</sup>	Cash	10	10		
		<b>Total (H)</b>	<b>100</b>					<b>0.00</b>	<b>[•]</b>
	<sup>12</sup> On March 31, 2005, Mr. Ghanshyam Das Agarwal transferred 7000 Equity Shares to Ms. Jyothi Agarwal.								
	<sup>13</sup> On April 1, 2009, Ms. Sumitra Bai transferred 100 Equity Shares to Mr. Ghanshyam Das Agarwal.								
<b>8</b>	<b>Ms. Gayathri Devi</b>	April 1, 2009	100	Transfer <sup>14</sup>	Cash	10	10		
		<b>Total (I)</b>	<b>100</b>					<b>0.00</b>	<b>[•]</b>
	<sup>14</sup> On April 1, 2009, Ms. Sumitra Bai transferred 100 Equity Shares to Ms. Gayathri Devi.								
	<b>TOTAL (J=D+E+F+G+H+I)</b>		<b>820000</b>					<b>10.32</b>	<b>[•]</b>
	<b>Grand Total (K=C+J)</b>		<b>7896300</b>					<b>99.37</b>	<b>[•]</b>

The shares held by the Promoters & promoter group as mentioned above are not subject to any pledge.

#### Details of Promoters Contribution Locked in for 3 Years

An aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of commencement of commercial production or the date of allotment in the public issue whichever is later.

The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares. Our Promoters have, pursuant to their undertakings, given consent to include such number of Equity Shares held

by them as may constitute 20% of the post-Issue equity share capital of our Company as minimum Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose off in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

Details of minimum Promoters' Contribution are as provided below:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer	Nature of consideration	Reasons for allotment	No of Shares	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Equity share Capital	% Of Post Issue Equity share Capital
1	[•]	[•]	[•]	[•]	[•]	[•]	[•]		
2	[•]	[•]	[•]	[•]	[•]	[•]	[•]		
	<b>Total</b>				[•]			[•]	<b>20.00</b>

\*All the Equity Shares held by our Promoters as on the date of filing of this Draft Red Herring Prospectus are eligible for computation of minimum Promoters' Contribution except for 9,00,000 Equity Shares allotted to Mr. Jitender Kumar Agarwal on March 21, 2011 which will also be eligible for computation of minimum Promoters' Contribution if promoters pay to the issuer, the difference, if any, between the price at which specified securities are offered in the initial public offer and the price at which the specified securities had been acquired and 6,00,000 Equity Shares acquired by Mr. Jitender Kumar Agarwal by way of transfer on October 25, 2010.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons who are classified as defined as "promoters" of our Company as per the SEBI Regulations. All Equity Shares, which are to be locked-in, are eligible for computation of minimum Promoters' Contribution, in accordance with the SEBI Regulations. The Equity Shares proposed to be included as part of the minimum Promoters' Contribution:

- (a) have not been subject to pledge or any other form of encumbrance; or
- (b) have not been issued out of revaluation reserves or capitalization of intangible assets and have not been issued against shares, which are otherwise ineligible for Promoters' Contribution; or
- (c) have not been acquired for consideration other than cash and revaluation of assets; or
- (d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Red Herring Prospectus at a price lower than the Issue Price.

#### **Details of Shares Locked in for 1 Years**

In terms of regulation 36(b) & 37 of the SEBI (ICDR) Regulations, 2009, in addition to 20% of post-issue shareholding of the Company held by the Promoters which are locked-in for three years, as specified above, the entire pre-issue issued equity share capital of the Company, including the shareholding of persons falling under promoters, promoter group and non-promoter category, will be locked in for a period of one year.

The lock-in shall start from the date of allotment in the proposed public issue & the last date of lock-in shall be reckoned as one year from the date of commencement of commercial production or the date of allotment in the public issue whichever is later. The Promoters/promoter group/ other pre-IPO non-promoter shareholders have given their written consent for lock-in for a period of 1 year.

The Promoters have given an undertaking and have agreed not to sell / transfer/dispose in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of this Draft Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Regulations.

#### **Other requirements in respect of lock-in**

The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate and in case the equity shares are in demat mode, we will ensure that lock in is recorded in the records of depositories as per Regulation 35(2) of the SEBI ICDR Regulations.



In terms of regulation 39 of the SEBI ICDR Regulations, Equity Shares held by promoters which are locked-in, may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

- if the Equity Shares are locked-in for a period of three years as mentioned above, 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 the loan;
- if the Equity Shares are locked-in for a period of one year as mentioned above, the pledge of Equity Shares is one of the terms of sanction of the loan.

In terms of regulation 40 of the SEBI ICDR Regulations, Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the Equity Shares held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the Equity Shares held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred.

However, the lock-in on such Equity Shares shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

- The following Directors hold Equity Shares in their individual capacity, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Director	No. of Equity Share
1.	Mr. Jitender Kumar Agarwal	5279800
2.	Mr. Jugal Kishore Agarwal	1796500
3.	Mr. Ravi Agarwal	Nil
4.	Mr. Prem Kumar Dhoot	Nil
5.	Mr. Chandan Chauhan	Nil
	<b>Total</b>	<b>7076300</b>

#### 6. Details of Shares held by Promoter and Promoter Group.

Sr. No.	Name of the Promoters/Promoter group	No. of shares
1.	Mr. Jitender Kumar Agarwal	5279800
2.	Mr. Jugal Kishore Agarwal	1796500
3.	M/s Sheetal Globe Agro Oils Private Limited	600000
4.	Ms. Sumitra Bai	102600
5.	Ms. Jyothi Agarwal	117100
6.	M/s Nathmal Jugal Kishore HUF	100
7.	Mr. Ghanshyam Das Agarwal	100
8.	Ms. Gayathri Devi	100
	<b>Total</b>	<b>7896300</b>

#### 7. Shareholding pattern of the Company.

category code	Category of shareholder	Number of Shareholders	Total No of shares	Number of Shares held in dematerialized form	Total shareholding as a percentage of total no of Shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(VII)

								(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided family	7	7296300	0	91.82	91.82	0	0.00
(b)	Central Government/State Government(s)	--	--	--	--	--	--	--
(c)	Bodies Corporate	1	600000	0	7.55	7.55	0	0.00
(d)	Financial Institutions/Banks	--	--	--	--	--	--	--
(e)	Any other (specify)	--	--	--	--	--	--	--
	<b>Sub-Total(A)(1)</b>	<b>8</b>	<b>7896300</b>	<b>0</b>	<b>99.37</b>	<b>99.37</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
(a)	Individuals (Non Resident individuals/Foreign Individuals	--	--	--	--	--	--	--
(b)	Bodies Corporate	--	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--	--
(d)	Any other (specify)	--	--	--	--	--	--	--
	<b>Sub-Total(A)(2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>8</b>	<b>7896300</b>	<b>0</b>	<b>99.37</b>	<b>99.37</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>						<b>NA</b>	<b>NA</b>
<b>1</b>	<b>Institutions</b>						<b>NA</b>	<b>NA</b>
(a)	Mutual Funds/UTI	--	--	--	--	--		
(b)	Financial Institutions/Banks	--	--	--	--	--		
(c)	Central Government/State Government(s)	--	--	--	--	--		
(d)	Venture capital Funds	--	--	--	--	--		
(e)	Insurance Companies	--	--	--	--	--		
(f)	Foreign Institutional Investors	--	--	--	--	--		
(g)	Foreign Venture Capital Investors	--	--	--	--	--		
(h)	Any other (specify)	--	--	--	--	--		
	<b>Sub-Total(B)(1)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>		
<b>2</b>	<b>Non-institutions</b>						<b>NA</b>	<b>NA</b>
(a)	Bodies Corporate	--	--	--	--	--		
(b)i	Individuals-i. Individual Shareholders holding Nominal Share upto Rs 1 lakh.	2	300	0	0.00	0.00		
(b)ii	ii. Individual shareholders holding Nominal share capital in excess of Rs 1 lakh.	1	50000	0	0.63	0.63		
(c)i	Any other (Specify)	0	0	0	0.00	0.00		
	<b>Sub-Total(B)(2)</b>	<b>3</b>	<b>50300</b>	<b>0</b>	<b>0.63</b>	<b>0.63</b>		

	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>3</b>	<b>50300</b>	<b>0</b>	<b>0.63</b>	<b>0.63</b>	<b>NA</b>	<b>NA</b>
	<b>Total (A)+(B)</b>	<b>11</b>	<b>7946600</b>	<b>0</b>	<b>100.00</b>	<b>100.00</b>		
<b>( C)</b>	<b>Shares held by Custodians and against which Depository receipts have been issued.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>0.00</b>	<b>NA</b>	<b>NA</b>
	<b>GRAND TOTAL (A)+(B)+( C)</b>	<b>11</b>	<b>7946600</b>	<b>0</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

The table below presents our shareholding pattern before and after the proposed Issue.

Particulars	Before the issue		After the issue	
	No. of shares	%	No. of shares	%
<b>Promoters &amp; Promoter's Group</b>				
<b>Promoters</b>				
Mr. Jitender Kumar Agarwal	5279800	66.44	5279800	[•]
Mr. Jugal Kishore Agarwal	1796500	22.61	1796500	[•]
<b>Sub Total (A)</b>	<b>7076300</b>	<b>89.05</b>	<b>7076300</b>	<b>[•]</b>
<b>Promoter Group</b>				
M/s Sheetal Globe Agro Oils Private Limited	600000	7.55	600000	[•]
Ms. Sumitra Bai	102600	1.29	102600	[•]
Ms. Jyothi Agarwal	117100	1.47	117100	[•]
M/s Nathmal Jugal Kishore HUF	100	0.00	100	[•]
Mr. Ghanshyam Das Agarwal	100	0.00	100	[•]
Ms. Gayathri Devi	100	0.00	100	[•]
<b>Sub Total (B)</b>	<b>820000</b>	<b>10.32</b>	<b>820000</b>	<b>[•]</b>
<b>Sub Total (A +B)</b>	<b>7896300</b>	<b>99.37</b>	<b>7896300</b>	<b>[•]</b>
<b>Public Shareholders</b>				
Ms. Shreya Mundada	50000	0.63	50000	[•]
Mr. Pankaj Maniyar	200	0.00	200	[•]
Mr. Ram Prasad Bansal	100	0.00	100	[•]
Other Public shareholders	0	0.00	[•]	[•]
<b>Sub Total (C)</b>	<b>50300</b>	<b>0.63</b>	<b>[•]</b>	<b>[•]</b>
<b>Total ( A + B + C )</b>	<b>7946600</b>	<b>100.00</b>	<b>[•]</b>	<b>[•]</b>

## 8. Equity Shares held by top ten shareholders

The list of top 10 shareholders of the Company and the number of Equity Shares held by them as on the date of Draft Red Herring Prospectus is as under:

Sr. No.	Name of Shareholder	No. of Shares	%
1.	Mr. Jitender Kumar Agarwal	5279800	66.44
2.	Mr. Jugal Kishore Agarwal	1796500	22.61
3.	M/s Sheetal Globe Agro Oils Pvt Ltd.	600000	7.55
4.	Ms. Jyothi Agarwal	117100	1.47
5.	Ms. Sumitra Bai	102600	1.29
6.	Ms. Shreya Mundada	50000	0.63
7.	Mr. Pankaj Maniyar	200	0.00
8.	M/s Nathmal Jugal Kishore HUF	100	0.00
9.	Ms. Gayathri Devi	100	0.00

10.	Mr. Ghanshyam Das Agarwal	100	0.00
	<b>Total</b>	<b>7946500</b>	<b>100.00</b>

The list of top 10 shareholders of the Company and the number of Equity Shares held by them 10 days prior to the date of Draft Red Herring Prospectus is as under:

Sr. No.	Name of Shareholder	No. of Shares	%
1.	Mr. Jitender Kumar Agarwal	4379800	62.15
2.	Mr. Jugal Kishore Agarwal	1796500	25.49
3.	M/s Sheetal Globe Agro Oils Pvt. Ltd	600000	8.51
4.	Ms. Jyothi Agarwal	117100	1.66
5.	Ms. Sumitra Bai	102600	1.46
6.	Ms. Shreya Mundada	50000	0.71
7.	Mr. Pankaj Maniyar	200	0.00
8.	Mr. Ghanshyam Das Agarwal	100	0.00
9.	M/s Nathmal Jugal Kishore HUF	100	0.00
10.	Ms. Gayathri Devi	100	0.00
	<b>Total</b>	<b>7046500</b>	<b>100.00</b>

The list of our top 10 shareholders and the number of Equity Shares held by them two years prior to the date of Draft Red Herring Prospectus is as under:

Sr. No.	Name of Shareholder	No. of Shares	%
1.	Mr. Jitender Kumar Agarwal	3103000	58.04
2.	M/s Aryaman Merchandise Pvt. Ltd.	500000	9.35
3.	Mr. Rajesh Jain	476800	8.92
4.	Mr. Jugal Kishore Agarwal	396500	7.42
5.	Mr. Ratan Lal Agarwal	300000	5.61
6.	M/s Nilay Finance & Leasing pvt. Ltd.	200000	3.74
7.	Ms. Sumitra Bai	102900	1.92
8.	M/s Fastener Merchantile Pvt. Ltd.	100000	1.87
9.	Mr. M. Venugopal	50000	0.94
10.	Ms. Sheela Kabra	50000	0.94
	<b>Total</b>	<b>5279200</b>	<b>98.74</b>

#### 9. Details of transactions in Equity Shares by the Promoters and Promoter Group of the Company

Other than as mentioned below, there are no Equity Shares that have been purchased or acquired by the Promoter Group and/or the Directors and/or the immediate relatives of the Directors (as defined under Regulation 2(1)(zb)(ii) of the ICDR Regulations) within the last six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

Name of Promoter / Promoter Group	Date of transaction	Name of Transferor	No. of Equity Shares	Issue / Purchase Price (Rs.)	Nature of Transaction
Mr. Jitender Kumar Agarwal	March 21, 2011	NA	900000	100	Preferential Allotment
Mr. Jitender Kumar Agarwal	October 25, 2010	<ul style="list-style-type: none"> <li>M/s Fastner Merchantile Private Limited</li> <li>M/s Nilay Finance and Leasing Private Limited</li> <li>M/s Good Wave Distributors Private Limited</li> <li>M/s Rose Securities Limited</li> </ul>	100000 200000 200000 100000	10	Transfer

10. No share has been allotted by the Company to any person in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
11. Our Company has not re-valued its assets since inception and has not issued any shares out of the revaluation reserves.
12. Neither the Company, its Promoters, its Directors, nor the BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Draft Red Herring Prospectus.
13. 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 investor.
14. Up to 50% of the issue, i.e. [●] Equity Shares aggregating to Rs. 3000.00 lacs shall be available for allocation to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. At least 15% of the Issue, i.e. [●] Equity Shares aggregating upto Rs. 900.00 lacs shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue, that is [●] Equity Shares aggregating upto Rs. 2100.00 lacs 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.
15. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
16. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allotment". An over-subscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearer multiple of [●] Equity Shares (which is minimum allotment lot), while finalizing the allotment.
17. The Company has not raised any bridge loan against the proceeds of the Issue.
18. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
19. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions, joint ventures or strategic alliances, subject to necessary approvals, it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture or strategic alliance or for regulatory compliances.
20. There has been no financing arrangements whereby the promoter group, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with the Board.
21. All the existing Equity Shares of the Company are fully paid up. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
22. 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 pursuant to the Issue have been listed.
23. At any given point of time, there shall be only one denomination for the Equity Shares of the Company. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
24. The company has 11 members as on the date of filing of the Draft Red Herring Prospectus with SEBI.
25. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
26. BRLM or their associates does not hold any Equity Share in the Company.

## OBJECTS OF THE ISSUE

The Company intends to utilize proceeds of the issue after deducting issue expenses ('Net Proceeds') to meet the following objects:

- To finance the capital expenditure for setting up additional refining unit with the refining capacity of 75000 TPA at Nandigama;
- To invest in our Subsidiary Company, M/s. Sheetal Siddhi Veg Oil Pvt Ltd, for increasing the refining capacity by 30000 TPA at Thimmapur;
- To meet the Long Term Working Capital requirements of the Company;
- To meet General Corporate Purpose.

Additionally we are seeking to achieve the benefits of listing, which we believe, would enhance our brand equity and provide liquidity to our shareholders.

The main object clauses of our Memorandum of Association enables us to undertake the activities proposed pursuant to the objects of the Issue, for which the funds are being raised pursuant to this Issue. Our existing activities are within the ambit of the objects clause of the Memorandum of Association of our Company.

The fund requirements and the intended use of the Issue Proceeds as described herein are based on management estimates and our current business plans. The fund requirements and intended use of Issue Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management subject to compliance of various applicable rules & regulations. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

In case of any variation in the actual utilization of funds earmarked for the above activities, including on account of cost overruns in the project for which the investment is being made, increased fund deployment for a particular activity may be met with surplus funds, if any, available in the other activities, or from internal accruals, debt or equity.

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

Particulars	Rs. In lacs
Gross Proceeds of the Issue	6000.00
Issue Expenses*	[•]
Net Proceeds of the Issue*	[•]

\* To be finalized upon determination of Issue Price.

### Funds Requirement

The net proceeds of this Issue are to be utilized for the following activities (collectively referred to as the "Project"):

Activity	Total Fund requirement	Fund already deployed <sup>#</sup>	(Rs in Lacs) Estimated schedule of deployment of Balance fund during the financial year	
			2010-11	2011-12
To finance the capital expenditure for setting up additional refining unit with the refining capacity of 75000 TPA at Nandigama	4026.39	3018.30	50.00	958.09
To invest in our Subsidiary Company, M/s. Sheetal Siddhi Veg Oil Pvt Ltd, for increasing the refining capacity by 30000 TPA at Thimmapur	1471.41	Nil	Nil	1471.41
To meet the Long Term Working Capital requirements of the Company	3300.00	Nil	Nil	3300.00

To meet General Corporate Purpose*	[•]	Nil	Nil	[•]
Total	[•]	3018.30	50.00	[•]

\* To be finalized upon determination of Issue Price.

# certified as per Auditor's Certificate dated March 9, 2011

### Means of finance

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

(Rs. in Lacs)

Manner of Funding	Amount of Funding
Term Loan*	2325.00
Promoter Contribution**	900.00
Net Proceeds of the Issue	[•]
Internal Accruals	[•]
<b>Total</b>	<b>[•]</b>

\*State Bank of Hyderabad, Mahbubgunj Branch, Hyderabad has sanctioned the term loan of Rs. 2325 Lacs dated December 29, 2010.

\*\*Promoter Contribution of Rs. 900.00 lacs has already been received from Mr. Jitender Kumar Agarwal and against that 9,00,000 Equity Shares have been allotted on March 21, 2011 at a price of Rs. 100 per Equity Share (Including a share premium of Rs. 90 per Equity Share).

Pursuant to Regulations (VII)(C)(1) of Schedule VIII of SEBI (ICDR) Regulations, 2009, we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue and existing identifiable internal accruals have been made.

### (A) To finance the capital expenditure for setting up additional refining unit with the refining capacity of 75000 TPA at Nandigama;

As market demand for the products of our Company is rising, our Company intends to expand its refining capacities. At present, our Company is having refining facilities at Gagan pahad. We have already initiated an expansion plan at Nandigama which will be adding another 75000 TPA refining capacity taking the total capacity of the company to 105000 TPA. This will increase our product range and larger visibility in the market of own brand. This location has its own advantages as all raw materials are available in near by vicinity. We are also trading the edible oil but with installation of addition capacity we will be able to produce the same at our own place. This will not only improve our margin but also enable us in delivering quality refined oil on a regular and timely basis. The expansion plan is under implementation.

The details of the expenditure for setting up additional unit are as under:

(Rs. In lacs)

Particulars	Amount
Land	Nil
Civil Work	
• Construction for civil work	638.81
• Steel Requirement	154.45
Structure for proposed plant	
• Steel Requirement	653.38
• Fabrication Charges	176.65
Plant & Machinery	
• Cost of Plant & Machinery	855.13
• Steel Requirement	1360.05
• Fabrication Charges	187.92
<b>Total</b>	<b>4026.39</b>

### Land

The Company proposes to set up the proposed refining Capacity by the installation of oil refinery by establishing the Unit No. II which will refine edible oils of different variety with an additional capacity of 75000 TPA. The factory will be located at Survey No. 547A situated at Nandigama Village, Kothur Mandal, Mahabubnagar Dist, A.P. The Company has entered into an "Agreement of Lease" dated October 1, 2010

with Mr. Jitender Kumar Agarwal, Whole Time Director of the company for Acre 5.00 Guntas of land for a period of 30 years on monthly rent of Rs. 1 Lac. Our company has already taken possession of the same and project has already been started.

## CIVIL WORK

### Construction for Civil Work

The cost of Construction for Civil work as per the estimate dated May 15, 2010 from M/s. KMCR Constructions, Hyderabad is as under:

S.No.	Item	Qty.	Rate/M Sqm/Cum	Amount (Rs. In Lacs)
1.	Excavation of column pits (G+2 Floor)	480 cum	Rs. 180/cum	0.86
2.	Cutting and leveling for CC road	4.664 sqm	Rs. 54/- per cum	2.52
3.	Excavation of compound wall	437.40 cum	180/cum	0.79
4.	Excavation of col. Pits (Main plant)	540 cum.	180/- per cum	0.97
5.	Excavation of internal wall (No.1)	37.44 cum.	Rs. 180/- per cum	0.07
6.	Excavation of sump	770 cum	Rs.180/cum	1.39
7.	Fillings 20mm hand crusher in CM for (compound wall)	97.20 sqm	540/- per sqm	0.52
	For CC Road	4,664 Sqm	540/-per sqm	25.19
	For column pits	480. cum	Rs.360/-per cum	1.73
	-do-	225 cum	Rs.360/-cum	0.81
	For Sump	154 sqm	720 sqm	1.11
8.	Foundation and basement in CM CRS masonry for compound wall	972 sqm	3600 sqm	34.99
9.	Brick masonry in CM for compound wall (Hallow block)	1572 sqm	4500 per sqm	70.74
10.	Plastering two coat to compound wall in CM inside and outside	1260 sqm.	432 sqm	5.44
11.	Main building (G+2 floor) 1) RCC works footings	218.00 cum	Rs. 2061/-cum	4.49
	ii) RCC columns	162 sqm	Rs.11,700 per sqm	18.95
	iii) RCC beams	144.00 sqm	Rs.11,700/- per sqm	16.85
	iv) RCC slab Ground floor	1000 sqm	5220/- per sqm	52.20
	First floor	1000 sqm	Rs.5040/- per sqm	50.40
	Second floor	1000 sqm	5103 per sqm	51.03
12.	Parapet wall Hallow blocks	441 Rmt	1020/- RMt	4.50
13.	Plastering two coats to ceiling	3000 sqm	Rs.120/- per sqm	3.60
	Parapet wall	280 sqm	Rs.120 per sqm	0.34
14.	CC Roads cutting and leveling	4664 sqm	Rs.162/- per sqm	7.56
	ii) Concreting 0.375 M Th:	4664 Sqm	Rs. 5130/- Per Sq.Mtr.	239.26
15	Internal brick wall in table moulded 1st quality brick masonry in CM (No.1)	171.00 Sqm.	Rs.576/- Per Sq.Mtr.	0.98
16	Provision of Retaining wall for sump (alround)	208 Sqm.	Rs.3150/- Per Sq. Mtr.	6.55
17	Provision of RCC slab upon sump 0.225 M.Th:	154 Sqm.	Rs.90/- Per Sq.Mtr.	0.14
18	Wax Bed (12 Nos. )	16 2Sqm.	Rs.1000/- Per Sq.Mtr.	1.62
	FIXATIONS:			
	Gate 4.20 M X 3.30 M	1 No.	1,62,000/-E	1.62
	Gate 2.00 M X 3.30 M	1 No.	1,08,000/- E	1.08
	Rolling Shutters (R/S)	8 Nos.	90,000/- E	7.20



19	Flooring (Main Plant)	1100 Sqm	Rs.90/- Per Sqm	0.99
			<b>TOTAL</b>	<b>616.49</b>
	Electrical, Sanitations, Septic Tank, Elevation and other works etc.,			22.32
			<b>GRAND TOTAL</b>	<b>638.81</b>

The Company has placed the order for the same and construction has already been started. The company has already deployed Rs. 487.56 Lacs as on February 28, 2011.

#### Steel Requirement

The details for the expenses for the steel requirement for Civil Work are as under:

Sr. No.	Particulars	Quantity	Amount (Rs. In Lacs)
1.	Steel for Civil Work	346.96 MT	154.45

The Company has already deployed Rs. 154.45 Lacs as on February 28, 2011.

#### STRUCTURE FOR PROPOSED PLANT

##### Steel Requirement

The details for the expenses for the steel requirement for Fabrication are as under:

Sr. No.	Particulars	Quantity	Name of The Supplier	Amount (Rs. In Lacs)
1.	Steel of Structure & Foundation	1609.96 MT	By various suppliers	653.38

The Company has placed the order for the same and the company has already deployed Rs. 626.67 Lacs as on February 28, 2011.

##### Fabrication Charges

The cost of Fabrication and Erection as per the estimate dated August 12, 2010 from M/s. Hyderabad Fabricators & Erectors, Hyderabad is as under:

Sr. No.	Particulars	Name of The Supplier	Amount (Rs. In Lacs)
1	Fabrication for the Structure	Hyderabad Fabricators & Erectors	176.65

The Company has placed the order for the same and the company has already deployed Rs. 25.84 Lacs as on February 28, 2011.

#### PLANT & MACHINERY

##### Cost of Plant & Machinery

The details of expenses for the plant and machineries for the unit which company proposes to incur are as under:

Sr. No.	List of Equipment	Quantity Required	Name of The Supplier	Qty. Ordered	Qty. Received	Order Value/Estimated Cost (Rs. in Lacs)	Date of Order/Quotation	Date/ Expected Date of Supply
<b>1</b>	<b>NETRALIZING SECTION:</b>							
	Centrifugal Separator Model SRG 610	4	Alfa Laval (India) Ltd	4	0	123.65	29.12.2010 21.07.2010	May, 11
	Knife Mixer, Stainless steel (ASTM 240 TP316)	8	Alfa Laval (India) Ltd	8	0	21.49	29.12.2010 21.07.2010	May, 11

	Disc Mixer, Stainless Steel (ASTM 240 TP 316)	4	Alfa Laval (India) Ltd	4	0	4.67	29.12.2010 21.07.2010	May, 11
	Crude Oil Heater, Steel -316	4	Alfa Laval (India) Ltd	4	0	5.60	29.12.2010 21.07.2010	May, 11
	<b>Total</b>					<b>155.41</b>		
<b>2</b>	<b>BLEACHING SECTION:</b>							
	Pressure Leaf Filters	4	Sharplex Filters (India) Pvt. Ltd.	4	4	27.80	02.08.2010 16.07.2010	Received
			Transportation Charges			0.68		
	Polish Filters	6	Sirdhi Sai Engineers	6	0	1.87	22.01.2011 21.01.2011	June, 11
	Steam Jet Ejector System	1	Mazda Limited	1	1	1.58	07.09.2010 26.08.2010	Received
	Shear Static Mixer	1	Anjanadri Engineers	1	0	3.90	11.02.2011 04.02.2011	June, 11
	<b>Total</b>					<b>35.83</b>		
<b>3</b>	<b>DEWAXING SECTION:</b>							
	Cooling Towers 160 TR FRP	1	Southern Cooling Towers Pvt. Ltd.			1.72	21.03.2011	Order not placed
	300 TR wooden cooling tower	2	Southern Cooling Towers Pvt. Ltd.			8.49	21.03.2011	Order not placed
	2x300 TR Wooden Cooling Tower	2	Southern Cooling Towers Pvt. Ltd.			16.30	21.03.2011	Order not placed
	Installation Charges		Southern Cooling Towers Pvt. Ltd.			1.93	21.03.2011	Order not placed
	Hydraulic Wax Press	2	Sirdhi Sai Engineers	2	1	6.24	22.01.2011 21.01.2011	June, 11
	Hydraulic PP Filter Press	4	Kirti Poly Plast Industries	4	4	48.60	26.07.2010 23.07.2010	Received
	Transportation Charges					1.03		
	VAHP Model SD-10C HU & Lithium Bromide Soln	1	Thermax Ltd.	1	1	17.10	31.08.2010 23.08.2010	Received
	Erection & Commissioning					0.66		
	Transportation Charges					0.24		
	<b>Total</b>					<b>102.31</b>		
<b>4</b>	<b>CONTINEOUS DEO-ODOURIZING SECTION:</b>							
	<b>AIR COMPRESSOR:</b>							
	Screw Air Compressor make ELGI	1	Shalimar Foundry	1	1	5.10	27.01.2011 21.01.2011	Received
	Refrigerated Air Dryer make ELGI	1		1	1		27.01.2011 21.01.2011	Received
	Filter 125 CFM make Sumit	1		1	1		27.01.2011 21.01.2011	Received
	Air Receiver	1	Anjanadri Engineers	1	0	1.82	11.02.2011 04.02.2011	July, 11
	Pall Rings	5M3	Naturegreen Exports	5M3	5M3	5.30	16.12.2010 14.12.2010	Received
	Transportation Charges					0.09		
	Steam Pressure Reducing Stations capacity 1500 Kgs	1	Simtech Services Pvt. Ltd			1.48	10.02.2011	Order not placed
	Steam Pressure Reducing Stations capacity 3000 Kgs	1	Simtech Services Pvt. Ltd			1.94	10.02.2011	Order not placed

	Steam Pressure Reducing Stations capacity 400 Kgs	1	Simtech Services Pvt. Ltd			1.11	10.02.2011	Order not placed
	Steam Pressure Reducing Stations capacity 800 Kgs	1	Simtech Services Pvt. Ltd			1.34	10.02.2011	Order not placed
	IBR approval in form 3 A		Simtech Services Pvt. Ltd			0.80	10.02.2011	Order not placed
	Flow Meters Model No: SSVF-MTS-17	2	Anirudha Engineers	2	2	0.66	13.10.2010 07.09.2010	Received
	Plate Heat Exchanger	1	Simtech Services Pvt. Ltd	1	0	0.42	18.01.2011 18.01.2011	June, 11
	Booster Ejector Vacuum System	1	Mazda Limited	1	1	4.33	07.09.2010 26.08.2010	Received
	<b>Total</b>					<b>24.39</b>		
<b>5</b>	<b>PACKING SECTION:</b>							
	<u><b>For Pouches:</b></u>							
	Automatic Form Fill Seal machine	10	Syno Pack India			39.00	23.09.2010	Order not placed
	Photo Cell	10	Syno Pack India			2.60	23.09.2010	Order not placed
	Water Cooler 150 Ltr/Hr	5	Syno Pack India			3.12	23.09.2010	Order not placed
	Voltage Stabilizer 22 KVA	5	Syno Pack India			2.86	23.09.2010	Order not placed
	Water Pump Motor	10	Syno Pack India			0.12	23.09.2010	Order not placed
	Steiner	10	Syno Pack India			0.05	23.09.2010	Order not placed
	Pipe lines, Valves, Bends, Flanges, Electrical Cables, Panel Boards, Switches, Conveyor System & Commissioning etc.		Syno Pack India			18.00	23.09.2010	Order not placed
	<u><b>(For Tin, Jar &amp; Drum)</b></u>							
	Tin Filling Machine	10	Adpro Automation Pvt. Ltd			11.55	21.09.2010	Order not placed
	Jar Filling Machine	10	Adpro Automation Pvt. Ltd			9.98	21.09.2010	Order not placed
	Drum Filling Machine	10	Adpro Automation Pvt. Ltd			18.38	21.09.2010	Order not placed
	Pipe lines, Valves, etc.		Adpro Automation Pvt. Ltd			23.50	21.09.2010	Order not placed
	<b>Total</b>					<b>129.16</b>		
<b>6</b>	<b>WEIGH BRIDGE:</b>							
	Weigh Bridge 50 MT capacity	1	Sriven Industries			5.67	27.09.2010	Order not placed
	Electronic Equipment		Sriven Industries			2.00	27.09.2010	Order not placed
	<b>Total</b>					<b>7.67</b>		
<b>7(A)</b>	<b>POWER HOUSE:</b>							
	Installation of HT 11 KV substation and HT overhead line	1	Electrade	1	0	14.00	26.08.2010 26.08.2010	June, 11
	<u><b>(Main Distribution)</b></u>							
	Neutralizing MCC Panel	1	Electrade	1	0	15.00	11.01.2011 24.12.2010	June, 11
	Bleaching MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11

	Deo-Odourizer MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Dewaxing Section MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Cooling MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Packing Section Power distribution board	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Storage & Loading Bay Distribution Board	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Acid Oil Plant MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Wax Plant MCC Panel	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Main Panel Board for PCC	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Outdoor Panel for transformer	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Bus Duct for transformer	1	Electrade	1	0		11.01.2011 24.12.2010	June, 11
	Fabrication & Powder coating painting	5 meter length	Electrade	5 meter length	0		11.01.2011 24.12.2010	June, 11
	<b>Total</b>					<b>29.00</b>		
<b>7(B)</b>	<b>POWER HOUSE:</b>							
	Transformer 750 KVA	1	Ruby Transformers			5.46	12.08.2010	Order not placed
	<b><u>(For Various Sections)</u></b>							
	Power Control Center – 1	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	800 A POE COS Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Packing Section & Loading P D B-1	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Storage & Loading P D B-2	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Neutralizing MCC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Continuous Bleaching MCC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Continuous Deo-Odourizer MCC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Cooling System MSS Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	De Waxing Section MCC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Acid Oil Plant MSS Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	Wax Plant MCC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	350 KVAR APFC Panel	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	1600 ACB Out Door Panel (T/F)	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11
	2000A TPN AL Bus Duct	(5) per meter	Sainath Electrical	(5) per meter	0		21.02.2011 10.01.2011	June, 11
	Crystallizer & Air compressor	1	Sainath Electrical	1	0		21.02.2011 10.01.2011	June, 11

	<b><u>(Generator)</u></b>							
	320 KVA DG Set Model 6K12TA	1	DPK Engineers Pvt. Ltd.	1	1	14.00	18.12.2010 17.12.2010	Received
	500 KVA DG Set Model DV10	1	DPK Generators & Equipments			24.70	17.12.2010	Order not placed
	<b>Total</b>					<b>62.88</b>		
<b>8</b>	<b>POLLUTION CONTROL EQUIPMENT (AIR &amp; WATER)</b>							
	Bag Filter	1	Thermax Ltd.	1	1	14.62	26.08.2010 22.07.2010	Received
	Transportation Charges					0.83		
	Chimney	1	Sri Lakshmi Ceramic Ind.	1	1	6.90	20.09.2010 20.09.2010	Received
	Effluent Water Treatment Plant	1	SKM Impex (India) Pvt. Ltd.	1	0	20.00	24.09.2010 24.09.2010	June, 11
	FRP Neutralizers 20 KL each	16	Fibrotech Systems	16	0	29.12	09.09.2010 09.09.2010	June, 11
	FRP Steam coils	16	Fibrotech Systems	16	0	1.66	09.09.2010 09.09.2010	June, 11
	FRP Storage Tanks, 50 KL each	2	Fibrotech Systems	2	0	5.61	09.09.2010 09.09.2010	June, 11
	Neutralizers with conical bottom, 2.5 diax4mtr	3	Fibrotech Systems			6.86	10.07.2010	Order not placed
	Steam Coils	3	Fibrotech Systems			0.37	10.07.2010	Order not placed
	<b><u>Settling Plant:</u></b>							
	FRP Neutralizers 20 KL each	5	Fibrotech Systems	5	0	9.88	25.02.2011 10.02.2011	June, 11
	FRP Neutralizers 7 KL each	5	Fibrotech Systems	5	0	3.74	25.02.2011 10.02.2011	June, 11
	FRP Steam Coils	5	Fibrotech Systems	5	0	0.65	25.02.2011 10.02.2011	June, 11
	FRP Siphon Tanks 5 KL each	10	Fibrotech Systems	10	0	6.76	25.02.2011 10.02.2011	June, 11
	FRP Storage Tanks 50 LK each	4	Fibrotech Systems	4	0	12.48	25.02.2011 10.02.2011	June, 11
	FRP Blower 20"	10	Fibrotech Systems	10	0	5.72	25.02.2011 10.02.2011	June, 11
	FRP Pipe 6" dia	50 Mtrs.	Fibrotech Systems	50 Mtrs.	0	1.01	25.02.2011 10.02.2011	June, 11
	20KL P.P/FRP Neutralizer	12	Fibrotech Systems	12	0	23.71	28.02.2011 12.02.2011	June, 11
	7 KL P.P/FRP Neutralizer	12	Fibrotech Systems	12	0	8.98	28.02.2011 12.02.2011	June, 11
	FRP Steam Coils	12	Fibrotech Systems	12	0	1.56	28.02.2011 12.02.2011	June, 11
	5KL FRP Siphon tanks	25	Fibrotech Systems	25	0	16.90	28.02.2011 12.02.2011	June, 11
	50 KL P.P/FRP Storage tanks	10	Fibrotech Systems	10	0	31.20	28.02.2011 12.02.2011	June, 11
	20" FRP blower	25	Fibrotech Systems	25	0	14.30	28.02.2011 12.02.2011	June, 11
	6" dia FRP pipe	125	Fibrotech Systems	125	0	2.54	28.02.2011 12.02.2011	June, 11
	RO Plant	2	Revolve Engineers Pvt. Ltd	2	0	18.14	18.01.2011 17.01.2011	June, 11

	<b>Total</b>					<b>243.54</b>		
<b>9</b>	<b>BOILER SECTION:</b>							
	Boiler 8 T Capacity Model: CPFD – 80 (including one Air Pre heater & one Multi Cyclone Dust Collector)	1	Thermax Ltd.	1	1	36.13	26.08.2010 14.07.2010	Received
	Refractory	1	Sri Lakshmi ceramic Industry	1	0	4.10	02.02.2011 20.01.2011	July, 11
	Conveyor for Husk Handling	1	Anjanadri Engineers	1	0	8.84	02.02.2011 29.01.2011	July, 11
	Conveyor for Ash Handling	1	Anjanadri Engineers	1	0		02.02.2011 29.01.2011	July, 11
	Screener	1	Anjanadri Engineers	1	0		02.02.2011 29.01.2011	July, 11
	Boilers Ducting, alignment, fabrication for structure, erection of Steam Header, etc.	1	Mythri Engg. Works	1	0	4.50	11.02.2011 10.02.2011	July, 11
	Thermic Fluid Heater VTL-600	1	Alfa Entech (Guj) Pvt Ltd	1	1	9.64	27.08.2010 13.08.2010	Received
	Transportation Charges					1.73		
	<b>Total</b>					<b>64.94</b>		
	<b>Grand Total</b>					<b>855.13</b>		

The Company has placed order for machineries details of which is mentioned in the above table for a total amount of Rs. 645.71 lacs. The Company is yet to place orders for Rs. 209.42 lacs being 24.49% of the plant & machinery cost relating to project of the issuer company. The Company has already deployed Rs. 352.21 Lacs as on February 28, 2011

In addition, the Company has neither purchased nor proposes to purchase any second hand machinery for the objects of the issue.

### Steel Requirement

The details for the expenses for the steel requirement for Plant & Machinery are as under:

Sr. No.	Particulars	Quantity	Amount (Rs. In Lacs)
1	Steel for Plant & Machinery MS Steel	985.64 MT	419.74
2	Steel for Plant & Machinery SS Steel	386.65 MT	869.32
3	Pipelines MS (various sizes)	10651 Mtrs.	34.41
4	Pipelines SS (various sizes)	5624 Mtrs.	36.58
	<b>Total</b>		<b>1360.05</b>

The Company has placed the order for the same and the company has already deployed Rs. 1350.36 Lacs as on February 28, 2011.

### Fabrication & Erection:

The cost of Fabrication and Erection as per the estimate dated July 4, 2010 from M/s. Oil Mech, Hyderabad is as under:

Sr. No.	Particulars	Name of The Supplier	Amount (Rs. In Lacs)
1	Fabrication for the Plant & Machineries	Oil Mech	187.92

The Company has placed the order for the same and the company has already deployed Rs. 21.21 Lacs as on February 28, 2011.

**(B) To invest in our Subsidiary Company, M/s. Sheetal Siddhi Veg Oil Pvt Ltd, for increasing the refining capacity by 30000 TPA at Thimmapur**

Sheetal Siddhi Veg Oil Pvt Ltd is engaged in the business of refining and trading of edible oils. The installed capacity of the existing unit of the company for refining of edible oils is 40,000 TPA. We intend to increase the refining capacity by 30,000 TPA by setting up 2<sup>nd</sup> unit at Thimmapur in the subsidiary company through an infusion of funds of Rs. 1471.41 Lacs. The form of investment in the subsidiary has not yet been finalized.

The details of the expenditure for setting up additional unit are as under:

Particulars	Amount (Rs. In Lacs)
Land	74.06
Civil Work	466.84
Plant & Machinery	930.51
<b>Total</b>	<b>1471.41</b>

**Land**

The Subsidiary Company has entered into an "Agreement of Sale" dated December 4, 2010 for purchase of Acre 2.00 Guntas of land at Sy. No. 200/LU situated at Thimmapur Village & G.P., Kothur Mandal, Mahabubnagar District, A.P. from Mr. A. Janardhan Reddy (Occupation: Agri.) and Mr. A. Mallikarjun Reddy (Occupation: Student) both residing at Thimmapur Village & G.P., Kothur Mandal, Mahabubnagar Dist., at a total consideration of Rs. 62.50 lacs. The subsidiary company will apply for conversions of the entire agricultural land into industrial land. The cost of the Land is as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1	Cost for the purchase of the Land	62.50
2	Add: Conversion Charges	6.25
2	Add: Estimated stamp duty at an applicable rate	5.00
3	Add: Legal and registration charges	0.31
	<b>TOTAL</b>	<b>74.06</b>

The proposed land is adjacent to north side of existing factory premises of the subsidiary. The Subsidiary Company has paid part payment of Rs. 8.00 lacs to the sellers and balance will be paid to them in due course of time. The registration of land in the name of the subsidiary Company will be made after making the full and final payment.

**Civil Work**

The cost of Construction for Civil work as per the estimate dated February 7, 2011 from M/s. KMCR Constructions, Hyderabad is as under:

S.No.	Item	Qty.	Rate/M Sqm/Cum	Amount (Rs. In Lacs)
1.	Excavation of column pits (G+2 Floor)	480 cum	Rs. 180/-cum	0.86
2.	Cutting and leveling for CC road	3.640 sqm	Rs. 54/- per cum	1.97
3.	Excavation of compound wall	437.40 cum	180/-cum	0.79
4.	Excavation of col. Pits (Main plant)	540 cum.	180/-per cum	0.97
5.	Excavation of internal wall (No.1)	37.44 cum.	Rs. 180/-per cum	0.07
6.	Excavation of sump	770 cum	Rs.180/cum	1.39
7.	Fillings			
	For CC Road	3640 Sqm	540/-per sqm	19.66
	For column pits	480. cum	Rs.360/-per cum	1.73
	-do-	225 cum	Rs.360/-cum	0.81
	For Sump	154 sqm	720 sqm	1.11
8.	Main building (G+2 floor)	218 cum	Rs. 2061/-cum	4.49
	1) RCC works footings			
	ii) RCC columns	162 sqm	Rs.11,700 per sqm	18.95

	iii) RCC beams	144.00 sqm	Rs.11,700/- per sqm	16.85
	iv) RCC slab	1000 sqm	5220/- per sqm	52.20
	Ground floor			
	First floor	1000 sqm	Rs.5040/- per sqm	50.40
	Second floor	1000 sqm	5103 per sqm	51.03
9.	Parapet wall Hallow blocks	441 Rmt	1020/- RMt	4.50
10.	Plastering two coats to ceiling	3000 sqm	Rs.120/- per sqm	3.60
	Parapet wall	280 sqm	Rs.120 per sqm	0.34
11.	CC Roads cutting and leveling	3640 sqm	Rs.162/- per sqm	5.90
	ii) Concreting 0.375 M Th:	3640 sqm	Rs. 5130/- Per Sq.Mtr.	186.73
12.	Internal brick wall in table moulded 1 <sup>st</sup> quality brick masonry in CM (No.1)	171 Sqm.	Rs.576/- Per Sq.Mtr.	0.98
13.	Provision of Retaining wall for sump (alround)	208 Sqm.	Rs.3150/- Per Sq. Mtr.	6.55
14.	Provision of RCC slab upon sump 0.225 M.Th:	154 Sqm.	Rs.90/- Per Sq.Mtr.	0.14
15	Wax Bed (12 Nos. )	16 2Sqm.	Rs.1000/- Per Sq.Mtr.	1.62
	FIXATIONS:			
	Gate 4.20 M X 3.30 M	1 No.	1,62,000/-E	1.62
	Gate 2.00 M X 3.30 M	1 No.	1,08,000/- E	1.08
	Rolling Shutters (R/S)	8 Nos.	90,000/- E	7.20
19	Flooring (Main Plant)	1100 Sqm	Rs.90/- Per Sqm	0.99
			TOTAL	444.53
	Electrical, Sanitations, Septic Tank, Elevation and other works etc.,			22.31
			<b>GRAND TOTAL</b>	<b>466.84</b>

The subsidiary company has not placed any order for Civil Work.

### Plant & Machinery

The details of expenses for the plant and machineries as per the quotations dated February 7, 2011 from M/s. Oil Mech, Engineers & Consultants, Hyderabad are as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1.	Neutralizing Section	109.30
2.	Conntinuous Bleaching Section (2 Sets)	67.60
3.	Con. Deodorizing Section	108.46
4.	De-waxing Section	78.45
5.	Boiler Section	125.00
6.	Cooling Section	24.70
7.	Electrical Section	50.00
8.	Storage	32.00
9.	Acid Oil Plant	40.00
10.	Wax Pressing Plant	19.00
11.	Laboratory	15.00
12.	Effluent Treatment Plant	60.00
13.	Weigh Bridge	20.00



14.	Structure	181.00
	<b>Total</b>	<b>930.51</b>

The subsidiary company has not placed any order for Civil Work. In addition, the Subsidiary Company will not purchase any second hand machinery.

Oil Mech will install the above Plant & Machineries on a turn key basis.

For details regarding the business of Subsidiary, see 'History and Certain Corporate Matters' on page 71 of this Draft Red Herring Prospectus.

## **(B) TO MEET THE LONG TERM WORKING CAPITAL REQUIREMENTS OF THE COMPANY**

Presently our company is availing the working capital facilities for the existing operations from the State Bank of Hyderabad as stated in the section "Financial information of the Company" on page no. 105 of this Draft Red Herring Prospectus. The Company will utilize a part of the Issue proceeds to meet part of the long term working capital requirement after the proposed expansion which has been estimated as under:

(Rs. In Lacs)				
Particulars	Days	Fy 2009-10	Fy 2010-11	Fy 2011-12
		Audited	Estimated	Projected
<b><u>Inventories :-</u></b>				
Raw Material	7 to 12	1176.43	806.24	1053.49
Finished Goods	10 to 15	1627.37	1641.19	2114.68
<b>Total Inventories (A)</b>		<b>2803.80</b>	<b>2447.43</b>	<b>3168.16</b>
Receivables	45 to 55	5903.16	5580.04	9062.91
Advances & Deposits		398.15	398.15	398.15
<b>Total Receivables (B)</b>		<b>6301.31</b>	<b>5978.19</b>	<b>9461.06</b>
Consumable Stores		8.87	15.68	40.08
Cash & Bank Balances		134.49	40.16	269.72
Other Current Assets		341.74	218.99	284.67
<b>Total Other Current Assets (C)</b>		<b>485.10</b>	<b>274.83</b>	<b>594.47</b>
<b>Total Current Assets (D)</b>		<b>9590.20</b>	<b>8700.45</b>	<b>13223.69</b>
<b>Current Liabilities</b>				
Creditors	15 to 20	1408.28	1612.48	2257.47
Other Current Liabilities		508.68	670.96	641.34
<b>Total Current Liabilities (E)</b>		<b>1916.96</b>	<b>2283.44</b>	<b>2898.81</b>
<b>Net Working Capital Requirement (D-E)</b>		<b>7673.24</b>	<b>6417.01</b>	<b>10324.88</b>
<b>Funding Pattern</b>				
Bank Borrowing (Existing)		5038.61	4750.00	4750.00
Bank Borrowing (Additional Proposed)		0.00	0.00	750.00
Share Capital, Internal Cash Accrual & Unsecured Loans		2634.63	1667.01	1524.88
Proposed to be funded from Public Issue		0.00	0.00	3300.00
<b>Total Funding</b>		<b>7673.24</b>	<b>6417.01</b>	<b>10324.88</b>

We are currently having bank sanctions for our working capital limits to the extent of Rs. 4750.00 lacs by our Banker, State Bank of Hyderabad. We are proposing to raise part of the working capital requirements to the extent of about Rs. 3300.00 Lacs from the public issue. State Bank of Hyderabad has already sanctioned additional working capital facilities to the extent of Rs 750.00 lacs.

### Reasons for raising additional working capital

With the increase in scale of operations, we will require additional money for working capital. As seen from the table above, the total requirement of working capital for the FY 2011-12 will be Rs.10324.88 lacs, of which the company will have bank finance to the extent of Rs. 5500.00 lacs, Rs.1524.88 lacs through internal cash accruals and balance amount of Rs.3300.00 lacs from the proposed public issue.

### Basis of estimation of working capital requirement

We have prepared a detailed business plan covering estimated working capital requirements to achieve the desired growth objectives for financial year 2011-12 onwards. The said estimation of working capital requirements has been worked out based on our past experience of the Company in respect of current assets turnover ratio and regular position of current liabilities, the assumptions of which are mentioned above. Based on the said estimation and current financial position, we have worked out the requirement of working capital which would help us in achieving projected turnover and profitability. The said working capital shall be partly funded through banking sources by way of bank borrowings and partly by us as in the form of internal cash accrual as well as proceeds from the proposed public issue.

### (C) GENERAL CORPORATE PURPOSES

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in applying Issue Proceeds for general corporate purpose, including strengthening of our marketing capabilities, working capital requirements and upgradation of Infrastructure.

Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

### ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately Rs.[●] lacs. The expenses of the Issue include, among others, underwriting and issue management fees, selling commission, printing and distribution expenses, advertisement expenses and listing fees. All expenses with respect to the Issue will be allocated on the following basis:

Sr. No.	Activity	Total (Rs. in Lacs)
1.	Lead management fees, underwriting and selling commission*	[●]
2.	Advertising and marketing expenses*	[●]
3.	Printing and stationery, including transportation costs*	[●]
4.	Others (Registrar's fee, Legal Advisor, listing fees, etc.)*	[●]
5.	Fees payable to Grading Agency*	[●]
	<b>Total estimated Issue expenses*</b>	<b>[●]</b>

\* will be incorporated after the issue price is finalized.

### Schedule of Implementation for the Company

No	Particulars	Commencement	Completion
1	Land Acquisition	Taken on Lease	
2	Civil Works	July, 2010	June, 2011
3	Plant and Machinery :		
	Placement of Order	July, 2010	May, 2011
	Delivery	November, 2010	July, 2011
4	Installation of Equipment/Machinery	December, 2010	August, 2011
5	Trial Runs	September, 2011	September, 2011
6	Commercial Production	October, 2011	

### Schedule of Implementation for the Subsidiary

No	Particulars	Commencement	Completion
1	Land Acquisition	Agreement of Sale completed	July, 2011
2	Civil Works	October, 2011	February, 2012
3	Plant and Machinery :		
	Placement of Order	October, 2011	October, 2011
	Delivery	December, 2011	April, 2012
4	Installation of Equipment/Machinery	January, 2012	May, 2012
5	Trial Runs	June, 2012	June, 2012
6	Commercial Production	July, 2012	

#### Details of funds already deployed & Sources of funds deployed

The funds deployed as on February 28, 2011, towards the object of this issue on the project as certified by the Statutory Auditors of our Company, viz. M/s S. B. Kabra & Co., Chartered Accountants vide their certificate dated March 9, 2011 is given below:

Particulars	Amount (Rs. In Lacs)
<b>To finance the capital expenditure for setting up additional refining unit with the refining capacity of 75000 TPA at Nandigama</b>	
Civil Work	
• Construction for civil work	487.56
• Steel Requirement	154.45
Structure for proposed plant	
• Fabrication Charges	25.84
• Steel Requirement	626.67
Plant & Machinery	
• Plant & Machinery	352.21
• Steel Requirement	1350.36
• Fabrication Charges	21.21
<b>Total</b>	<b>3018.30</b>

#### Sources of the above expenditure are as follows:

Particulars of Source	Amount (Rs. In Lacs)
Term Loan from State Bank of Hyderabad	2224.76
Internal Accruals	793.54
<b>Total</b>	<b>3018.30</b>

#### Promoter contribution- cash flow statement of funds utilized

The promoters have already brought in Rs. 900 Lacs towards their contribution to the proposed project against which 9,00,000 Equity Shares have already been allotted to them, the details of which have been mentioned on page no 17 of DRHP. The cash flow statement of utilization of aforesaid promoter contribution as on March 24, 2011, as certified by the Statutory Auditors of our Company, viz. M/s S. B. Kabra & Co., Chartered Accountants vide their certificate dated March 24, 2011 is given below:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Working Capital*	900.00

\*Promoters Contribution has been, for the time being, utilized for the Working Capital requirement and will be utilized for the proposed project as and when required.

#### Appraisal Report

None of the projects for which Net Issue Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the management of the Company.

#### Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Issue Proceeds.

#### **Interim use of Issue proceeds**

We, in accordance with the policies established by the Board from time to time, will have flexibility in deploying net issue proceeds. Pending utilization of the Net Issue proceeds for the purposes described above, we intend to temporarily invest the net issue proceeds in high quality interest/dividend bearing liquid instruments including investment in mutual funds, deposits with the banks for the applicable period.

#### **Monitoring of utilization of funds**

Our Board of Directors shall monitor the utilization of the Net Issue Proceeds. Our Company will disclose the utilization of the Net Issue Proceeds under a separate head in our Company's balance sheet for financial year 2011-12 & 2012-13 clearly specifying the purpose for which such proceeds have been utilized. Our Company will also, in our Company's balance sheet for financial year 2011-12 & 2012-13, provide details, if any, in relation to all such Net Issue Proceeds that have not been utilized and also indicating investments, if any, of such unutilized Net Issue Proceeds.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Issue Proceeds have been utilized in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Net Issue Proceeds will be paid by our Company as consideration to our Promoters, Directors, Promoter Group, or Company's key managerial personnel except to the extent of amount which will be invested in the subsidiary as stated in the Objects of the Issue.

## BASIS FOR ISSUE PRICE

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

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

### QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, see “Business Overview” on page 59 of this Draft Red Herring Prospectus.

### QUANTITATIVE FACTORS

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

#### 1. Basic & Diluted Earning Per Share (EPS)

Year ended	Standalone		Consolidated	
	(Rs.)	Weight	(Rs.)	Weight
March 31, 2008	4.67	1	NA	NA
March 31, 2009	4.86	2	NA	NA
March 31, 2010	7.79	3	9.47	1
Weighted Average	6.29		9.47	
Six months ended September 30, 2010 (Not Annualised)	4.88		4.43	

Note:

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

#### 2. Price Earning (P/E) ratio in relation to Issue Price of Rs. [●] per share of Rs.10 each

Sl. No.	Particulars	Standalone	Consolidated
1.	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2010 at the Floor Price	[●]	[●]
2.	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2010 at the Cap Price	[●]	[●]
3.	P/E ratio on the weighted average Basic/Diluted EPS at the Floor Price	[●]	[●]
4.	P/E ratio on the weighted average Basic/Diluted EPS at the Cap Price	[●]	[●]

#### Industry P/E\*

Particulars	Name of Company	P/E
i) Highest	Sanwaria Agro Oils Limited	59.3
ii) Lowest	Gujarat Ambuja Exports Limited	4.8
iii) Industry Composite		15.1

\*Source: Capital Markets – Vol XXVI/01 dated Mar 07 – 20, 2011 (Industry: Solvent Extraction)

#### 3. Return on Net Worth (RONW %)

Year ended	Standalone	Consolidated
------------	------------	--------------

	(%)	Weight	(%)	Weight
March 31, 2008	15.20	1	NA	NA
March 31, 2009	14.94	2	NA	NA
March 31, 2010	23.09	3	25.77	1
Weighted Average	19.06		25.77	
Six months ended September 30, 2010 (Not Annualised)	14.37		12.19	

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

#### 4. Minimum Return on Net Worth after Issue to maintain Pre- Issue EPS for FY 2009-10:

##### Based on Basic & Diluted EPS

At the Floor Price - [●] and [●] based on Restated Standalone and Consolidated financial statements respectively.

At the Cap Price - [●] and [●] based on Restated Standalone and Consolidated financial statements respectively.

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

Particulars	Standalone (Rs.)	Consolidated (Rs.)
Year Ended March 31, 2010	31.85	34.67
Six months ended September 30, 2010	33.94	36.32
NAV after the Issue*	[●]	[●]
Issue Price*	[●]	[●]

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

#### 6. Comparison of Accounting Ratios

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

Sl. No.	Name of the Company	Standalone / Consolidated	Face Value (Rs.)	EPS (Rs.)	P/E***	RONW (%)**	Book Value per share (Rs.) **	Sales (Rs. Cr.) **
1.	Sheetal Refineries Limited	Standalone*	10	7.79	[●]	23.09	31.85	396.38
2.	Sheetal Refineries Limited	Consolidated*	10	9.47	[●]	25.77	34.67	402.80
<b>Peer Group**</b>								
3.	Amrit Banaspati Company Limited	Standalone	10	10.9	21.10	24.9	47.7	806.4
4.	Raj Oil Mills Limited	Standalone	10	8.0	3.88	16.9	66.5	462.0
5.	Gokul Refoils and Solvent Limited	Standalone	2	3.2	29.36	11.9	28.9	2816.3
6.	Agro Tech Foods Limited	Standalone	10	9.8	32.87	17.9	61.8	649.6

\* Based on restated financial statements of the Company for year ended March 31, 2010

\*\* Source: Capital Markets – Vol XXVI/01 dated Mar 07 – 20, 2011 (Industry: Solvent Extraction) – for the year ended March 31, 2010

\*\*\* Source: Computed based on the market price on BSE as on March 15, 2011 and EPS for the year ended March 31, 2010 as reported in the Capital Markets – Vol XXVI/01 dated Mar 07 – 20, 2011 (Industry: Solvent Extraction) – except for Sheetal Refineries Limited

Notes:

On March 21, 2011, company has issued 9,00,000 fully paid up equity shares of Rs.10 each at a price of Rs.100 each to the promoter of the company on preferential basis. As a result, the paid up equity share

capital of the company has increased from Rs. 704.66 Lacs to Rs. 794.66 Lacs and the accounting ratios will be affected accordingly.

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

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The BRLM believe that the Issue Price of Rs.[•] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of the Company including accounting ratios, as set out in “Financial Information of the Company” on page no. 93 of the Draft Red Herring Prospectus to have a more informed view of the investment.

## STATEMENT OF TAX BENEFITS

The Board of Directors  
SHEETAL REFINERIES LTD  
7-4-135/1, Gaganpahad (Village)  
R R District,  
Hyderabad.

Dear Sirs,

We hereby report that the attached Annexure states the possible tax benefits available to Sheetal Refineries 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 2010 for the Financial Year 2010-11. 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 S B Kabra & Co**  
**Chartered Accountants**  
**(Firm Registration No. 001651S)**

**(S B KABRA)**  
**Partner**  
**Membership No. 32819**  
**Place: Hyderabad**  
**Date: 09/03/2011**



## **STATEMENT OF TAX BENEFITS AVAILABLE TO SHEETAL REFINERIES LTD ("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 2010 for the Financial Year 2010-11. 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**

NIL

### **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.  
  
In case of any new plant and machinery (other than ships and aircraft) that is acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.  
  
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 or unit of an equity oriented fund 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 7.5% 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 2010-11:**

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

- (i) The income tax exemption limit for the financial year 2010-11 is Rs.1,60,000/-
- (ii) Women residents of India and below the age of 65 years:

The income tax exemption limit for the financial year 2010-11 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:

The income tax exemption limit for the financial year 2010-11 is Rs.2,40,000/-

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 ISSUER COMPANY

### INDUSTRY OVERVIEW

#### Concept of Edible Oil Industry

Edible Oils or Cooking Oils are of different types and a good variety of cooking oils are available in the local market, which are extensively used in cooking Indian foods. Edible oils and Fats are essential ingredients for a wholesome and balanced diet and are vital items of mass consumption. There are two sources of oils – primary source and secondary source. The primary sources are nine principal oilseeds viz. groundnut, rapeseed/mustard, soya bean, sunflower, sesame, Niger, sunflower, castor and Linseeds. Edible oils obtained through secondary source include coconut, cottonseed, rice-bran and oilseed cakes.

(Source [http://www.indianetzone.com/42/cooking\\_oils.htm](http://www.indianetzone.com/42/cooking_oils.htm))

#### Types of Oils commonly in use in India

India is fortunate in having a wide range of oilseeds crops grown in its different agro climatic zones. Groundnut, mustard/rapeseed, sesame, safflower, linseed, nigerseed/castor are the major traditionally cultivated oilseeds. Soybean and sunflower have also assumed importance in recent years. Coconut is most important amongst the plantation crops. Efforts are being made to grow oil palm in Andhra Pradesh, Karnataka, Tamil Nadu in addition to Kerala and Andaman & Nicobar Islands. Among the non-conventional oils, rice bran oil and cottonseed oil are the most important. In addition, oilseeds of tree and forest origin, which grow mostly in tribal inhabited areas, are also a significant source of oils. Figures pertaining to estimated production of major cultivated oilseeds, availability of edible oils from all domestic sources and consumption of edible oils (from Domestic and Import Sources) during the last few years are as under: -

(In lakh Tonne)

Year	Production of Oilseeds	(Primary Source*) Net availability of edible oils from all domestic sources**	Imports***	Total Availability / Consumption of edible
2003-2004	251.86	71.4	43.97	115.37
2004-2005	243.54	72.47	50.42	122.89
2005-2006	279.79	83.16	44.17	127.33
2006-2007	242.89	73.7	47.15	120.85
2007-2008	297.55	86.54	56.08	142.62
2008-2009	281.57	85.98	81.83	167.81
2009-2010***	255.09	82.00 (estimated)	101.00 (estimated)	183.00 (estimated)

Source: (i) Production of oilseeds: Ministry of Agriculture

(ii) Net availability and consumption of edible oils: Directorate of Vanaspati, Vegetable Oils & Fat

#### Importance of Edible Oils in the Country's Economy

Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producers of oilseeds in the world and this sector occupies an important position in the agricultural economy and accounting for the estimated production of 28.21 million tonnes of nine cultivated oilseeds during the year 2007-08. India contributes about 6-7% of the world oilseeds production. Export of oil meals, oilseeds and minor oils has increased from 5.06 million Tones in the financial year 2005-06 to 7.3 million tons in the financial year 2006-07. In terms of value, realization has gone up from Rs. 5514 crores to Rs.7997 crores. India accounted for about 6.4% of world oilmeal export.

#### Consumption Pattern of Edible Oils in India

India is a vast country and inhabitants of several of its regions have developed specific preference for certain oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard/rapeseed oil. Likewise several

pockets in the South have a preference for coconut and sesame oil. Inhabitants of northern plain are basically hard fat consumers and therefore, prefer Vanaspati, a term used to denote a partially hydrogenated edible oil mixture. Vanaspati has an important role in our edible oil economy. Its production is about 1.2 million tonnes annually. It has around 10% share of the edible oil market. It has the ability to absorb a heterogeneous variety of oils, which do not generally find direct marketing opportunities because of consumers' preference for traditional oils such as groundnut oil, mustard oil, sesame oil etc. For example, newer oils like soyabean, sunflower, ricebran and cottonseed and oils from oilseeds of tree and forest origin had found their way to the edible pool largely through vanaspati route. Of late, things have changed.

(Source:<http://www.fcamin.nic.in/dfpd/EventDetails.asp?EventId=561&Section=Edible%20Oil&ParentID=0&Parent=1&check=0>)

### **Developments in Edible Oil Refining Process**

There has been a drastic change through technological means such as refining, bleaching and de-odourisation all oils have been rendered practically colourless, odourless and tasteless and, therefore, have become easily interchangeable in the kitchen. Newer oils which were not known before they have entered the kitchen, like those of cottonseed, sunflower, palm oil or its liquid fraction (palmolein), soya bean and rice bran. These tend to have a strong and distinctive test preferred by most traditional customers. The share of raw oil, refined oil and vanaspati in the total edible oil market is estimated at 35%, 55% and 10% respectively.

### **Major Features of Edible Oil Economy**

There are two major features, which have very significantly contributed to the development of this sector.

3. The setting up of the Technology Mission on Oilseeds in 1986. This gave a thrust to Government's efforts for augmenting the production of oilseeds. This is evident by the very impressive increase in the production of oilseeds from about 11.3 million tonnes in 1986-87 to 24.8 million tonnes in 1998-99. There was some setback in 1999-2000 because of the un-seasonal rain followed by inclement weather. The production of oilseeds declined to 20.7 million tonnes in 1999-2000. However, the oilseeds production went up to 27.98 million tones in 2005-06 and was 24.29 million tonnes during 2006-07 oil year. As per the 3rd advance estimate by Ministry of Agriculture dated 22.4.08 the production of nine major oilseeds is estimated to be about 28.21 million tonnes during 2007-08.
4. The other dominant feature which has had significant impact on the present status of edible oilseeds/oil industry has been the programme of liberalization under which the Government's economic policy allowing greater freedom to the open market and encourages healthy competition and self regulation rather than protection and control. Controls and regulations have been relaxed resulting in a highly competitive market dominated by both domestic and multinational players.

### **Management of Edible Oils**

Edible oils and Fats are essential ingredients for a wholesome and balanced diet and are vital items of mass consumption. This Directorate seeks to coordinate management of edible oils in the country through a multi-pronged strategy stated as under

- Making up the shortfall in the demand for and the domestic availability of edible oils by facilitating import so as to maintain their prices at reasonable level;
- Close monitoring of the prices and availability of edible oils both in the domestic and in the international market, etc.
- Initiating policy changes necessary to ensure adequate availability and reasonable prices.

**The Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) of the Ministry of Consumer Affairs, Food and Public Distribution is specialized organization in the field of Vegetable Oils and Fats and Vanaspati at the Government level (both central and State). The DVVO&F assists the Ministry in the coordinated management of Vegetable Oils, particularly relating to quality control and monitoring of prices. The activities of DVVO&F include regulatory, developmental and advisory functions.**

The Regulatory Functions are performed basically through the following three Orders administered by the DVVO&F: -

- Edible Oils Packaging (Regulation) Order, 1998;
- Vegetable Oil Products (Regulation) Order, 1998; and
- Solvent Extracted Oil, De-Oiled Meal and Edible Flour (Control) Order, 1967

The total outlay for non-plan expenditure for the year 2008-2009 was Rs.375 lakhs, out of which an expenditure Rs.305 lakhs was incurred up to 31.3.2009.

(Source: [fcamin.nic.in/CCA\\_DATA/Outcome2009-10.doc](http://fcamin.nic.in/CCA_DATA/Outcome2009-10.doc))

#### **Food Safety and Standards Authority of India:**

Food Safety and Standard Act,, 2006 (34 of 2006) was enacted by the Parliament with objective to consolidate the laws relating to food and to establish Food Safety Authority of India under Ministry of Health and Family Welfare for laying down science based standards of articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption and for matters connected therewith or incidental thereto. The new Act will replace existing Acts/Orders related to various food sectors in the country to be administered and monitored by Food Safety and Standards Authority of India.

In pursuance of Section 90 of the Food Safety and Standards Act, 2006 the three control orders administered by DVVOF in Manual item no V will be implemented by Food Safety and Standards Authority of India.

(Source:<http://fcamin.nic.in/dfpd/EventDetails.asp?EventId=568&Section=Edible%20Oil&ParentID=0&Parent=1&check=0>)

#### **REFORM MEASURES AND POLICY INITIATIVES**

##### **a Import Policy on Edible Oils**

In order to harmonize the interests of farmers, processors and consumers and at the same time, regulate large import of edible oils to the extent possible, Government review the duty structure of edible oils from time to time. The custom duty on crude and refined edible oils have been reduced to Nil and 75% respectively w.e.f. 1.4.2008. However, the import duty on crude soybean oil was increased to 20% w.e.f. November 18, 2008 and the same was reduced to nil w.e.f. 24.3.2009.

(Source:<http://fcamin.nic.in/dfpd/EventDetails.asp?EventId=563&Section=Edible%20Oil&ParentID=0&Parent=1&check=0>)

##### **Import of Refined & Crude Edible Oils**

<b>Year Nov- Oct</b>	<b>Refined Oils</b>	<b>%</b>	<b>Crude Oils</b>	<b>%</b>	<b>Total</b>
2009-10	1.21	14%	7.61	86%	8.82
2008-09	1.24	15%	6.94	85%	8.18
2007-08	0.73	13%	4.88	87%	5.61
2006-07	0.12	3%	4.59	97%	4.71
2005-06	0.13	3%	4.28	97%	4.71

**Refined oil import has increased in last 3 years due to reduction in duty difference.**

(Source:[http://www.seaofindia.com/bvm\\_article/BVM\\_Presentation\\_FIO\\_2010\\_Conference\\_Istanbul%20-Turkey\\_Dec.2010.pdf](http://www.seaofindia.com/bvm_article/BVM_Presentation_FIO_2010_Conference_Istanbul%20-Turkey_Dec.2010.pdf))

##### **b Prices of Edible Oils:**

Since there has been a continuous excess of demand over domestic supply of edible oils, import of edible oils has been resorted to for more than two decades to make this item of mass consumption easily available to consumers at reasonable prices. The prices of edible oils in the domestic market had been rising continuously since last one year till first half of 2008. In order to maintain un-interrupted supply of edible oils

at affordable prices to the consumers, particularly in the context of domestic shortfall in edible oilseed production and keeping in view the high prices of edible oils.

In order to provide relief to consumers from rising prices, the Central Government had taken initiative and introduced a scheme for distribution of upto 10 lakh tonnes of imported edible oils in 2008-09 at subsidy of Rs. 15/- per Kg through State Governments at the rate of 1 Kg per ration card per month and granted additional subsidy of Rs. 10/- per Kg from January, 2009 to March, 2009 on oils imported by PSUs and not lifted by States. The subsidy distributed was Rs.424.25 crores till 31.03.2009. Twenty nine (29) State Governments who had asked for oil under the Scheme had been allocated oil by the Department of Food & Public Distribution from April, 2008 onwards. The distribution of packed edible oil under this Scheme was in operation in 12 States. The scheme has ended on 31.03.2009. Out of the 3.6 lakh tones of edible oils contracted by the PSUs, 3.58 lakh tones had been landed, out of which 2.61 lakh tones of packed edible oils had been handed over to States for distribution. As per the Govt. decision following fall in international and domestic prices, PSUs were asked not to contract further quantities of edible oils and dispose off oil, not lifted by states in the open market through tenders. The scheme has been continued from August 2009 upto 31-10-2010 for import of 10 lakh tones of edible oils with a subsidy of Rs.15/- per kg. During the current year nine State Govts/UTs have been allocated 55708 tones of edible oils per month. As on 15-01-2010, PSUs have contracted 142500 tones of edible oils of which 109737 tones have landed in the country and about 95826 tones of edible oils have been handed over to States / UTs for distribution. The scheme is believed to have helped to soften the prices of edible oils in the domestic market

(Source:<http://www.fcamin.nic.in/dfpd/EventDetails.asp?EventId=563&Section=Edible%20Oil&ParentID=0&Parent=1&check=0>)

## BUSINESS OVERVIEW

Sheetal Refineries Limited (SRL), was incorporated on April 6, 1998 as a private limited company by converting M/s. Sheetal Refineries, a Partnership firm, under the provisions of Part IX of the Companies Act, 1956 (**"Part IX Conversion"**). The partnership firm was originally formed by a Partnership Deed dated October 18, 1994, executed by and between Mr. Jugal Kishore Agarwal and Mr. Jitender Kumar Agarwal (**the "Partnership Deed"**). The said Partnership Deed was reconstituted on April 1, 1997 and reconstituted partnership deed was executed by and between Mr. Jugal Kishore Agarwal, Mr. Jitender Kumar Agarwal, Ms. Sumitra Bai, Ms. Jyothi Agarwal, Ms. Sheetal Agarwal, Ms. Swetha Agarwal and Mr. Anand Agarwal (**"Reconstituted Partnership Deed"**). Thereafter, on April 6, 1998 the said partnership firm got converted into a private limited company under the name and style of "Sheetal Refineries Private Limited" and a Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh. Our company subsequently became a public limited company and the name of our Company was changed to "Sheetal Refineries Limited" and a fresh Certificate of Incorporation consequent upon change of name was granted to our Company on August 11, 2010 by the Registrar of Companies, Andhra Pradesh.

We are engaged in the business of trading and refining of rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. We are selling majority of our products in Andhra Pradesh and Tamil Nadu. The business was originally started by Mr. Jugal K. Agarwal and in the year 1994, for expansion of the said business along with his son Mr. Jitender kumar Agarwal as a partner, constituted a partnership firm under the name of "Sheetal Refineries" which was primarily engaged in refining of sunflower oil and trading of all kind of edible oils.

Our Company was primarily engaged in refining of sunflower oil and trading in all kind of edible oils. Later on we started refining of rice bran oil, cottonseed oil, soya bean oil, Palm Oil, groundnut oil etc and one of our brand "Sheetal Drop" got registered for refining of sunflower oil. After 2008-09, major income of the Company is coming from rice bran oil.

Company's products adhere to its quality standards for 'refining of all edible oils' and has got ISO 9001:2000 certification from 'Moody International Certification Ltd'.

In the financial year 2009-2010, "Sheetal Siddhi Veg Oil Private Limited" became our subsidiary company by acquiring 36,50,000 Equity shares of Rs. 10 each. It is mainly engaged in trading and refining of edible oils. At present, Our subsidiary company is having installed capacity of 40000 TPA and is proposing to set up an additional unit for enhancing its installed capacity by 30000 TPA to cater increasing demand of edible oils. For brief history of our subsidiary company, please refer section "History and Certain Corporate Matters" on page 71.

Presently, Our Company is having installed capacity of refining edible oil of 30000 TPA and proposing to set up an additional unit for enhancing its installed capacity by 75000 TPA to cater increasing demand of edible oils.

The Company changed the Object Clause of MOA in the year 2010-11 and passed the necessary resolutions for commencing the construction and real estate activities.

### LOCATION

#### Registered Office

Survey No. 341, Gagan Pahad, R. R. District, Hyderabad – 509323

#### Existing Refining Unit

Our Company has its refining unit at the following location-

Sr. No.	Location	Product
1.	Land bearing Survey No. 7, 8, 339, 340 & 342 Gaganpahad village, R.R. District, Hyderabad (A.P)	Refining of all edible oils

Our subsidiary company has its refining unit at the following location-

Sr. No.	Location	Product
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1.	Land bearing Survey no. 199/LU, Thimmapur village, Kothur Mandal, Gram Panchayat, Mahabubnagar District, Hyderabad (A.P)	Refining of all edible oils
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### **Proposed Refining Units**

The proposed refining unit of the issuer company will be located at Survey No. 547A situated at Nandigama Village, Kothur Mandal, Mahabubnagar Dist, A.P.

Our subsidiary company proposes to set up the additional unit at Survey no. 200/LU, Thimmapur village, Kothur Mandal, Gram Panchayat, Mahabubnagar District, Hyderabad (A.P).

### **PLANT AND MACHINERIES**

Our Company possesses the equipments and machineries for refining of edible oils. The company has already started purchasing of new plant and machineries for the expansion plan through this issue. For details of the plant and machineries required for the proposed expansion, kindly refer to the para on 'Plant and Machinery' in section 'Objects of the Issue' on page 29 of this Draft Red Herring Prospectus.

### **STRENGTHS OF THE COMPANY**

#### **I. Over 12 years of experience in the Edible oil Industry**

Our Company has over more than 12 years of experience in refining of edible oils and our promoters have been in this industry for over 16 years. Wide experience of the Promoters has helped our Company to grow. This experience has allowed us to leverage our existing in-house production skills, relationships with our customers and market visibility to further enhance our existing strength in the edible oil industry and to expand our product offerings and geographic presence.

#### **II. Versatile refining capabilities**

Our refining facilities have the ability to provide comprehensive range of oil products. Our facilities are versatile in nature; we can process various types of oils including rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. The existing setup is such that we can switch over from processing of one type of oil to another type of oil with the no down time. This gives us extreme flexibility to refine all types of oils depending on the market requirement and availability of raw materials at competitive rates. Hence, we are not dependent on any particular source of raw material. Further acquisition of our subsidiary company Sheetal Siddhi Veg Oil Pvt Ltd has helped our company to increase its refining capacity.

#### **III. Our Wide Product Range**

Our Company has wide range of products, offering refined rice bran oil, refined sunflower oil, refined soya bean oil, refined cottonseed oil, refined palm oil and refined groundnut oil. The Company has varied oil in its product basket allowing the customer to choose from them. Our Company mainly deals in Edible oils in bulk quantities and consumer retail packs of 15 Kgs, 15 Litres tin, 5 Litres Jar, 1 Litre and 500 ml pouches and bottles. Penetration in the rural areas is more with smaller packs. We also intend to increase our product range by introducing new products.

#### **IV. In-house testing facility**

SRL has several in-house testing facilities required for refining of edible oils. SRL has set up in house laboratories for chemical composition testing facility for refined oil and a system of testing for all incoming crude oil.

### **STRATEGY OF THE COMPANY**

#### **Continuous increase in refining capacities**

It has been our Company's endeavor to increase our capacities of refining edible oil. At Present, Our Company is having installed capacity of refining edible oil of 30000 TPA. After the proposed expansion, the refining capacities of the company will increase to 1,05,000 TPA. We intend to keep on adding capacities to meet the increasing demand of our products.

## **Brand Promotion**

The brand building exercise is a part of that initiative that will enable greater visibility for Company's brands on the retail shelf and will enhance the recall value in the minds of customers thereby leading to increased demand for our products. We plan to promote our brands by various ways, such as television commercials, radio, newspaper, magazine, advertisements and outdoor media like hoardings, bus panels, etc.

## **High Quality Products**

We are investing in refining equipments to ensure efficient production of quality products. The scale of our operations and our experience in the business shall enable us to provide quality products. We believe our quality products enable us to compete with the organized players and enable us to attract new customers and differentiate ourselves from other competitors.

## **Increasing retail sales**

We intend to reduce our dependence on the bulk sales market by further expanding our share in the retail segment. We intend to further penetrate into rural areas by increasing our distribution channel. We believe that our distribution network and existing customer base would aid the distribution of our products. We propose to leverage our retailing network and spread our area of operations. We propose to engage more dealers by expanding our marketing and distribution network and supplement the effort by continuous brand building activities. This will be adequately backed by our brand building and promotional activities through various incentives and promotional schemes for our dealers and retailers.

## **PRODUCTS OF THE COMPANY**

SRL refine edible oil by refining of rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. We supply our edible oil products to hotels, institutes, unorganized mandis, schools, whole sellers, retailers etc and in consumer retail packs of 15 Kgs, 15 Litres tin, 5 Litres Jar, 1 Litre and 500 ml pouches and bottles etc. Our below mentioned products are sold under the brand name "Sheetal Drop".

### **Refined Rice Bran Oil**

Rice bran oil is the oil extracted from the germ and inner husk of rice. It contains vitamins, antioxidants, nutrients etc. It can help to lower cholesterol, fight diseases, enhance the immune system, fight free radicals. It is used as cooking oil, salad dressings, baking, dipping oils etc.

### **Refined Sunflower Oil**

Sunflower oil is expressed from sunflower seeds. Sunflower oil contains vitamin E and low in saturated fat with no cholesterol which is good for health. Sunflower oil is commonly used as cooking oil.

### **Refined Soya bean Oil**

Refined soya bean oil is extracted from soya beans. It is a healthy, nutritious and delicious cooking medium.

### **Refined Cottonseed Oil**

Refined cottonseed oil is a traditional vegetable oil extracted from the seeds of the cotton plant. It is commonly used as cooking oil.

### **Refined Palm Oil**

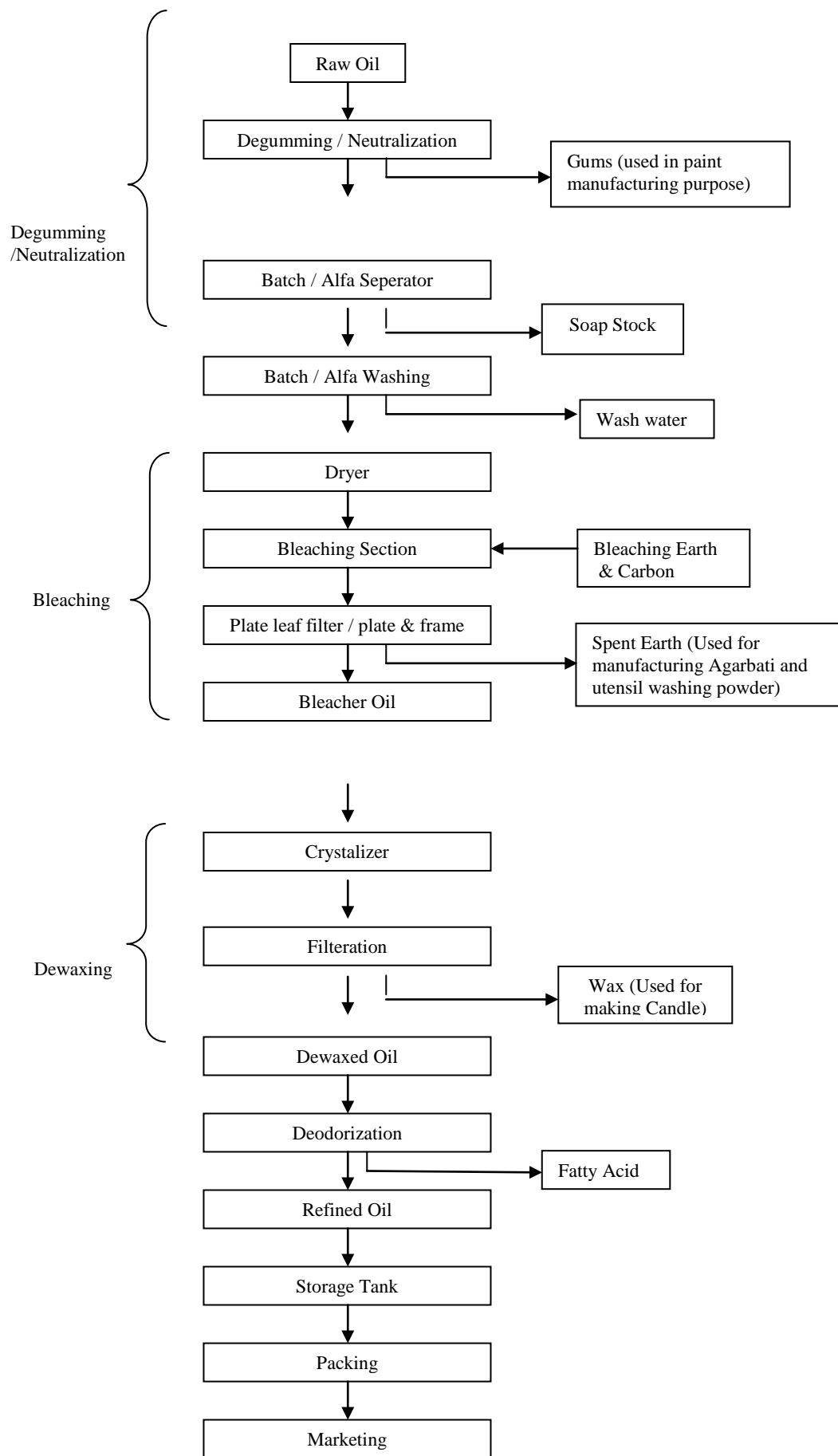
Refined palm oil contains several saturated and unsaturated fats. It is dark red colour oil which comes from carotenes such as alpha-carotene, beta-carotene and lycopene.

### **Refined Groundnut Oil**

Refined groundnut oil is a traditionally preferred oil for deep-frying, as it preserves the natural aroma of the food cooked/fried in it. It is sourced from the groundnut oil available in the country.

## **MANUFACTURING PROCESS**





## **Neutralization Cum Degumming**

The raw crude oil is charged in neutralizer. It is heated upto 60 degrees centigrade and calculated quantity of phosphoric acid ( $H_3PO_4$ ) is added slowly to oil charge, to separate gums from the oil. After mixing of phosphoric acid in the oil charge for about ½ hour, hot water wash follows and oil charge is allowed for settling for 4-5 hrs in valve. After about 1 hour the gums are drained out from the bottom valve and then till clear oil charge starts following from the valve. Then the clear oil charge is water washed for 2-3 times to remove the gum traces. Now the oil is ready for de-acidification.

### **De-Acidification**

#### **(Physical Method for all kinds of edible oil except rice bran)**

The purpose of this process is to remove fatty acid and soap stock. The oil is heated upto 60 degree centigrade and at this stage Caustic Soda (NaOH lye) alkali treatment is given to the oil charge with stirrer on and after about 45 minutes and hot water wash follows. The oil charge is allowed for settling in valve. After about 1 hour Soap stock and fatty acid is drained out from the bottom valve and then clear oil charge following from the valve is ready to be passed for next stage known as bleaching.

#### **(Alternate method used for refining of crude edible oil to produced refined rice bran oil)**

As rice bran oil contains lots of impurity gums, waxes, soap stock etc for de-acidification alternate method is being adopted which is as follows:

The alternate method for refining is by means of High speed alpha separators where the oil and Caustic Soda (NaOH lye) mixture passes through the alpha separator rotating on its axis at about 6000 – 7000 R.P.M, here oil and soap stocks get separated by centrifugal forces and clear neutral oil flows to the storage tank and again from there the oil is passed through another set of alfa separators where hot water washes is provided to make it free from soap traces. Now the oil is ready to be passed on to the next stage known as Bleaching.

### **Bleaching**

The oil coming from neutralization cum degumming and de-acidification stage is free from gums as well as Acids, but it is still dark coloured. To reduce its colour oil, it is heated up to 100-110 degrees centigrade. Then mixture of bleaching earth and carbon dosed is given under vacuum to remove colour and moisture. Then oil is passed through plate leaf filter/pressure leaf filter where earth and carbon mixture is retained and bleached oil is pumped to the next stage of processing of de-waxing through process for crystallization.

### **Dewaxing cum Crystallization**

Bleached oil contains about 4-6% of wax which has got higher melting point of about 75 degree centigrade. Thus bleached oil in crystallizer is cooled down to 18-20 degree centigrade at this temperature the wax is separated in the oil in the form of crystals, and oil (clear de-waxed) is diverted to the storage tank from where it goes to the next stage of the refining process called De-Odorisation.

As rice bran oil contains lots of waxes, separated out wax from the oil is further passed through plate and frame filter press where wax is retained in the filter and oil (clear de-waxed) is diverted to the storage tank from where it goes to the next stage of the refining process called De-Odorisation.

### **De- Odorisation**

Here the oil is treated under high vacuum and under influence of high temperature of 250 degree centigrade to remove unpleasant smell and fatty acid from the oil by providing agitation by means of live or open steam. From here the oil is cooled down and filtered out to final storage tanks to be marketed as consumer products.

## **TECHNOLOGY**

Our Company is using indigenous technology i.e alpha level separators, bleacher, crystallizer, deodorizer etc. Alpha level separators are used for degumming of oil, bleacher to remove colour and moisture from oil, crystallizer to condense the oil and to remove wax and deodorizer to remove fatty acids, smell etc. The choice of technology is based on merits and demerits of various technologies, the status of technology, flexibility of operation, availability of raw material, capital investment and economies of operations.

## **COLLABORATIONS**

Except availing financial assistance from banks and others, Our Company has not entered into any technical or financial collaboration in India/abroad.

## **COMPETITION**

Our competition depends on the products being offered by various companies in the organized segment besides several other factors like quality, price, and timely delivery. Competition emerges not only from organized sector but also from the unorganized sector and from both small and big regional and National players. Our experience in this business has enabled us to provide quality products in response to customer's demand for best quality and branded Edible oil. This set us apart from the unorganized sector of the Edible oil industry and also enables us to compete with the organized players.

## **MARKETING SET UP**

The overall marketing function is looked after by Mr. Jitender Kumar Agarwal, Whole Time Director himself along with our marketing team which is divided into three categories viz. wholesale market, retail market and bulk market.

For wholesale market our company has a network spread across States catered by our C&F agents and their distributors. These agents then distribute our products to the numerous retailers spread across the States. We intend to engage more C&F agents, increase the product visibility by our continuous brand building activities through various incentives and promotional schemes for our C&F agents and distributors. Based on the information available from C&F agents & marketing team for demand of our respective products, we reschedule our production & distribution and we also keep adequate stocks at our depots so as to reschedule our product availability at shorter notices.

Our Company has a retailing network for hotels, institute, retailers, unorganized mandis etc. Going ahead, in line with our expansion plans, we intend to market more aggressively our consumer retail packs of 15 Kgs, 15 Litres tin, 5 Litres Jar, 1 Litres and 500 ml pouches and bottles. The consumption pattern of the low income group shows that people buy ready to use small packs as and when required. Our marketing team takes order from aforesaid retailers and supplies to them required products of the company in due time.

Bulk markets sales include refined oil tanks sales which is handled and supervised by our executive directors only.

## **INFRASTRUCTURE FACILITIES FOR RAW MATERIALS AND UTILITIES**

### **Raw Materials**

Raw crude oil is procured from solvent plant manufacturing companies located in states of Andhra Pradesh, Karnataka and Tamil Nadu. Except raw crude oil all other raw materials like bleaching earth, carbon, caustic soda, phosphoric acid, husk etc are easily available from local markets.

### **Water**

Water is being used for the manufacturing/refining crude oil as well as for general drinking and sanitary purposes. The company in order to serve its water requirements depends upon ground water. Our Company has three bore wells, which is self sufficient for water requirements at our Existing Plants and for our proposed unit at Nandigama, we shall have two bore wells. Hence water requirement at all the units of the company is met from its own bore wells and tube wells.

### **Power**

Central Power Distribution Company of A.P. Limited has sanctioned the power load of 400 KVA and 210 KVA to the factory unit of the issuer company and subsidiary company respectively.

Our Company has applied for the required 500 KVA power load for the proposed expansion unit at Nandigama.

At present, Our Company also has three generators of 320 KVA, 160KVA and 125 KVA for our existing plant and shall have two generators of 500 KVA and 320 KVA for our proposed new plant at Nandigama.

## Consent from Bankers to the Company

In accordance with the loan agreements with the Banks, Our Company has received following consents for coming out with an IPO:

Sr. No.	Name of the Bank (Lender)	Ref. No. and date of NOC
1.	State Bank of Hyderabad*	Vide its letter no. F/ADV/C&I/Sheetal/442 dated August 31, 2010
2.	Kotak Mahindra Bank Ltd*	Vide its letter no. SBG/419/2010/2011 dated March 8, 2011

\*NOC is received subject to condition of maintaining promoters holding above 51%, in our Company.

## CAPACITY AND CAPACITY UTILIZATION OF OUR COMPANY

### Capacity utilization of Existing Unit of Our Company during last 3 years

Product	Capacity	FY 2007-08	FY 2008-09	FY 2009-2010
Refining of all kinds of Edible Oils	Installed (TPA)	30000	30000	30000
	Utilised (TPA)	22349	28037	21395
	%	74%	93%	71%

### Proposed Capacity Utilization of existing unit of our company

Product	Capacity	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Refining of all kinds of Edible Oils	Installed (TPA)	30000	30000	30000	30000
	Utilised (TPA)	24000	25500	27000	27000
	%	80%	85%	90%	90%

### Proposed Capacity Utilization of proposed unit of our company

Product	Capacity	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Refining of all kinds of Edible Oils	Installed (TPA)	NA	75000	75000	75000
	Utilised (TPA)		23250	54000	63750
	%		62%*	72%	85%

\*Commercial production in the proposed unit of our Company is projected to be implemented in October, 2011 and the % of capacity utilization is annualized in the above table.

### Capacity utilization of Existing Unit of Our Subsidiary Company during last 3 years

Product	Capacity	FY 2007-08	FY 2008-09	FY 2009-2010
Refining of all kinds of Edible Oils	Installed (TPA)	NA	NA	40000
	Utilised (TPA)			40674
	%			102%*

Note: Our Subsidiary Company has started its commercial production in the financial year 2009-10.

\*During the year 2009-10, the raw oil acquired were having low Free Fatty Acids (FFA) compared to the average FFA contained in the oil acquired in the normal course of business. Due to the low FFA contents in raw material, it saves time and increases the production of refined oil. Hence, the capacity utilization was more than 100% in the financial year 2009-10.

### Proposed Capacity Utilization of existing unit of our subsidiary company

Product	Capacity	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Refining of all kinds of Edible Oils	Installed (TPA)	40000	40000	40000	40000	40000
	Utilised (TPA)	32000	34000	35200	37200	39200
	%	80%	85%	88%	93%	98%

### Proposed Capacity Utilization of proposed unit of our subsidiary company

Product	Capacity	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Refining of all kinds of	Installed (TPA)	NA	NA	30000	30000	30000
	Utilised (TPA)			13500	21000	24000

Edible Oils	%			60%*	70%	80%
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\*Commercial production in the proposed unit of our Subsidiary Company is projected to be implemented in July, 2012 and the % of capacity utilization is annualized in the above table.

## PROPERTIES

### Our Company

Sr. No.	Particulars of property including address	Area	Use	Owned/ Lease
1	Land bearing Survey No. 341, Gagan Pahad Village, Rajendranagar Mandal, R.R. District, Hyderabad (A.P)	Acre. 0-34 guntas	Registered office	Owned
2	Land bearing Survey No. 7,8,339 & 340, Gagan Pahad Village, Rajendranagar Mandal and municipality, R.R District, Hyderabad (A.P)	2059.06 Sq. Mt.	Existing Plant	Owned*
3	Land bearing Survey No. 386, Shamshabad Village & Mandal, Ranga Reddy. District (A.P)	Acre. 2.22 guntas	Villas available for sale	Owned
4	Land bearing Survey No. 547A situated at Nandigama Village, Kothur Mandal, Mahabubnagar Dist, A.P	Acre 5.00 guntas	Proposed Unit	Lease**
5	Land bearing Survey No. 342, Gagan Pahad Village, R .R District, Hyderabad (A.P)	Acre 1.08 guntas	Existing Unit	Lease***
6	Residential apartment at Lanco Hills Technology Park Pvt Ltd., 5 <sup>th</sup> Tower, 15 <sup>th</sup> Floor, bearing No. 5LH-1502, Manikonda, Hyderabad (A.P).	4477 Sq. Fts	Guest House purpose (Flat Accommodation)	Agreement of sale****

\*The land is in the name of promoters whereas the payment has been made by the erstwhile partnership firm M/s. Sheetal Refineries which was later on converted into the issuer company

\*\*vide an "Agreement of Lease" dated October 1, 2010 between Company and Mr. Jitender Kumar Agarwal who is promoter and Whole Time Director of the Company. The said lease is for a period of 30 years on a monthly rent of Rs. 1 Lac.

\*\*\* vide an "Agreement of Lease" dated October 1, 2010 between Company and Mr. Jugal Kishore Agarwal who is promoter and Chairman & Managing Director of the Company. The said lease is for a period of 30 years on a monthly rent of Rs. 0.5 Lac.

\*\*\*\*Agreement of sale to purchase the property has already been executed and part payment has already been made by the company.

### Our Subsidiary Company

Sr. No.	Particulars of property including address	Area	Current usage	Owned/Lease
1	Land situated in Sy .No. 199/LU, situated at Thimmapur Village, Kothur Mandal, Gram Panchayat, Mahabubnagar District, Hyderabad (A.P).	120 guntas	Existing Unit	Lease*
2	Land situated in Sy. No. 200/LU situated at Thimmapur Village, Kothur Mandal, Gram Panchayat, Mahabubnagar District, Hyderabad (A.P).	Acre 2-00 guntas	Proposed Unit	Agreement of sale**

\*M/s Siddhi Vegetable Oil Products (Promoter group entity) has provided "Land, Building, Bore and Infrastructure" to our subsidiary Company at a monthly rent of Rs. 0.5 Lacs on a lease basis vide an agreement cum memorandum of understanding dated March 31, 2009.

\*\*Agreement of sale to purchase the property has already been executed and part payment has already been made by the subsidiary company.

## Exports & Exports Obligations

Till date, Our Company has not exported and as on date of this DRHP there is no export obligation on the Company.

## Intellectual Property Rights

We have registered trademark relating to our brand "Sheetal Drop" for refined sunflower oil vide trademark no 731977 in class 29.

## 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, the 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 the Company's operations. In addition to this, the 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

### **Foreign Ownership**

Under the Industrial Policy and FEMA, 100 % FDI is permitted in our industry

### **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 Industries (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.

### **Edible Oils Packing (Regulation) Order, 1998**

In the context of the incidence of adulteration of oil with argemone oil and consequent dropsy cases and dropsy deaths, this Order derives its powers from the Essential Commodities Act. The basic objective of the Order is to ensure availability of safe and quality edible oils in packed form to the consumers.

### **Vegetable Oil Products (Control) Order, 1947**

This order puts the responsibility for implementation of the standards of quality of the vegetable oil product particularly at the manufacturing stage with the Directorate of Vanaspati, Vegetable Oils and Fats.

### **Solvent Extracted Oil, De-oiled Meal and Edible Flour (Control) Order, 1967**

This order controls the production and distribution of solvent extracted oils, deoiled meal, edible flours and hydrogenated vegetable oils (Vanaspati). This order is operated by the Directorate of Vanaspati, Vegetable Oils and Fats under the Department of Civil Supplies in the Ministry of Food and Civil Supplies

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

This act provides for the grading and marking of agricultural and other produce.

### **The Standards of Weights and Measures Act, 1976**

The Standard of weights and measures Act, 1976, aims at introducing standards in relation to weights and measures used in trade and commerce. The ultimate objective is to subserve the interests of the consumers. It was enacted to establish standards of weights and measures, to regulate inter-state trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or numbers, and to provide for matters connected therewith or incidental thereto.

### **The Standards of Weights and Measures Enforcement Act, 1985**

Is an Act which provides for the enforcement of the standards of weights and measures established by or under the Standards of Weights and Measures Act, 1976, and for matters connected therewith or incidental thereto. This act regulates the classes of weights and measures sold, manufactured, sold, distributed,

marketed, transferred repaired or used .It was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy.

#### **The Standards of Weights & Measures (Packaged Commodities) Rules, 1977**

These rules shall apply to commodities in the packaged form which are, or are intended or are likely to be, (i) sold, distributed or delivered or offered or displayed for sale, distribution or delivery, or;(ii) stored for sale, or for distribution or delivery, in the course of inter-State trade and commerce.

#### **The Indian Boilers Act, 1923**

This act contains law relating to steam boilers. The Act applies to all boilers used for generating steam under pressure, exceeding 22.75 litres capacity and to the steam pipe, feed pipe, economizer and any mounting or other fitting attached to the boiler. The owner is required to get registration for using a boiler under the provisions of the Indian Boilers Regulations, 1950.

### **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.

#### **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** 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.

**The Payment of Gratuity Act, 1972** was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- a) On his/her Superannuation; or
- b) On his/her retirement or resignation; or
- c) On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

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

It was enacted with the objective of providing of payment of bonus to Employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher.

**Employees' Provident Funds and Miscellaneous Provisions Act, 1952** was introduced with then object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

**Employees State Insurance Act, 1948**

An Act to provide for certain benefits to employees in case of sickness, maternity and employment injury and to make provision for certain other matters in relation thereto



## HISTORY AND CERTAIN CORPORATE MATTERS

Sheetal Refineries Limited (SRL), was incorporated on April 6, 1998 as a private limited company by converting M/s. Sheetal Refineries, a Partnership firm, under the provisions of Part IX of the Companies Act, 1956 (**"Part IX Conversion"**). The partnership firm was originally formed by a Partnership Deed dated October 18, 1994, executed by and between Mr. Jugal Kishore Agarwal and Mr. Jitender Kumar Agarwal (**the "Partnership Deed"**). The said Partnership Deed was reconstituted on April 1, 1997 and reconstituted partnership deed was executed by and between Mr. Jugal Kishore Agarwal, Mr. Jitender Kumar Agarwal, Ms. Sumitra Bai, Ms. Jyothi Agarwal, Ms. Sheetal Agarwal, Ms. Swetha Agarwal and Mr. Anand Agarwal (**"Reconstituted Partnership Deed"**). Thereafter, on April 6, 1998 the said partnership firm got converted into a private limited company under the name and style of "Sheetal Refineries Private Limited" and a Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh. Our company subsequently became a public limited company and the name of our Company was changed to "Sheetal Refineries Limited" and a fresh Certificate of Incorporation consequent upon change of name was granted to our Company on August 11, 2010 by the Registrar of Companies, Andhra Pradesh.

We are engaged in the business of trading and refining of rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. We are selling majority of our products in Andhra Pradesh and Tamil Nadu. The business was originally started by Mr. Jugal K. Agarwal and in the year 1994, for expansion of the said business along with his son Mr. Jitender kumar Agarwal as a partner, constituted a partnership firm under the name of "Sheetal Refineries" which was primarily engaged in refining of sunflower oil and trading of all kind of edible oils.

Our Company was primarily engaged in refining of sunflower oil and trading in all kind of edible oils. Later on we started refining of rice bran oil, cottonseed oil, soya bean oil, Palm Oil, groundnut oil etc and one of our brand "Sheetal Drop" got registered for refining of sunflower oil. After 2008-09, major income of the Company is coming from rice bran oil.

Company's products adhere to its quality standards for 'refining of all edible oils' and has got ISO 9001:2000 certification from 'Moody International Certification Ltd'.

In the financial year 2009-2010, "Sheetal Siddhi Veg Oil Private Limited" became our subsidiary company by acquiring 36,50,000 Equity shares of Rs. 10 each. It is mainly engaged in trading and refining of edible oils. At present, Our subsidiary company is having installed capacity of 40000 TPA and is proposing to set up an additional unit for enhancing its installed capacity by 30000 TPA to cater increasing demand of edible oils.

Presently, Our Company is having installed capacity of refining edible oil of 30000 TPA and proposing to set up an additional unit for enhancing its installed capacity by 75000 TPA to cater increasing demand of edible oils.

Our Company acquired a land at Shamshabad village & Mandal, R.R. District, Hyderabad, (A.P). As our Company was not having experience in the real estate business, On October 1, 2008, Company had entered into "Development and Construction Agreement-Cum-General Power of Attorney" with M/s Sheetal Constructions & Infrastructure (hereinafter called as 'Developer') for construction of 20 residential villas and 1 club house on the aforesaid land admeasuring area of Acre 2.22 Guntas by the Company. As per the terms of agreement, within a period of 18 months 'Developer' was supposed to complete the construction work and 10 residential villas out of total 20 villas in the aforesaid property shall be allotted to 'Developer' as consideration for investing the fund in construction and development of the said residential villas and club house. 'Developer' was unable to complete the aforesaid construction of villas and club house even after getting reasonable extension period from the Company. Therefore, On September 30, 2010, Company had terminated the said agreement and paid Rs.1731.86 lacs to 'Developer' towards full and final payment for actual expenses incurred by 'Developer' towards the construction and development of the aforesaid semi finished villas and club house with no further right, title or claim of the developer over the said property or any part thereof.

The Company changed the Object Clause of MOA in the year 2010-11 and passed the necessary resolutions for commencing the construction and real estate activities.

There are total 11 shareholders of the company as on the date of filing of the Draft Red Herring Prospectus.

### Change in Registered Office

Since incorporation, the registered office of our Company was situated at Survey No. 341 & 342, Gagan Pahad Village, Ranga Reddy District. Thereafter, w.e.f. October 10, 2001, it was shifted to 5-3-756/A, Shankarbagh, Topkhana Road, Hyderabad – 500012. Finally, w.e.f. December 4, 2001, our registered office was shifted to the present premises. The location of registered office was changed due to administrative convenience.

## Major Events

Following are the key events and major milestones achieved by the company:

Calendar Year	Events & Milestones
1998	<ul style="list-style-type: none"> <li>Incorporation of Company by converting the partnership firm in to a private limited company under Part IX of the Companies Act, 1956.</li> </ul>
2004	Company received 'Jawaharlal Nehru Memorial National Award' for Excellence in Indian Industries as 'Excellent Pollution Control Implementation Gold Award' organized by 'International Greenland Society, Hyderabad'.
2006	Company received 'Indira Gandhi Memorial National Award' for Excellence in Indian Industries as 'Best Organization Gold Award' organized by 'What Hails Public Sector Today'.
2008	<ul style="list-style-type: none"> <li>Company received ISO 9001:2000 for Quality Management Systems for Refining of all Edible Oils from Moody International.</li> <li>Company entered into the "Development and Construction Agreement-Cum-General Power of Attorney" on October 1, 2008 with M/s Sheetal Constructions &amp; Infrastructure (Developer) for construction of 20 residential villas and 1 club house on a land situated at Shamshabad village &amp; Mandal, R.R. District, Hyderabad, (A.P).</li> </ul>
2010	<ul style="list-style-type: none"> <li>Company was converted from private limited to public limited</li> <li>'Sheetal Siddhi Veg Oil Private Limited' became subsidiary company of the Issuer Company.</li> <li>"Development and Construction Agreement-Cum-General Power of Attorney" which was entered into on October 1, 2008 got terminated on September 30, 2010.</li> <li>The Company changed the Object Clause of MOA and passed the necessary resolutions for commencing the construction and real estate activities.</li> </ul>

For details regarding capacity, location of plant, products, marketing, competition, etc. please refer "**Business Overview**" on page no. 58 of DRHP. For details regarding raising of Capital in the form of Equity please refer "**Capital Structure**" on page no. 16 of DRHP. For details regarding corporate profile of the issuer regarding its history, the description of the activities, products, the growth of the issuer, exports, competition, management, the technology, marketing set up, and managerial competence etc., please refer to "**Business Overview**" and "**Our Management**" on page no. 58 & 74 respectively of DRHP.

## MAIN OBJECTS OF THE COMPANY

The main objects of the company as contained in the Memorandum of Association are as set forth below:

- To carry on the business of import, export, production, refine, extraction, buy, sell, act as commission agents, preparation and manufacture and dealing in Edible and vegetable oils of every type and description, whether refined, hydrogenated or otherwise.
- To acquire, take over, promote, establish and carry on all or any of the businesses manufacture of oil from groundnuts, linseed, cotton seeds, rice bran and any other oil cakes, oil extraction by crushing by chemical or any other processes cake and oil manufacturers, oil refiners, manufacturers of hydrogenated ghee and manufacturers of soap, glycerin, all kinds of fatty acids. To manufacture, buy, sell, import, export, and deal in oil, oil grains, oil cakes and allied products.
- To carry on the business of extraction of oil by mechanical, electrical and or chemical means, from all or any of the following kinds and or types of commodities, viz., rice bran, all types of oil cakes and all kinds of oil bearing foods and nuts, to carry on or any of the following businesses viz., manufacturers of crude oil, refined oil, perfumed and all other types of oils and extracting by-products thereof.

4. To manufacture, refine, prepare, treat, purchase, sell, import, export, store, distribute or otherwise deal in either as principals or as agents or in collaboration with others all or any of the following. viz., rice bran, oil cakes and seeds, nuts, soaps, do-oiled bran's and cakes and all other types and kinds of ingredients for the attainment of objects herein contained, to manufacture, treat, refine, prepare, sell, purchase, import, export, store, distribute, let on hire, alter, assemble or otherwise deal in, either as principals, or as agents or in collaboration with others, all types of machinery and spares and accessories thereof, chemicals, and appliances, for oil making and extracting by-products for the attainment of objects herein contained.

## CHANGES IN MEMORANDUM OF ASSOCIATION

Since the date of Incorporation, the following changes have been made to the Memorandum of Association:

Date of General resolution	Passing Meeting	Amendment
July 5, 1999		The authorized shares capital of Rs 1,00,00,000 divided into 10,00,000 equity shares of Rs 10 each was increased to Rs 2,00,00,000 divided into 20,00,000 equity shares of Rs 10 each
November 28, 2002		The authorized share capital of Rs.2,00,00,000 divided into 20,00,000 equity shares of Rs.10 each was increased to Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10 each
March 25, 2005		The authorized share capital of Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10 each was increased to Rs.6,50,00,000 divided into 65,00,000 equity shares of Rs.10 each
September 12, 2008		The authorized share capital of Rs.6,50,00,000 divided into 65,00,000 equity shares of Rs.10 each was increased to Rs.9,00,00,000 divided into 90,00,000 equity shares of Rs.10 each
February 1, 2010		The authorized share capital of Rs.9,00,00,000 divided into 90,00,000 equity shares of Rs.10 each was increased to Rs.15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each
December 27, 2010		Alteration of the Other Object clause of the Memorandum of Association of the Company by deleting the Clause III(C)(1) and substituting the New Objects in its place.
February 21, 2011		The authorized share capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each was increased to Rs.20,00,00,000 divided into 2,00,00,000 equity shares of Rs.10 each

## Subsidiary of the Company

The Company has one subsidiary company '**Sheetal Siddhi Veg Oil Private Limited**' and the details of the same are mentioned below:

Sheetal Siddhi Veg Oil Private Limited was originally incorporated in the name "Siddhi Vegetable Oil Products Private Limited" on May 6, 2002. Thereafter, the name was changed to "Sheetal Siddhi Veg Oil Private Limited" and a fresh certificate of Incorporation was issued by the Registrar of Company dated June 19, 2009. The registered office of the subsidiary company is located at 7-4-94, Gagan Pahad, Ranga Reddy District, Andhra Pradesh. The company is engaged in the business of refining and trading of edible oils. The installed capacity of the existing unit of the subsidiary company for refining of edible oils is 40,000 TPA and is proposing to increase its refining capacity by 30,000 TPA by setting up a new unit. Sheetal Siddhi Veg Oil Private Limited became a subsidiary of the issuer company in the month of February, 2010.

### Capital Structure as on February 28, 2011:

Particulars	No. of equity shares of Rs. 10 each
Authorised Capital	6000000
Issued, subscribed and paid-up capital	4570000

### Shareholding Pattern as on February 28, 2011:

Sl. No.	Name of Shareholder	No. of equity shares of Rs. 10 each	% of total equity holding
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1.	M/s. Sheetal Refineries Limited	4050000	88.62
2.	Mr. Surender Agarwal	442478	9.68
3.	Ms. Meena Agarwal	77500	1.70
4.	Mr. Anil Kumar Jain	1	0.00
5.	Ms. Kranti Agarwal	1	0.00
6.	Ms. Rinku Gupta	1	0.00
7.	Mr. Abhishek Agarwal	1	0.00
8.	Mr. Ankit Agarwal	1	0.00
9.	Ms. Uma Agarwal	1	0.00
10.	Mr. Vinod Agarwal	1	0.00
11.	Ms. Aruna Devi Goel	1	0.00
12.	Ms. Saraswathi Devi	1	0.00
13.	Mr. Gajanand Seth	1	0.00
14.	Mr. Giridarilal Gupta	1	0.00
15.	Mr. Hirarilal V. Shah	1	0.00
16.	Mr. Kailashchand Goel	1	0.00
17.	Mr. Jitender Kedia	1	0.00
18.	Mr. Mahesh Kumar Agarwal	1	0.00
19.	Mr. Mehul Hiralal Shah	1	0.00
20.	Ms. Minal Mehul Shah	1	0.00
21.	Mr. Nand Kishore Agarwal	1	0.00
22.	Mr. Narsingh Prasad Agarwal	1	0.00
23.	Mr. Ramchander Seth	1	0.00
24.	Mr. Subhas Gupta	2	0.00
	<b>Total</b>	<b>4570000</b>	<b>100.00</b>

Board of Directors as on March 1, 2011:

Name	Designation
1. Mr. Jitender Kumar Agarwal	Director
2. Mr. Surender Kumar Agarwal	Director
3. Mr. Prem Kumar Dhoot	Director

Financial highlights for the last 3 years are given below:

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	21777.90	Nil	Nil
Profit after Tax (PAT)	201.60	Nil	Nil
Share Capital	457.00	5.00	5.00
Reserves (excluding revaluation reserve)	201.60	Nil	Nil
Net Worth	658.60	4.22	4.24
Net Asset Value (NAV) per share (Rs.)	14.41	8.44	8.48

**Source:** Audited Financial Results

**Note:** The Face Value of each Equity Share is Rs.10

#### Sales or purchase between Subsidiary and Issuer Company

Sales and purchase between the subsidiary and the issuer company exceed in value in the aggregate 10% of the total sales and purchases of the issuer in the year 2009-10. For more details Please refer to the section titled "Related Party Transactions" on page 110 & 137 of DRHP.

#### Common Pursuits

Subsidiary Company 'Sheetal Siddhi Veg Oil Private Limited' is engaged in the business of refining and trading of edible oils which is a similar business in which Issuer Company is involved.

#### Business Interest

Subsidiary Company does not have any business interest in the Issuer Company except as disclosed in the section "Related Party Transactions" on page 110 & 137 of DRHP. Subsidiary Company didn't have related business transaction with the Issuer Company which had significance on the financial performance of the Issuer company except as stated in "Related Party Transaction" on page 110 & 137 of this DRHP.

Amount of accumulated profits or losses of the subsidiary company not accounted for by the issuer company

Accumulated profit of Rs. 161.01 Lacs of the subsidiary company has not been accounted for by the issuer company for the financial year ended March 31, 2010.

The subsidiary company has not made any public or right issue in the last three years and is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up or has any BIFR proceeding initiated against it. The subsidiary company has not been struck off as a defunct company by a Registrar of Companies in India and no application was made to the Registrar of Companies for striking off the name during the five years preceding the date of filing this Draft Red Herring Prospectus with the Board.

**Acquisitions / Amalgamations / Mergers**

No acquisitions / amalgamations / mergers have been done by the company.

**Joint Venture Agreements**

As on date of this Draft Red Herring Prospectus with SEBI, the company has not entered into any joint venture agreements with any other company or entity.

**Shareholders Agreements**

There is no Shareholders Agreement entered into by the company.

**Other Agreements / Arrangements**

Except the Agreements / Contracts entered in the ordinary course of business carried on and intended to be carried on by the company, the company has not entered into any other agreement / contract.

**Strategic Partners**

As on the date of this DRHP with SEBI there are no strategic partner agreements entered in to by the company.

**Financial Partners**

As on the date of this DRHP with SEBI there are no financial partnership agreements entered in to by the company.

## OUR MANAGEMENT

### Board of Directors

The following table sets forth the details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name, Father's Name, Age, Address, Occupation, Designation & DIN	Qualification	Date of Appointment and Terms	Other Directorship
1.	<b>Mr. Jugal Kishore Agarwal</b> S/o Late Mr. Nathmal Agarwal Age: 62 years Add: H. No. 8-2-684/3k, 11-12 Kaushik Society, Road No.12, Banjara Hills, Hyderabad- 500004, Andhra Pradesh Occupation: Business Designation: Chairman & Managing Director DIN No. 00218745	--	April 6, 1998 For a term of five years from October 1, 2010	1. M/s. Sheetal Globe Agro Oils Private Limited
2.	<b>Mr. Jitender Kumar Agarwal</b> S/o Mr. Jugal Kishore Agarwal Age: 38 years Add: H. No. 11-5-266/4/24. Redhills, Bazar ghat, Hyderabad-500004, Andhra Pradesh Occupation: Business Designation : Whole Time Director DIN No. 00218686	--	April 6, 1998 For a term of five years from October 1, 2010	1. M/s. Sheetal Siddhi Veg Oil Private Limited 2. M/s. Sheetal Commodities Private Limited 3. M/s. Sheetal Globe Agro Oils Private Limited
3.	<b>Mr. Ravi Agarwal</b> S/o. Mr. Anil Kumar Agarwal Age: 25 years Add: H. No.16-2-669, Flat No. 309, 3 <sup>rd</sup> floor, Laxmi Apartments, Nalgonda X Road, Malakpet, Hyderabad-500036, Andhra Pradesh Occupation: Business Designation :Non-Executive Independent Director DIN No. 02748164	B.Com	July 17, 2010	Nil
4.	<b>Mr. Prem Kumar Dhoot</b> S/o. Mr. Hanuman Das Dhoot Age: 51 years Add: 11-5-272, Red Hills, Ward-II, Circle-V, Hyderabad -500004, Andhra Pradesh Occupation: Business Designation :Non-Executive Independent Director DIN No. 03143270	--	July 28, 2010	Nil
5.	<b>Mr. Chandan Chauhan</b> S/o. Mr Vijay Singh Chauhan Age: 33 years Add : 7-1-397/87, APHB No. 89/B, 1 <sup>ST</sup> Floor, Anirudh Residency, Sanjeeva Reddy Nagar, S.R.Nagar, Hyderabad-500038, Andhra Pradesh Occupation: Professional Designation: Non-Executive Independent Director DIN:03419247	FCA	January 24, 2011	Nil

Mr. Jugal Kishore Agarwal is father of Mr. Jitender Kumar Agarwal. Other than this, there is no relationship, in terms of the Companies Act, 1956, between any of the directors of the company.

**Details of current/past Directorship(s) of our Directors in other listed companies which have been Suspended/Delisted from any Stock Exchanges during the last five years as on date of this DRHP**

None of our Directors are/were director of any company whose shares have been/were suspended from trading by stock exchanges or delisted during the last five years as on the date of this DRHP.

**Arrangement and understanding with major shareholders, customers, suppliers and others**

None of our Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers and others.

**Details of compensation paid and benefits in kind granted during the last financial year i.e. 2009-2010 to the executive directors:**

Name of executive director	Compensation (Rs. In Lacs)	Benefits granted (Rs. In Lacs)
Mr. Jugal Kishore Agarwal	12.00	3.00*
Mr. Jitender Kumar Agarwal	12.00	3.00*

\*rent free accommodation

No portion of the compensation was paid pursuant to a bonus or profit sharing plan.

**Brief Profile of our Directors**

**Mr. Jugal Kishore Agarwal**, aged 62 years, is the Chairman and Managing Director of the company. He has more than 16 years of experience in the business of trading and refining of edible oils. He is responsible for driving this company to the current stage with a dedication and motive to gain larger market share of the products of the company. At present, he takes all the strategic decisions for the finance related matters of the company.

**Mr. Jitender Kumar Agarwal**, aged 38 years, is a Whole Time Director of the Company. He is having more than 12 years of experience in areas of Edible Oil Refining and Marketing. In the year 2010, he received the Business Leadership award for Industrial Development from 'All India Achievers Foundation'. He looks after the day to day affairs of the company along with the production, marketing, administration and human resource departments of the company.

**Mr. Ravi Agarwal**, aged about 25 years, is a Non-Executive Independent Director of our Company. He is a commerce graduate and has experience in the areas of Finance, Taxation and Accounts.

**Mr. Prem Kumar Dhoot**, aged about 51 years, is a Non-Executive Independent Director of our Company.

**Mr. Chandan Chauhan**, aged about 33 years, is a Non-Executive Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India. He has over 6 years of experience in the field of Corporate Audits, Tax Consultancy, Project Financing and Loan Syndication. At present he is in full time practice at his proprietary concern, M/s. C S Chauhan & Associates.

**Details of borrowing powers**

Our Company at its Extra Ordinary General Meeting held on March 3, 2011 passed a resolution authorising the Board of Directors pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money at any time and from time to time notwithstanding that the money or moneys to be borrowed together with moneys already borrowed by the Company( apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose(s), provided, however, that the total amount so borrowed and remaining outstanding at any one time on account of principal shall not exceed in the aggregate Rs. 250 Crore (Rupees Two Fifty Crore) in excess of (that is to say, over and above) the aggregate of the paid-up capital of the Company and its free reserves as aforesaid.

**Terms of Appointment and Compensation of Managing Director / Whole Time Director**

**Mr. Jugal Kishore Agarwal**

The Board of Directors of the Company,(the 'Board') at its meeting held on September 1, 2010 has, subject to the approval of Members, re-appointed Mr. Jugal Kishore Agarwal for a period of 5 years from October 1, 2010. The Members of the company have vide resolution passed in the Extra Ordinary General Meeting held on September 29, 2010 approved the appointment and remuneration of Mr. Jugal Kishore Agarwal as

Chairman & Managing Director of Our Company. As per the resolution, Mr. Jugal Kishore Agarwal has been appointed as Chairman & Managing Director for a period of five years with effect from October 1, 2010 on following terms and conditions regarding appointment and remuneration:

### **Salary, Perquisites and allowances**

1. Rs. 3,00,000/-per month as basic salary
2. Rs.25,000/-per month as perquisites and allowances

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and /or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-Tax Act, 1961, or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be calculated at actual cost. However, the company's contribution to provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income –tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

Provision of car for use on Company's business(i.e. payment/re-imbursement of running expenses of car) and telephone at residence (including payment for local calls and long distance official calls) will not be considered as perquisites and shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman and Managing Director.

### **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained , where in any financial year during the currency of the tenure of Mr. Jugal Kishore Agarwal as a Chairman and Managing Director, the company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites, and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956(including any statutory modification(s) or re-enactment thereof, for the time being in force).

### **Reimbursement of Expenses**

Reimbursement of Expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites

### **General**

1. Period of Agreement:5 (five) years with effect from October 1, 2010
2. The office of Chairman and Managing Director may be terminated by the Company or the concerned Chairman and Managing Director by giving the other 3(three ) month's prior notice in writing.
3. The Chairman and Managing director shall subject to the supervision, direction and control of the Board of Directors of the company, manage the business and affairs of the Company.
4. The terms and conditions of re-appointment and payment of salary, perquisites & allowances specified herein above may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and the Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to the Chairman & Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guideline as may be announced by the Central Government from time to time

### **Mr. Jitender Kumar Agarwal**

The Board of Directors of the Company (the 'Board'), at its meeting held on September 1, 2010 has, subject to the approval of Members, re-appointed Mr. Jitender Kumar Agarwal for a period of 5 years from October 1, 2010. The Members of the company have vide resolution passed in the Extra Ordinary General Meeting held on September 29, 2010 approved the appointment and remuneration of Mr. Jitender Kumar Agarwal as Whole-Time Director of our Company. As per the resolution, Mr. Jitender Kumar Agarwal has been



appointed as Whole-Time Director for a period of five years with effect from October 1, 2010 on following terms and conditions regarding appointment and remuneration:

### **Salary, Perquisites and allowances**

1. Rs. 3,00,000/-per month as basic salary
2. Rs.25,000/-per month as perquisites and allowances

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and /or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-Tax Act, 1961, or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be calculated at actual cost. However, the company's contribution to provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income –tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

Provision of car for use on Company's business(i.e. payment/re-imbursement of running expenses of car) and telephone at residence (including payment for local calls and long distance official calls) will not be considered as perquisites and shall not be included in the computation of perquisites and allowances for the purpose of calculating the above ceiling. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole –Time Director.

### **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained, where In any financial year during the currency of the tenure of Mr. Jitender Kumar Agarwal as a Whole Time Director, the company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites, and other allowances as specified above and not exceeding the ceiling limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956(including any statutory modification(s) or re-enactment thereof, for the time being in force).

### **Reimbursement of Expenses**

Reimbursement of Expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites

### **General**

1. Period of Agreement:5 (five ) years with effect from October 1, 2010
2. The office of Whole-Time Director may be terminated by the Company or the concerned Whole –Time Director. by giving the other 3(three ) month's prior notice in writing.
3. The Whole-Time Director shall subject to the supervision, direction and control of the Board of Directors of the company, manage the business and affairs of the Company.
4. The terms and conditions of re-appointment and payment of salary, perquisites & allowances specified herein above may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and the Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to the Whole-Time Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guideline as may be announced by the Central Government from time to time

### **Service Contracts entered into by the directors with the issuer providing benefits upon termination from employment**

None of our directors have entered into any service contracts with our company and no benefits are granted upon their termination from employment other than the statutory benefits provided by our company

### **Corporate Governance**

Our company has complied with the requirements of the applicable regulation, including the Listing Agreement to be entered into with Stock Exchanges and the SEBI Regulation, in respect of corporate

governance, including constitution of the Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees.

At present our company has Five-member Board with an Executive Chairman constituted in compliance with the Companies Act and Listing agreement with the Stock Exchange and in accordance with best practices in corporate governance i.e. having more than half of the Board's strengths as Independent. The Board of Directors functions either as a full Board or through various committees including Audit committee, Shareholder/Investor grievance committee and Remuneration committee.

## **COMMITTEES OF THE BOARD**

### **Audit Committee**

Our Company has constituted an Audit Committee, pursuant to the Corporate Governance Norms as per Clause 49 of Listing Agreement, at a meeting of the Board of Directors held on January 24, 2011.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course.

The constitution of the Audit Committee is as follows:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>
1.	Mr. Chandan Chauhan	Chairman	Non - Executive & Independent Director
2.	Mr. Ravi Agarwal	Member	Non - Executive & Independent Director
3.	Mr. Jitender Kumar Agarwal	Member	Executive & Non-Independent Director

The company secretary shall act as a secretary of the audit committee.

## **TERMS OF REFERENCE**

### **Role of audit committee**

The role of audit committee shall include 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. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to 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
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
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, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

#### **Powers of the Audit Committee:**

The audit committee shall have the powers, which should include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employees;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **Shareholders / Investor Grievance Committee**

Our company has constituted Shareholders/Investors grievance committee in the meeting of our Board of directors held on January 24, 2011. The Shareholders/Investors grievance committee consists of the following members:

Sr. No.	Name	Designation	Status
1.	Mr. Prem Kumar Dhoot	Chairman	Non - Executive & Independent Director
2.	Mr. Jitender Kumar Agarwal	Member	Executive & Non-Independent Director
3.	Mr. Jugal Kishore Agarwal	Chairman	Executive & Non-Independent Director

The Company Secretary shall act as a Secretary of the Shareholders / Investors Grievance Committee.

#### **Terms of Reference**

To allot the Equity Shares of the Company, and to supervise and ensure:

1. Efficient transfer of shares; including review of cases for refusal of transfer transmission of shares and debentures;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

#### **Remuneration Committee**

The Remuneration Committee was constituted by the Board of Directors at their meeting held on January 24, 2011.

The constitution of the Remuneration Committee is as follows:

Sr. No.	Name	Designation	Category
1.	Mr. Chandan Chauhan	Chairman	Non - Executive & Independent Director
2.	Mr. Prem Kumar Dhoot	Member	Non - Executive & Independent Director
3.	Mr. Ravi Agarwal	Member	Non - Executive & Independent Director

The Company Secretary shall act as a Secretary of the Remuneration Committee.

#### Terms of Reference

1. To decide and approve the terms and conditions for appointment of Executive Directors and/ or Whole-time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company.

#### Shareholding of the Directors

The shareholding of our directors as on the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of the Directors	No. of Shares held
1.	Mr. Jugal Kishore Agarwal	17,96,500
2.	Mr. Jitender Kumar Agarwal	52,79,800
3.	Mr. Ravi Agarwal	Nil
4.	Mr. Prem Kumar Dhoot	Nil
5.	Mr. Chandan Chauhan	Nil

As per our articles of association our directors do not require to hold any qualification shares

#### Interest of Directors

All the non executive 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 Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The directors may be regarded as interested in the shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as directors, members, partners and or trustees. All directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the issuer company with any company in which they hold directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

Executive Directors are interested to the extent of remuneration paid to them for services rendered to the company.

Except as stated under Related Party Transaction on page no. 110 & 137 of this Draft Red Herring Prospectus, our company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which our directors are interested directly or indirectly.

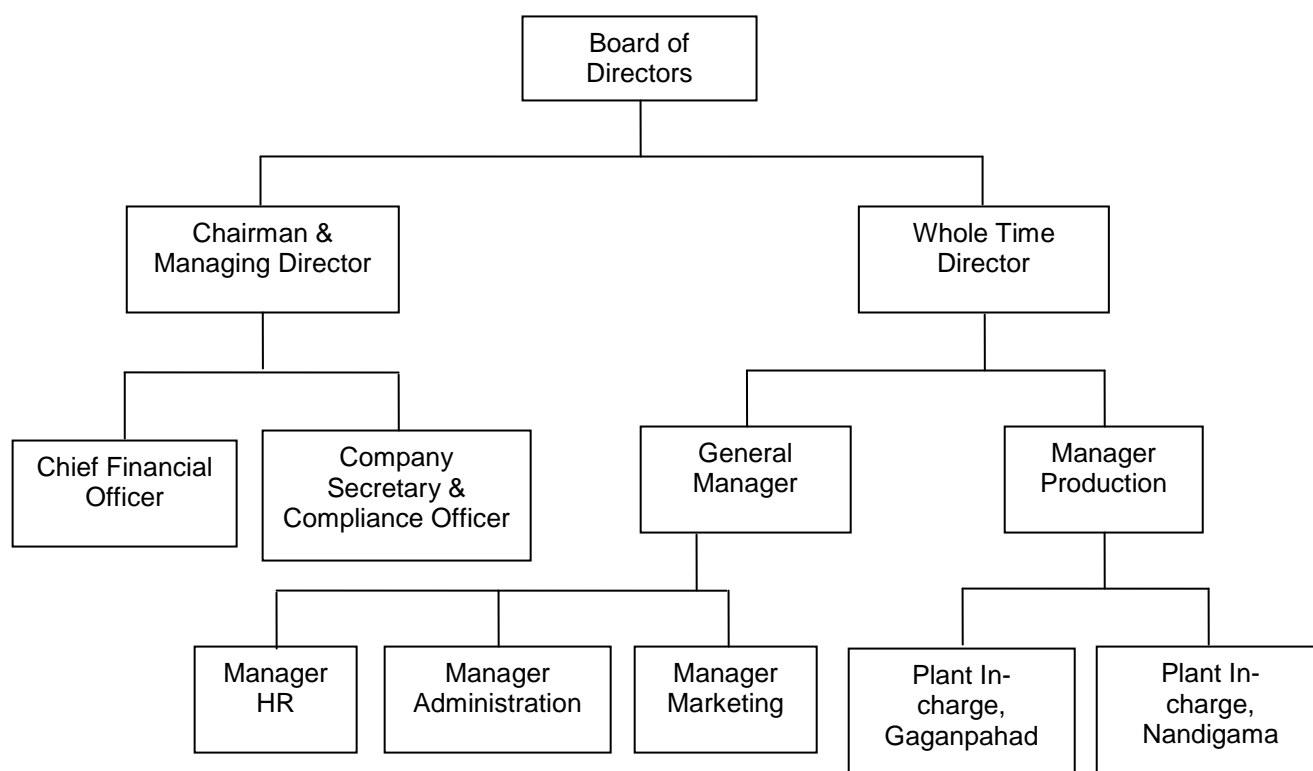
Our Directors have leased out certain properties to the company. For details, please refer para on "Properties" in section "Business Overview" on page 65 of DRHP.

## Changes in Board of Directors during Last Three Years

Change in the composition of the Board of Director during the last 3 years is as follows:

Name of Director	Date of appointment	Date of resignation	Remarks
Mr. Surender Kumar Agarwal	February 2, 2010	March 5, 2010	Resigned
Mr. Ravi Agarwal	July 17, 2010	--	Appointed
Ms. Jyothi Agarwal	June 1, 2010	August 17, 2010	Resigned
Ms. Sumitra Bai	June 1, 2010	August 17, 2010	Resigned
Mr. Srinivas Rao Yarra	June 1, 2010	August 17, 2010	Resigned
Mr. Umesh Chander	July 17, 2010	September 1, 2010	Resigned
Mr. Prem Kumar Dhoot	July 28, 2010	--	Appointed
Mr. Sumit Agarwal	August 17, 2010	January 24, 2011	Resigned
Mr. Chandan Chauhan	January 24, 2011	--	Appointed

## Management Organisation Structure



**Key Managerial Personnel**

Sr. No.	Name	Qualification	Designation	Age in years	Date of Appointment	Experience in years	Previous Employment	Compensation paid during previous year.(Rs in Lacs)
1.	Mr. Ritesh Heda	ACS	Company Secretary	24	February 28, 2011	-	-	-
2.	Mr. Yerra Srinivasa Rao	M. Sc	Manager Production	42	April 6, 1998	12	-	1.20
3.	Mr. Umesh Chander	B.Com	General Manager	53	April 6, 1998	16	Self employed	1.20
4.	Mr. Shyam Sunder Agarwal	SSC	Chief Financial Officer	49	February 1, 2002	9	-	1.20
5.	Mr. Rakesh Jha	B.Sc	Manager HR	32	March 1, 2011	10	Hindustan Aeronautics Limited	-
6.	Mr. Sourish Bhattacharya	B.Com	Manager, Administration	40	March 1, 2011	18	Beekay Engineering Limited	-
7.	Ms. Solly Matthew	B.Sc.	Manager Marketing	27	March 1, 2011	-	-	-

All the above Key Managerial Personnel are permanent employees of the Company.

None of our Key Managerial Personnel has been granted any benefits in kind from our Company, other than their remuneration

None of our Key Managerial Personnel has entered into any service contracts with our company and no benefits are granted upon their termination from employment other than statutory benefits provided by our Company.

**Family Relationship between any of the Key-Managerial Personnel**

There is no family relationship, in terms of the Companies Act 1956, between any of the Key Managerial Personnel of the Company.

**Arrangement and understanding with major shareholders, Customers, suppliers and others**

None of our Key-Managerial Personnel has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers and others.

**Bonus or Profit sharing plan for our Key-Managerial Personnel**

Our Company does not have any bonus or profit sharing plan for our Key Managerial personnel

**Shareholding of Key Managerial Personnel**

None of our Key-Managerial Personnel holds any shares in our company.

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

The changes in our Key-Managerial Personnel during the last three years as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name	Designation	Date of Appointment/Resignation	Reason
1.	Ms. Chandana Naidu	Company Secretary	February 28, 2011	Resignation

2.	Mr. Ritesh Heda	Company Secretary	February 28, 2011	Appointment
3.	Mr. Rakesh Jha	Manager HR	March 1, 2011	Appointment
4.	Mr. Sourish Bhattacharya	Manager, Administration	March 1, 2011	Appointment
5.	Ms. Solly Matthew	Manager Marketing	March 1, 2011	Appointment

#### **Scheme of Employee Stock Option or Employee Stock Purchase**

Our Company does not have any Employee Stock Option Scheme/Employee Stock Purchase Scheme.

#### **Payment or Benefit to Officers of the Company (non-salary related)**

No amount of benefit has been paid or given to any officer of our company within the two preceding years from this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

## OUR PROMOTERS AND PROMOTER GROUP

### PROMOTERS AND THEIR BACKGROUND

#### Our Promoters are:

1. Mr. Jugal Kishore Agarwal
2. Mr. Jitender Kumar Agarwal

#### Brief profile of the Promoters



##### Mr. Jugal Kishore Agarwal

Mr. Jugal Kishore Agarwal, aged 62 years, is the Chairman and Managing Director of the company. He is having more than 16 years of experience in the business of trading and refining of edible oils. He is responsible for driving this company to the current stage with a dedication and motive to gain larger market share of the products of the company. At present, he takes all the strategic decisions for the finance related matters of the company.

##### Mr. Jitender Kumar Agarwal

Mr. Jitender Kumar Agarwal, aged 38 years, is a Whole Time Director of the Company. He is having more than 12 years of experience in areas of Edible Oil Refining and Marketing. In the year 2010, he received the Business Leadership award for Industrial Development from 'All India Achievers Foundation'. He looks after the day to day affairs of the company along with the production, marketing, administration and human resource departments of the company.

#### Other details of the Promoters:

Name of the Promoter	Mr. Jugal Kishore Agarwal	Mr. Jitender Kumar Agarwal
Photograph of the promoter		
Driving License No.	Not Available	DLFAP013102232004
Passport No.	G8267049	G2847513
Permanent Account No.	ADFPK1287P	ABLPA2813P
Name of Bank and Branch	State Bank of Hyderabad, 15 2 404 to 417, Landmark Centre, Siddiamber Bazar, Mahabubgunj, Hyderabad	State Bank of Hyderabad, 15 2 404 to 417, Landmark Centre, Siddiamber Bazar, Mahabubgunj, Hyderabad
Bank Account No.	52082609442	52082609395
Voter ID number	KYJ1130228	KYJ1130236

#### Declaration

The Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters of the company have been submitted to BSE and NSE at the time of filling of this Draft Red Herring Prospectus with them.

#### Interest of Promoters

The Promoters of the Company are interested to the extent of their shareholding in the Company. Further, 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. Promoters may also be deemed to be interested to the extent of the Equity Shares, if any, already held by them and their relatives in the Company, or that may be subscribed for and allotted to them, out of present issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by the Company, if any, to these Promoter Group Entities. For further details, see "Our Promoters and Promoter Group" beginning on page no. 84. For the payments that are made by the Company to certain Promoter Group entities, please refer to the section titled "Financial Information of the Company", beginning on page no. 110 & 137.

Except as state otherwise in this Draft Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by Company other than in normal course of business.

Our Promoters have leased out certain properties to the company. For details, please refer para on "Properties" in section "Business Overview" on page 65 of DRHP.

### **Payment or Benefit to Promoters of the Company**

Except as stated in "Financial Information of the Company – Related Party Transaction" on page no.110 & 137, no amount or benefit has been paid or given to any Promoter, within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid.

### **Promoter Group Companies and Entities**

The companies that are part of the Promoter Group have been provided below. The Promoter Group includes:

1. a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives or firm or HUF in which the promoter or any one or more of his immediate relative is a member;
2. a company in which a company specified above holds 10% or more, of the share capital;
3. Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%; and
4. a company promoted by our Promoters.

The following table sets forth the Companies and entities which are part of the Promoters Group:

<b>Sr. No.</b>	<b>Name of Promoters Group Companies and entities</b>
1.	Sheetal Globe Agro Oils Private Limited
2.	Sheetal Commodities Private Limited
3.	Siddhi Vegetable Oil Products (Partnership firm)
4.	Globe Agro Oils (Sole proprietorship)
5.	Sheetal Constructions and Infrastructure (Sole proprietorship)
6.	Sheetal Globe Agro Oils (Sole proprietorship)
7.	Nathmal Jugal Kishore HUF

### **Financial Information of Group Companies/Entities**

The information for the last 3 years based on the audited/unaudited statements in respect of all the Companies, Firms, ventures etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not.

#### **1. Sheetal Globe Agro Oils Private Limited**

### **Corporate Information**

Sheetal Globe Agro Oils Private Limited was incorporated on April 15, 2009. The registered office of the company is situated at 7-4-135/1/B, Gaganpahad, R.R.District, Hyderabad – 501323. The main object of the company is to carry on the business of manufacturing and dealing in edible and vegetable oils. At present, company is not engaged in any kind of activities.

#### Shareholding Pattern as on February 28, 2011

Sr. No.	Name of Shareholder	No. of shares	% of Shareholding
1.	Mr. Jugal Kishore Agarwal	60000	9.68
2.	Mr. Jitender Kumar Agarwal	10000	1.61
3.	Mr. C. Narendranath	550000	88.71
	<b>Total</b>	<b>620000</b>	<b>100.00</b>

#### Board of Directors as on February 28, 2011

Name of Director	Designation
Mr. Jugal Kishore Agarwal	Director
Mr. Jitender Kumar Agarwal	Director

#### Financial highlights for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	Nil	NA	NA
Profit after Tax (PAT)	Nil	NA	NA
Share Capital	62.00	NA	NA
Reserves (excluding revaluation reserve)	Nil	NA	NA
Net Worth	59.29	NA	NA
Net Asset Value (NAV) per share (Rs.)	9.56	NA	NA

**Source:** Audited Financial Results

**Note:** The Face Value of each Equity Share is Rs.10

## 2. Sheetal Commodities Private Limited

#### Corporate Information

Sheetal Commodities Private Limited was incorporated on July 26, 2005. Its registered office is located at D.No. 5-3-756/A, Shankar Bagh, Osmangunj, Hyderabad - 500012. The main object of the company is to carry on the business of trading in various types of commodities through NCDEX. At present, company is not engaged in any kind of activities.

#### Shareholding Pattern as on February 28, 2011

Sr. No.	Name of Shareholder	No. of Shares	% Shareholding of
1.	Mr. Jitender Kumar Agarwal	7000	70
2.	Mr. Shyam Sunder Pasari	1500	15
3.	Mr. Dharmender Kumar Goel	1500	15
	<b>Total</b>	<b>10000</b>	<b>100</b>

#### Board of Directors as on February 28, 2011

Name of Director	Designation
Mr. Jitender Kumar Agarwal	Director
Mr. Shyam Sunder Pasari	Director
Mr. Dharmender Kumar Goel	Director

#### Financial highlights for the last 3 years are given below:

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	Nil	Nil	Nil
Profit after Tax (PAT)	Nil	Nil	Nil

Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	Nil	Nil	Nil
Net Worth	0.67	0.68	0.69
Net Asset Value (NAV) per share (Rs.)	6.65	6.75	6.85

**Source:** Audited Financial Results

**Note:** The Face Value of each Equity Share is Rs.10

### 3. Siddhi Vegetable Oil Products (Partnership firm)

Siddhi Vegetable Oil Products, a partnership firm, is having its principal office located at 7-4-94, Gaganpahad, Hyderabad - 501323 and was engaged in the business of refining and trading of edible oils. At present, no activity is being carried on by the partnership firm.

**Partners as on February 28, 2011**

Sr. No.	Name of the partner	Interest(%)
1	Mr. Jitender Kumar Agarwal	50.00
2	Mr. Surender Kumar Agarwal	50.00
	<b>Total</b>	<b>100.00</b>

**Financial highlights for the last 3 years are given below:**

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
	<b>Unaudited</b>	<b>Audited</b>	<b>Audited</b>
Total Income	Nil	7828.21	4888.26
Net Profit	Nil	50.89	14.44
Partners' Capital Account	28.33	335.99	45.17

### 4. Globe Agro Oils (Sole Proprietorship)

Globe Agro Oils is a sole-proprietorship concern of Mr. Jitender Kumar Agarwal having its principle office located at 7-4-135/1/B, Gaganpahad, R.R.District, Hyderabad – 501323. It is engaged in the business of trading of edible oils.

**Financial highlights for the last 3 years are given below:**

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Total Income	1833.92	18243.83	7800.90
Net Profit / (Loss)	82.37	46.97	42.28
Capital A/c.	(277.44)	(332.35)	(31.93)

### 5. Sheetal Constructions and Infrastructure (Sole proprietorship)

Sheetal Constructions and Infrastructure is a sole-proprietorship concern of Mr. Jitender Kumar Agarwal having its principle office located at 7-4-135/1, Gaganpahad, R.R.District, Hyderabad – 501323 and was engaged in the business of construction and infrastructure. At present, this entity is not engaged in any kind of activity.

**Financial highlights for the last 3 years are given below:**

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Total Income	Nil	Nil	NA
Net Profit / (Loss)	Nil	Nil	NA
Capital A/c.	288.38	208.73	NA

### 6. Sheetal Globe Agro Oils (Sole proprietorship)

Sheetal Globe Agro Oils is a proprietorship concern having its principle office located at 5-3-756/A, Shanker Bagh, Topkhana Road, Hyderabad and is engaged in the business of trading of edible oils. Ms. Sumitra Bai is a sole proprietor of this entity.

**Financial highlights for the last 3 years are given below:**

(Rs.in Lacs)

Year Ended March 31	2010	2009	2008
	Unaudited	Unaudited	Unaudited
Total Income	4522.15	NA	NA
Net Profit / (Loss)	(11.16)	NA	NA
Capital A/c.	0.36	NA	NA

**7. Nathmal Jugal Kishore HUF**

Nathmal Jugal Kishore HUF is having its principal place of business at 8-2-684-3/K (II and 12), Road No. 12, Banjara Hills, Hyderabad - 500036. Mr. Jugal Kishore Agarwal is Karta of the HUF.

**Confirmations**

Further, Group Companies have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of the Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

None of the Group Companies have made any public or rights issues during the last three years.

**Litigation**

For details on litigations pending against the group Companies/Entities and defaults made, please refer to the section titled "Outstanding Litigations and Material Developments" on page no. 151 of this Draft Red Herring Prospectus.

**Common Pursuits**

Group companies, Sheetal Globe Agro Oils Private Limited and Sheetal Commodities Private Limited, are having similar object of manufacturing and trading of edible oil which is also an object mentioned in the object clause of the issuer company. Also, Siddhi Vegetable Oil Products (Partnership Firm) was involved in the trading and refining of edible oil. However, no such activity is being carried out by these companies and firm at present.

Group entities, Sheetal Globe Agro Oils (proprietary concern) and Globe Agro Oils (proprietary concern), are involved in the activities of trading of edible oils which is also one of the activity carried on by the issuer company.

Group entity, Sheetal Constructions and Infrastructure (proprietary concern), was involved in the activity of the construction and infrastructure development which is also one of the object mentioned in the object clause of Issuer Company. However, currently, no such activity is carried on by this entity.

**Sick Company**

None of the Promoter Group Companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or are under winding up or have any BIFR proceeding initiated against it.

None of the Promoter Group Companies has been struck off as a defunct company by a Registrar of Companies in India and no application was made to the Registrar of Companies for striking off the name of any of the group company during the five years preceding the date of filling this Draft Red Herring Prospectus with the Board.

**Sales or purchase between Group Companies / Entities**

Sales between Sheetal Globe Agro Oils and the issuer company exceed in value in the aggregate 10% of the total sales of the issuer in the year 2009-10. Sales and purchases between Globe Agro Oils and the issuer company exceed in value in the aggregate 10% of the total sales and purchases of the issuer in the year 2005-06, 2006-07, 2007-08 and 2008-09. For more details Please refer to the section titled "Related Party Transactions" on page 110 & 137 of DRHP.

#### **Business Interest of Group Companies / Entities in the Company**

No Group Companies / Entities have business interest in the Issuer Company except as disclosed in the section "Related Party Transactions" on page 110 & 137 of DRHP. None of the group companies/entities had related business transaction with the Issuer company which had significance on the financial performance of the issuer except otherwise stated in "Related Party Transaction" on page 110 & 137 of this DRHP.

#### **Disassociation by the promoters in the last three years**

None of the Promoters of the Company has been disassociated from any of the companies or firms during the last three years preceding the date of filing this DRHP.

## **RELATED PARTY TRANSACTIONS**

For details on our related party transactions, please refer to the section titled “Financial Information of the Company” on page 110 & 137 of this Draft Red Herring Prospectus.

## **CURRENCY OF PRESENTATION**

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

## **DIVIDEND POLICY**

The Declaration and payment of dividends will be recommended by the Board and approved by the shareholders of the 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 the 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 till date.



## SECTION V: FINANCIAL INFORMATION OF THE COMPANY

### Restated Standalone Financial Information

The Board of Directors,  
SHEETAL REFINERIES LTD  
7-4-135/1, Gaganpahad  
R R District,  
Hyderabad.

Dear Sirs,

Re: Public issue of Equity Shares of SHEETAL REFINERIES LTD

1. We have examined the financial information of Sheetal Refineries 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, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and March 31, 2010. Audit for the financial year ended March 31, 2006 to March 31, 2010 and for the period ended September, 2010 audited by us. Accordingly, reliance has been placed on the financial information for the said periods. Our opinion in so far as it relates to the amount included in these restated standalone statements are based on our auditor's reports.
3. We have also examined the restated financial information of the Company for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.
4. 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 of the Company, including the "Statement of Assets and Liabilities, as Restated" as at March 31, 2006, 2007, 2008, 2009 and 2010 and for the period ended September, 2010, examined by us on which reliance has been placed by us, after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes (Refer Annexures IV to XX).
  - (b) The "Statement of Profit and Losses, as Restated" and the "Statement of Cash Flows, as Restated" of the Company, including the "Statement of Profit and Losses, as Restated" and the "Statement of Cash Flows, as Restated" for the year ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the period ended September, 2010 examined, audited and reported upon by us on which reliance has been placed by us, as set out in Annexure I to III respectively to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes (Refer Annexures IV to XX).
  - (c) Based on the above and as per information and explanation given to us and also as per the reliance placed on the reports submitted by us, for the respective years, we are of the opinion that the restated financial information have been made after incorporating:
    - i. Adjustment for material amounts relating to prior years in the restated financial information in the respective financial years to which they relate;
    - ii. 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 set out in Annexures has been included based upon the reports for the year ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the period ended September, 2010 examined, audited and reported upon by us, on which reliance has been placed by us.

<b>Details of Other Financial Information</b>	<b>Annexure reference</b>
Share Capital	V
Investments	VI
Statement Showing Analysis of Sundry Debtors	VII
Details of Loans and Advances Showing the same with the Related Parties	VIII
Statement of Secured Loans	IX,IX-A
Statement of Unsecured Loans	X
Statement of Current Liabilities and Provisions	XI
Statement of Deferred Tax	XII
Statement of Other Income	XIII
Benefits to Employees	XIV
Segment Reporting	XV
Related Party Transactions	XVI
Tax Shelter Statement	XVII
Statement of Accounting and Other Ratios	XVIII
Capitalization Statement	XIX
Contingent Liabilities	XX

- (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 (Refer Annexure IV to XX) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Regulations.

5. We further state that:

- There are no incorrect accounting practices or failures to make provisions or other adjustments to restated accounts which resulted in audit qualifications for which adjustment or rectification was required.
  - There have been no material amounts relating to adjustments for previous years/periods in arriving at the profits of the years/periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred except for adjustments related to previous year which for the purpose of restated accounts has been adjusted in the respective years as stated in Adjustments.
  - There has been no change in accounting policy in the profits or losses of the earlier years/periods except for adjustments related to change in accounting policy for the purpose of restated accounts has been adjusted in the respective years as stated in Adjustments.
  - There has been no incorrect accounting policy which needs re computation in the financial information.
- 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.
  - 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 S B Kabra & Co**  
**Chartered Accountants**  
**(Firm Registration No. 001651S)**

**S B KABRA**  
**(Partner)**  
**Membership No. 32819**  
**Place: Hyderabad**  
**Date: 24/03/2011**

Statement of Assets and Liabilities, as Restated

Particulars	Annexure	For the Period ended	For the year ended				
		30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>(1). Fixed Assets</b>							
(a) Gross Block		1,434.32	1,316.80	1,271.31	1,210.09	622.76	507.72
(b) Less: Depreciation		605.51	548.04	427.77	299.27	223.79	170.66
(c) Net Block		828.82	768.75	843.54	910.82	398.97	337.06
Less : Revaluation Reserve		-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>		<b>828.82</b>	<b>768.75</b>	<b>843.54</b>	<b>910.82</b>	<b>398.97</b>	<b>337.06</b>
Capital Work in Progress		1,960.74	-	-	-	-	-
<b>(2). Investment</b>	VI	<b>365.25</b>	<b>365.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
<b>(3). Current Assets, Loans, and Advances</b>							
(a) Inventories		6,593.20	2,812.67	4,322.34	2,779.39	2,253.53	1,420.61
(b) Sundry Debtors	VII	1,243.60	5,903.16	3,622.84	2,153.20	831.33	894.70
(c) Cash and Bank Balance		49.03	134.49	139.40	45.27	160.17	25.30
(d) Loans and Advances	VIII	534.82	398.15	358.04	124.69	27.02	64.61
(e) Other Current Assets		330.64	341.74	444.86	437.18	396.85	377.86
<b>Total Current Assets, Loans, and Advances</b>		<b>8,751.29</b>	<b>9,590.20</b>	<b>8,887.49</b>	<b>5,539.73</b>	<b>3,668.89</b>	<b>2,783.07</b>
<b>(4). Liabilities and Provisions</b>							
Secured Loans	IX, IX-A	3,246.66	5,299.20	3,070.21	2,331.87	1,269.28	939.39
Unsecured Loans	X	152.79	1,111.18	1,244.99	424.13	93.52	35.64
Current Liabilities and Provisions	XI	5,975.35	1,916.96	3,649.20	2,094.84	1,610.19	1,265.51
Deferred Tax Liability#	XII	139.97	152.76	180.95	141.04	58.00	36.99
<b>Total Liabilities and Provisions</b>		<b>9,514.78</b>	<b>8,480.09</b>	<b>8,145.36</b>	<b>4,991.88</b>	<b>3,030.99</b>	<b>2,277.52</b>
<b>(5). Net Worth</b>		<b>2,391.32</b>	<b>2,244.11</b>	<b>1,585.92</b>	<b>1,458.91</b>	<b>1,037.12</b>	<b>842.86</b>
<b>(6). Represented By</b>							
Share Capital (Including Share Application)	V	704.66	899.66	759.66	869.66	669.63	648.63
Reserves and Surplus		1,688.08	1,344.45	826.26	589.25	367.53	194.30
Less: Revaluation Reserve		-	-	-	-	-	-
Reserves & Surplus (Net of revaluation reserves)		1,688.08	1,344.45	826.26	589.25	367.53	194.30
Less: Miscellaneous Expenditure (To the extent Not Written Off)		(1.42)	-	-	-	(0.04)	(0.08)
<b>(6). Net Worth</b>		<b>2,391.32</b>	<b>2,244.11</b>	<b>1,585.92</b>	<b>1,458.91</b>	<b>1,037.12</b>	<b>842.86</b>

# Deferred Tax Liability details have been taken from the audited financial statements.

Note: The Income Tax Liability has been provided as per the income tax computation filed with Income tax authorities for the year ended March, 31, 2006, 2007, 2008, 2009 and 2010 and the figures for the Sep 30, 2010 are based on the provisional computation of income tax made by the management of the Company.

Figures have been rounded off to the nearest thousand

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

(INR in Lakhs)

Particulars	Annexure	For the Period ended	For the year ended				
		30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>INCOME</b>							
<b>Sales -</b>							
a. of products manufactured by the Company							
Domestic Sales		6,146.08	10,908.66	13,592.47	11,743.90	10,792.90	3,358.54
Export Sales		-	-	-	-	-	-
b. of products traded in by the Company		14,863.34	28,729.11	35,403.61	26,728.05	13,926.32	15,288.29
<b>Total</b>		<b>21,009.41</b>	<b>39,637.77</b>	<b>48,996.08</b>	<b>38,471.96</b>	<b>24,719.22</b>	<b>18,646.83</b>
Other Income	XIII	42.20	294.88	94.76	127.78	167.66	24.97
Increase/Decrease in Stock		2,622.97	(1,136.64)	936.04	215.87	269.83	451.02
<b>TOTAL</b>		<b>23,674.58</b>	<b>38,796.02</b>	<b>50,026.88</b>	<b>38,815.61</b>	<b>25,156.70</b>	<b>19,122.82</b>
<b>EXPENDITURE</b>							
Material Consumed		6,626.43	8,961.00	12,122.23	10,385.95	9,325.81	3,381.77
Purchase of Trading Goods		15,726.14	27,513.59	35,477.09	26,868.39	14,630.63	14,946.17
Manufacturing Expenses		181.53	446.16	822.94	457.18	334.24	294.73
Benefits to Employees	XIV	27.50	34.50	30.57	27.14	22.74	28.76
Power & Fuel Expenses		51.00	71.39	240.83	110.05	121.31	65.43
Administrative and Selling Expenses		102.15	186.86	340.90	184.87	180.88	142.22
Excise Duty		-	-	-	-	-	0.34
Depreciation		57.46	120.27	128.50	75.48	53.14	52.98
<b>TOTAL</b>		<b>22,772.23</b>	<b>37,333.76</b>	<b>49,163.07</b>	<b>38,109.06</b>	<b>24,668.74</b>	<b>18,912.40</b>
Profit before interest, tax, extraordinary items		902.34	1,462.26	863.82	706.55	487.96	210.42
Financial Expenses		383.39	626.99	536.38	369.57	244.93	109.92
Net Profit before Tax and extraordinary items		518.96	835.28	327.44	336.98	243.04	100.50
Restated Provision for Income Tax		188.11	345.28	48.32	30.87	47.59	36.66
FBT		-	-	2.20	1.35	1.20	1.96
Deferred Tax Liability		(12.79)	(28.20)	39.91	83.04	21.01	2.67
Net Profit after Tax but before extraordinary items		343.63	518.19	237.01	221.72	173.23	59.21
Add/ (Less): Extraordinary items		-	-	-	-	-	-
<b>Net Profit after extraordinary items and before prior period expenses</b>		<b>343.63</b>	<b>518.19</b>	<b>237.01</b>	<b>221.72</b>	<b>173.23</b>	<b>59.21</b>
Less : Prior Period Expenses		-	-	-	-	-	-
<b>Net Profit after Prior period Expenses</b>		<b>343.63</b>	<b>518.19</b>	<b>237.01</b>	<b>221.72</b>	<b>173.23</b>	<b>59.21</b>

Note: Figures have been rounded off to the nearest thousand

**Standalone Statement of Cash flows, as Restated**

Particulars	For the Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Net Profit / (Loss) Before tax as Restated</b>	<b>518.96</b>	<b>835.28</b>	<b>327.44</b>	<b>336.98</b>	<b>243.04</b>	<b>100.50</b>
<b>Adjustments for:</b>						
Depreciation	57.46	120.27	128.50	75.48	53.14	52.98
Interest Charges	383.39	626.99	536.38	369.57	244.93	109.92
Interest Income	(40.13)	(52.74)	(31.38)	(33.86)	(22.65)	(17.30)
Miscellaneous Expenditure Written Off	-	-	-	0.04	0.04	0.04
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>919.68</b>	<b>1,529.80</b>	<b>960.94</b>	<b>748.20</b>	<b>518.49</b>	<b>246.14</b>
<b>Adjustment for:</b>						
(Increase)/Decrease in Debtors	4,659.55	(2,280.31)	(1,469.65)	(1,321.87)	63.37	(52.93)
(Increase)/Decrease in Inventories	(3,780.53)	1,509.67	(1,542.95)	(525.86)	(832.92)	3.66
(Increase)/Decrease in Loans and Advances	(157.05)	(14.72)	(233.35)	(97.67)	37.59	(8.09)
(Increase)/Decrease in Other Current Assets	11.10	103.12	(7.68)	(40.33)	(18.99)	(223.94)
Increase/(Decrease )in Current Liabilities and Provisions	3,895.67	(2,048.85)	1,543.48	514.62	348.26	(153.68)
<b>Cash Generated from/(used in) Operations</b>	<b>5,548.41</b>	<b>(1,201.29)</b>	<b>(749.21)</b>	<b>(722.91)</b>	<b>115.80</b>	<b>(188.85)</b>
(Direct Taxes Paid)/Refund received	(5.00)	(54.05)	(39.64)	(62.18)	(52.38)	(21.32)
Add: Interest Received	40.13	52.74	31.38	33.86	22.65	17.30
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>5,583.54</b>	<b>(1,202.61)</b>	<b>(757.47)</b>	<b>(751.22)</b>	<b>86.06</b>	<b>(192.88)</b>
<b>Cash Flow from Investing Activities</b>						
Purchase of Fixed Assets	(117.53)	(45.49)	(70.48)	(587.33)	(115.04)	(70.66)
Capital Work In Progress	(1,960.74)	-	-	-	-	-
Pre-operative Expenditure	(1.42)					
Sale of Fixed Assets	-	-	9.26	-	-	8.19
Purchase of Investments	-	(365.00)	-	-	-	-
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(2,079.69)</b>	<b>(410.49)</b>	<b>(61.22)</b>	<b>(587.33)</b>	<b>(115.04)</b>	<b>(62.46)</b>
<b>Cash Flow from Financing Activities</b>						
Interest Paid	(383.39)	(626.99)	(536.38)	(369.57)	(244.93)	(109.92)
Proceeds from Issue of Equity Shares	-	170.00	60.00	0.03	246.00	-
Increase/ (Decrease) in Share application money	(195.00)	(30.00)	(170.00)	200.00	(225.00)	16.58
Increase/ (Decrease) in Bank Borrowings	(2,052.53)	2,228.99	738.34	1,062.59	329.89	316.64
Increase/ (Decrease) in Unsecured Loans	(958.38)	(133.82)	820.86	330.61	57.88	(17.03)
<b>Net Cash (used in) / from Financing Activities (C )</b>	<b>(3,589.31)</b>	<b>1,608.18</b>	<b>912.83</b>	<b>1,223.66</b>	<b>163.85</b>	<b>206.28</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(85.46)</b>	<b>(4.92)</b>	<b>94.13</b>	<b>(114.90)</b>	<b>134.87</b>	<b>(49.06)</b>
Cash and Cash Equivalents At the	134.49	139.40	45.27	160.17	25.30	74.36

Beginning of the Period/Year						
Cash and Cash Equivalents At the End of the Period/Year	49.03	134.49	139.40	45.27	160.17	25.30

**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.  
3. Figures have been rounded off to the nearest thousand

## Adjustments

**Statement of Adjustment in Profit & Loss Account arising out of Changes in accounting Policies and material adjustments relating to previous years/periods:**

(INR in Lakhs)						
Particulars	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Net Profit /(Loss) After Taxes as per Audited P&amp;L A/C</b>	<b>338.78</b>	<b>496.61</b>	<b>217.29</b>	<b>207.57</b>	<b>156.11</b>	<b>26.02</b>
Adjustments - Increase/(Decrease)						
Other Income	-	-	(3.04)	-	(1.00)	-
Prior Period Items (Adjusted in respective year)	-	-	-	-	-	34.51
Sales Tax (Provision)/ Excess Liability written back	-	7.12	20.77	4.73	(3.44)	(5.40)
Professional Tax (Provision)/ Excess Provision Written Back	0.1	(0.05)	(0.05)	(0.05)	0.13	(0.05)
Gratuity (Provision)/ Excess Provision Written Back	4.75	2.07	(0.91)	(0.50)	(1.34)	(4.08)
Income Tax & Fringe Benefit Tax (Provision)/ Excess Provision Written Back	-	12.43	2.94	9.97	47.05	(16.07)
Depreciation Adjustment Excess /(short) charged	-	-	-	-	(24.28)	24.28
Net Total (Decrease)/Increase due to Adjustments	-	21.58	19.71	14.15	17.12	33.19
<b>Net Profit /(Loss) After Tax as per Restated Profit and Loss</b>	<b>343.63</b>	<b>518.19</b>	<b>237.01</b>	<b>221.72</b>	<b>173.23</b>	<b>59.21</b>

## MATERIAL ADJUSTMENTS RELATED TO PREVIOUS YEAR/ PERIOD AND CHANGE IN ACCOUNTING POLICY

1. Sales Tax paid in one financial year debited to Profit and Loss Account of the Same Year, though it is related to the previous years, now rectified and debited in the relevant financial year by crediting the current liabilities and provisions. The details of which are provided below:

Sl. No.	Sales Tax paid during the financial year (Debited to the Profit and Loss account of same Financial Year)	Sales Tax Amount (Rs. in Lakhs)	Relevant Financial Year
1	2006-2007	3.21	2005-06
2	2008-2009	0.33	
3	2009-2010	2.03	
4	2009-2010	4.46	2006-07
5	2007-2008	12.00	2000-01
6	2008-2009	20.44	
7	2005-2006	34.51	2000-01 & 2001-02

Out of the above, the amounts pertaining to the Financial Years before 2005-06, now restated and adjusted in Accumulated Surplus standing as on 01-04-2005

2. During the Financial Year 2006-2007 the Company has adjusted Rs.0.16 Lacs as Sales Expenses in a party account, Related to Financial Year 2005-06, which was debited to Profit & Loss Account for the year 2006-07, now restated and debited to Profit & Loss Account of Financial Year 2005-06
3. During the Financial Year 2009-2010 the Company has paid Rs.0.63 Lacs as Sales Tax Appeal deposit Related to Financial Year 2006-07, which was debited to Profit & Loss Account for the year 2009-10, now restated and shown as Deposit
4. Advance Income Tax / TDS paid in the relevant financial year has been kept in Advances and debited to Profit and Loss Account of the Subsequent Year, now rectified and debited in the relevant financial year by crediting the current liabilities and provisions. The details of which are provided below:

Sl. No.	Advance IT / TDS paid during the financial year (pertaining to the same Financial Year)	Nature of Payment	Advance IT / TDS Amount (Rs. in Lakhs)	Debited to the Profit and Loss account of the Financial Year
1	2004-2005	Advance Tax	13.00	2005-06
		TDS	2.18	
2	2005-2006	Advance Tax	10.00	2006-07
		TDS	3.87	
3	2006-2007	Advance Tax	15.00	2007-08
		TDS	5.37	
4	2007-2008	Advance Tax	15.00	2008-09
		TDS	7.57	
5	2008-2009	Advance Tax	18.00	2009-10
		TDS	5.86	

5. Income Tax paid in one financial year debited to Profit and Loss Account of the Same Year, though it is related to the previous years, now rectified and debited in the relevant financial year by crediting the current liabilities and provisions. The details of which are provided below:

Sl. No.	Income Tax or interest on Income Tax paid during the financial year (Debited to the Profit and Loss account of same Financial Year)	Income Tax Amount (Rs. in Lakhs)	Relevant Financial Year
1	2005-2006	5.44	2004-05
2	2005-2006	1.92	2002-03
3	2006-2007	11.7	2005-06
4	2006-2007	0.13	2004-05
5	2006-2007	1.05	2002-03
6	2006-2007	9.13	2003-04
7	2007-2008	15.00	2005-06
8	2007-2008	11.18	2004-05
9	2008-2009	1.21	2007-08
10	2008-2009	2.00	2003-04
11	2008-2009	1.96	2005-06
12	2009-2010	2.22	2008-09
13	2009-2010	4.20	2003-04

6. During the Financial Year 2009-2010 the Company has paid Rs.6.00 Lacs as Income Tax Appeal Deposit, Related to the Financial Year 2006-07, was debited to Profit & Loss Account for the year 2009-10, now restated and shown as Deposit
7. During the Financial Year 2007-2008 the Company has received Rs.7.27 Lacs as Sales Tax Refund, Related to Financial Year 2003-04, was credited to Profit & Loss Account for the year 2007-08, now restated and adjusted in the relevant financial year by debiting the current assets.
8. During the Financial Year 2008-2009 the Company has received Rs.3.04 Lacs as Sales Tax Refund, Related to Financial Year 2004-05, was credited to Profit & Loss Account for the year 2008-09, now restated and adjusted in the relevant financial year by debiting the current assets.

9. During the Financial Year 2006-2007 the Company has received Rs.2.02 Lacs as Sales Tax Refund, Related to Financial Year 2003-04, was credited to Profit & Loss Account for the year 2006-07, now restated and adjusted in the relevant financial year by debiting the current assets.
10. During the Financial Year 2006-2007 the Company has paid Rs.0.03 Lacs as Professional Tax Related to Financial Year 2004-05, which was debited to Profit & Loss Account for the year 2006-07, now restated and adjusted in Accumulated Surplus standing as on 01-04-2005
11. During the Financial Year 2006-2007 the Company has paid Rs.0.05 Lacs each as Professional Tax Related to Financial Year 2005-06 and 2007-08, which was debited to Profit & Loss Account for the year 2006-07, now restated and debited to Profit & Loss Account of respective Financial Year.
12. During the Financial Year 2006-2007 the Company has received Rs.1.00 Lacs as Excise Duty Refund, Related to Financial Year 2002-03, was credited to Profit & Loss Account for the year 2006-07, now restated and adjusted in the relevant financial year by debiting the current assets.
13. The company has made less/ Excess provision than the Gratuity liability determined by the Actuary as per their valuation reports. The details of the additional provision made or excess provision written back related to Gratuity Liability have been provided in the above table

#### **Annexure IV**

#### **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) - (As certified by Management)**

Inventories have been valued as under:

- |                                      |  |
|--------------------------------------|--|
| (i) Raw Materials :                  | At Cost.   |
| (ii) Stores, Spares and Components : | At Cost.   |
| (iii) Finished Goods :               | Cost of production or net realisable value<br>whichever is less. |
| (iv) Scrap :                         | At cost.   |

##### **4. Depreciation (AS 6)**

Depreciation is provided on Written down Value 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)**

Items of income and expenditure are recognized on accrual basis.

##### **6. Fixed Assets (AS 10)**



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 / realisation and year end re-instatement referred to above are recognized in the Profit & Loss Account.

## 8. Investments (AS 13)

Investments are classified as long-term investments. Investments which are long term in nature are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

## 9. Retirement Benefits (AS 15)

### (a) Post- employment benefit plans

The company has carried out actuarial valuation of gratuity using Projected Unit Credit Method as required by Accounting Standard 15 "Employee Benefits" (Revised 2005) and the liability as per actuarial valuation as at year end is recognized in profit and loss account. The company does not have any defined contribution plan

### (b) Short term employment benefits

Apart from the Gratuity benefit the company does not pay any other benefit to the employees hence no such liability is accrued

## 10. 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 is recognized for all timing differences. Deferred tax assets are recognized subject to consideration of prudence

## 11. 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

## 12. 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.

A).The company has obtained loans details of which are provided below.

Sr.No.	Nature of facility/ borrowing	Bank/ Party	Sanctioned Amount (Rs.In Lacs)	Interest Rate/Margin	Repayment Schedule	Security/Guarantee
1.	Term Loan	L & T Finance	200	Rate of Interest: 13 % on Monthly rests.	Repayable in 24 monthly installments	<b>1)Term Loan:</b> <b>Primary Security:</b> First Charge by way of mortgage part of Land and Building having a value of at least 2 times of the facility amount located at plot Nos 2,3,4,15,16,18&19, Survey No.386,Shamshabad, Ranga Reddy Dist,AP. <b>PersonalGuarantee:</b>

						Personal guarantee of the following directors <b>1.Mr Jugal Kishore Agarwal</b> (Managing director)
2.	Term Loan	SBH	2325	<b>Rate of Interest:-</b> <b>Term Loan:</b> At 5.00% above Above SBHBR Presently 13.25% p.a (Floating)	<b>Term Loan:</b> Re payable 23 Quarterly Installments of Rs 97.00 Lakhs each and 24 <sup>th</sup> installment of Rs. 94.00 Lakhs)	<b>Security:</b> Extension of all the Collaterals offered to cover the working capital limits to cover the Term Loan limits also.
2.	Additional Cash Credit, SBLC (Stand by Line of Credit ) and LC (Letter of Credit)	SBH	2750 (Cash Credit - 750 , SBLC - 500 and LC - 1500)	<b>Rate of Interest:-</b>  Cash Credit: At 5.50% Above SBHBR Presently 13.75% p.a (Floating)  SBLC: At 6.50% Above SBHBR Presently 14.75% p.a (Floating)	Cash Credit: Repayable on Demand  SBLC: Limit will be used for a maximum period of 12 Months at any one instant.  LC: Period of usage up to 90 days.	<b>Primary Security:</b> First Charge by way of hypothecation of current assets of the Company  <b>Collateral Security:</b> Extension of all the existing Collaterals offered to cover the working capital limits to cover the additional working capital limits also.  Additional Collateral security offered by way of Equitable Mortgage of Property situated at Sy. No. 547 at Nandigama Village, Kothur Mandal, Mahaboobnagar District, Admeasuring Ac 5.00 standing in the name of Sri Jitender Kumar Agarwal. Property worth Rs 1.69 Crores.  Hypothecation of Plant and Machinery WDV Rs 8.89 crores based on Balance Sheet as on 31.03.2010.

Note: SBH – State Bank of Hyderabad

B) Additional Income Tax Liability

Assessment Year/Assessment Order Date	2008-09/07.12.2010.
Additional Demand raised through the order (including Interest).	Rs 16, 96,040/-.

Particulars	<p>i) The Assessing Officer disallowed Amount of Rs 14, 74,780/- . Due to Assessee has debited on amount towards "Shortage on Delivery".</p> <p>ii) Amount of Rs 24, 34,365/- disallowed for non remittance/ short remittance of TDS before due dates specified under the IT Act. For the nature of payments of Security Charges, Consulting fees and Sales tax Consultants.</p>
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### **C) Additional Investment in Subsidiary Company**

The company has acquired additional 4,00,000 Equity Shares from the existing share holders, for an aggregate consideration of Rs. 40.00 Lakhs, of M/s Sheetal Siddhi Veg Oil Private Limited, Subsidiary of the Company. Subsequent to the acquisition the total investment in Subsidiary Company has increased to Rs. 405.00 Lakhs. The shareholding has increased to 40,50,000 Equity Shares (88.62%)

13. 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.
14. 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.
15. 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 2005-06**

**NIL**

### **Notes Pertaining to 2006-07**

#### **1. Share Capital**

During the year, the Company had issued 22,10,000 Equity shares at par value of Rs.10/- each to the promoters and 2,50,000 Equity shares at par value of Rs. 10/- each to non promoters.

### **Notes Pertaining to 2007-08:-**

#### **1. Share Capital**

During the year, the Company had issued 300 Equity shares at par value of Rs.10/- each to non promoters

### **Notes pertaining to 2008-09:-**

#### **1. Share Capital**

During the year, the Company had issued 3,00,000 Equity shares at par value of Rs.10/- each to the promoters and 3,00,000 Equity shares at par value of Rs. 10/- each to non promoters

### **Notes pertaining to 2009-10:-**

#### **1. Share Capital**

During the year, the Company had issued 8,00,000 Equity shares at par value of Rs.10/- each to the promoters and 9,00,000 Equity shares at par value of Rs. 10/- each to non promoters.

#### **2. Investments**

The Company has invested an aggregate amount of Rs. 365.00 lakhs in Sheetal Siddhi Veg Oil Private Limited in the year 2009-10 in line with the investment policy of the Company which is to select companies which have business synergies and provide financial and technical support and grow them into profitable ventures.

**Change in the Status:-**

Sheetal Refineries Private Limited which was originally incorporated on 06-04-1998 under the Companies Act 1956 as SHEETAL REFINERIES PRIVATE LIMITED. The status of the Company has been changed from Private Limited to Public Limited w.e.f 14-07-2010 by complying with the provisions of the Section 31 of the Companies Act.

**Annexure V**  
**(INR in Lakhs)**

**Statement of Share Capital**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Authorized Capital						
1,50,00,000 Equity Shares of Rs.10/- each	1500.00	1500.00	900.00	650.00	650.00	650.00
Subscribed and Paid up Capital						
Equity Shares of Rs.10/- each	704.66	704.66	534.66	474.66	474.63	228.63
Share Application Money	-	195.00	225.00	395.00	195.00	420.00
<b>Total</b>	<b>704.66</b>	<b>899.66</b>	<b>759.66</b>	<b>869.66</b>	<b>669.63</b>	<b>648.63</b>

**Annexure VI**  
**(INR in Lakhs)**

**Statement of Investments**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Quoted</b>	-	-	-	-	-	-
<b>Unquoted</b>						
Green Valley Herbal Farms Ltd. (2500 Shares of Rs.10/-)	0.25	0.25	0.25	0.25	0.25	0.25
Sheetal Siddhi Veg Oil Pvt. Ltd. (3650000 Shares of Rs10/-)	365.00	365.00	-	-	-	-
<b>Total</b>	<b>365.25</b>	<b>365.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>

**Annexure VII**  
**(INR in Lakhs)**

**Statement Showing Analysis of Sundry Debtors**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Debts outstanding exceeding six months</b>						
Considered Good	235.06	214.51	211.01	34.24	28.83	47.07
Considered Bad	-	-	-	-	-	-
<b>Other Debts</b>						
Considered Good	1,008.54	5,688.64	3,411.84	2,118.95	802.49	847.63
Considered Bad	-	-	-	-	-	-
<b>Total</b>	<b>1,243.60</b>	<b>5,903.16</b>	<b>3,622.84</b>	<b>2,153.20</b>	<b>831.33</b>	<b>894.70</b>

None of the Sundry Debtor includes the amount due from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVI relating to related party transactions

Annexure VIII  
(INR in Lakhs)

Details of Loans and Advances:

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Advance Payment Of Income Tax And TDS	5.00	25.38	-	-	-	-
Prepaid Expenses (Insurance)	0.74	2.33	2.87	2.82	3.62	4.02
Sales Tax (Input Advance)	87.35	35.68	12.34	-	-	-
Other Claims & recoverable	441.72	277.45	163.60	90.87	23.41	60.53
Advances to related parties	-	57.30	179.23	31.00	-	0.07
<b>Total</b>	<b>534.82</b>	<b>398.15</b>	<b>358.04</b>	<b>124.69</b>	<b>27.02</b>	<b>64.61</b>

None of the Loans & Advances are provided to the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVI relating to related party transactions

Annexure IX  
(INR in Lakhs)

Statement of Secured Loans

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Loans and Advances From the Banks	3,194.74	5,247.26	3,017.41	2,278.20	1,217.63	939.39
Other Loans and Advances	51.72	51.94	52.80	53.66	51.65	-
<b>Total</b>	<b>3,246.66</b>	<b>5,299.20</b>	<b>3,070.21</b>	<b>2,331.87</b>	<b>1,269.28</b>	<b>939.39</b>

Brief terms and conditions of secured loans including repayment schedule are given in Annexure IX A in separate sheet.

Secured Loans

Annexure IX A  
(INR in Lakhs)

Sr. No	Nature of facility/ borrowing	Bank/ Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
1.	Cash Credit (Hyp)	SBH	4750	<b>Rate of Interest:</b> at 0.50% above SBHPLR presently 12.75% p.a (floating)  <b>Margin:</b> Raw materials & finished goods (25%) Receivables (50%)	Repayable on Demand  (Renewal Due on 03-11-2010)	2556.91	<b>1) <u>Cash Credit (Hyp) limit:</u></b>  The Company's Factory Premises, Godowns own or rented within the Company's premises in open or any other place of storage with the prior approval of the Bank.
2.	Adhoc Cash Credit	SBH	300	The Adhoc Cash credit Limit 1.00% over the regular CC	Repayable on Demand	0.00	<b>2) <u>Working Capital Limits:</u></b>  <b><u>Primary Security:</u></b> First Charge by way of hypothecation of current assets

				Limit ie; PLR+0.50%+ 1.00% ie; 13.75%			<p>of the Company.</p> <p><b><u>Collateral Security:</u></b></p> <p>1)Equitable Mortgage of factory land and building at Survey No.341, Gaganpahad Village, standing in the name of the Company admeasuring 0.34 guntas</p> <p>2)Equitable Mortgage of factory land and building at Survey No. 7,8, 339 and 340, Gaganpahad Village, standing in the name of the Jugal Kishore Agarwal admeasuring 2463 Sq. Yards</p> <p>3) Equitable Mortgage of land in factory premises at survey no. 342, Gaganpahad village, standing in the name of Sri Jugal Kishore Agarwal admeasuring 1 acre 8 gunta.</p> <p>4)Equitable Mortgage of residential house bearing no.11-5-266/4/24 Indrajeet Complex, Red Hills standing in the name of Smt. Sumitra Bai (land admeasuring 300 Sq. Yards)</p> <p>5) Equitable mortgage of Flat No.128/A, bearing MCH no.5-1-527, Jamuna Archade, Jambagh Road, Hyderabad standing in the name of Smt Jyothi Agarwal admeasuring 514.50 Sq.ft Super Plinth Area and share in land about 8 Sq. Yds. Out of 5494 Sq. meters</p> <p>6) Equitable mortgage of Flat No.219/C, bearing MCH no. 5-1-527, Jamuna Archade, Jambagh Road, Hyderabad standing in the name of Sri. Jitender Kumar Agarwal admeasuring 1269 sq.ft Super Plinth Area and share in land about 15 Sq. Yds. Out of 5494 Sq. meters</p> <p>7) Immovable property standing in the name of Sri Jitender Kumar Agarwal, situated at in Sy. No. 6/AA, location known as "Sun City", situated at Bandamailaram Village, Mulugu Mandal, Medak (District), Andhra Pradesh, worth Rs. 40.00 lacs admeasuring 4927 Sq. Yds consisting of 10 plots (9 plots of each 500 Sq. Yds and 1 plot of 427 sq.yds)</p> <p>8) Equitable mortagage of properties situated at Plot No.11 &amp; 12, No.8-2-684/3/K/11</p>
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							and No. 8-2-684/3/K/12, Road No. 12, Banjara Hills, Hyderabad admeasuring 375 sq yds each standing in the name of Sri. Jugal Kishore Agarwal & Smt. Sumitra Bai respectively 9) Term Deposit Receipt with the Branch 10) Hypothecatio of plant and machinery WDV based on ABS as on 31.03.09 <b><u>Guarante:</u></b> Personal guarantee of the following directors 1. Shri Jugal Kishore Agarwal (Managing director) 2. Shri Jitender Kumar Agarwal(Executive Director) 3. Ms Sumitra Bai(Director) 4. Ms Jyoti Agarwal(Director)
3.	Term Loan	SBH	212	<b><u>Rate of Interest:</u></b> At SBHPLR i.e. Minimum of 13.00% (floating) with monthly compounding and a reset of spread every two years from the date of first disbursement of term loan. Interest to be paid as and when applied.	No. Of instalments -72 Amount of Each instalment- Rs.5.56 lacs Date of first installment - 01/04/2008 Date of last installment - 01/03/2014	173.93	<b><u>3. Term Loan:</u></b>  <b><u>Primary Security:</u></b> Hypothecation of Plant and Machinery WDV Rs 7.72 crores based on Balance Sheet as on 31.03.2009  <b><u>Collateral Security:</u></b> Extension of all the above collaterals offered to cover the working capital limits to cover the Term Loan limits also.
4	Car Loan	HDFC Finance Limited	7.21	Rate of Interest - 12.50% (Fixed)	No. of Installments – 36, each EMI is of Rs. 0.23 Lacs. Date of First installment – 07/05/2009 and date of last instalment – 07/04/2012	4.07	<b><u>Primary Security</u></b>  Hypothecation of Verna SX Car (Regn No. AP28 DD0625)
5	Term Loan	Kotak Mahindra Bank Limited	470.00	<b><u>Rate of Interest:</u></b> 13.00% (Fixed)	Repayment Schedule: in 36 EMIs starting from month following	459.26	<b><u>Primary:</u></b> Exclusive charge of fixed assets to the extent of property mortgaged in favor of the Bank  <b><u>Collateral:</u></b>

					the month of first disbursement of TL		Under Construction 10 Villas owned by the company bearing Plot Nos. 5,6,7,8,9,10,11,12,13,14, all in Survey No. 386, each plot land are admeasuring 390 Sq.yds total land admeasuring 3900 Sq. yds out of Ac. 2-17 Gts, with built up area total admeasuring 54,064 Sft. Situated at Shamshabad village, GP & Mandal, R. R. District, A.P.
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SBH – State Bank of Hyderabad,

Notes:

1. The Company has not defaulted on loans and no penalty has been levied.
2. The above limits availed from State Bank of Hyderabad, Mahboobgunj Branch, Hyderabad which have been sanctioned/ renewed vide their letters dated 07-12-2007, 11-09-2009, 11-02-2010 and 29-12-2010.

**Annexure X**  
**(INR in Lakhs)**

**Statement of Unsecured Loans**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
From Directors	138.60	354.36	44.64	48.47	69.63	28.73
From Share Holders & Relatives	3.20	739.31	330.50	375.76	21.89	6.91
From Others	11.00	17.50	869.86	-	2.00	-
<b>Total</b>	<b>152.79</b>	<b>1,111.18</b>	<b>1,244.99</b>	<b>424.13</b>	<b>93.52</b>	<b>35.64</b>

Note: There are no defaults or reschedulement on above mentioned loans and no penalty has been levied.

**Note:** The above Unsecured Loans are repayable on demand and interest is payable @ 12% per annum. None of the Unsecured Loans includes the amount taken from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVI relating to related party transactions.

**Annexure XI**  
**(INR in Lakhs)**

**Current Liabilities & Provisions :-**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>a) Current Liabilities:</b>						
Sundry Creditors	3,943.06	1,408.28	3,352.98	1,705.06	1,379.62	1,041.10
Outstanding Expenses	52.67	22.53	47.30	69.78	80.76	57.50
Advance from Consignment Agents	1,471.69	140.95	220.33	302.29	102.13	115.64
<b>Total</b>	<b>5,467.42</b>	<b>1,571.76</b>	<b>3,620.61</b>	<b>2,077.13</b>	<b>1,562.51</b>	<b>1,214.24</b>
<b>b) Provisions</b>						
Provision for Income Tax	507.93	345.20	28.59	17.71	47.68	51.27
<b>Total</b>	<b>507.93</b>	<b>345.20</b>	<b>28.59</b>	<b>17.71</b>	<b>47.68</b>	<b>51.27</b>
<b>Total</b>	<b>5,975.35</b>	<b>1,916.96</b>	<b>3,649.20</b>	<b>2,094.84</b>	<b>1,610.19</b>	<b>1,265.51</b>

**Note:** None of the Current Liabilities & Provisions includes the amount due to the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVI relating to related party transactions.



**Annexure XII**  
**(INR in Lakhs)**

**Statement of Deferred tax**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Opening Balance:	152.76	180.95	141.04	58.00	36.99	34.32
Add/ (Less): Deferred Tax Liability during the year	(12.79)	(28.20)	39.91	83.04	21.01	2.67
<b>Net Differed Tax Effect</b>	<b>139.97</b>	<b>152.76</b>	<b>180.95</b>	<b>141.04</b>	<b>58.00</b>	<b>36.99</b>

**Annexure XIII**  
**(INR in Lakhs)**

**Statement of Other Income**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Recurring Nature</b>						
Interest on Loans & Advances & Deposits	40.13	52.74	31.38	33.86	22.65	17.30
Dividend on Chits	0.74	2.32	6.08	2.48	0.50	1.02
Settlement Account @	-	239.83	42.30	91.44	9.49	0.01
Rental Income	-	-	-	-	-	0.14
<b>Total</b>	<b>40.86</b>	<b>294.88</b>	<b>79.76</b>	<b>127.78</b>	<b>32.63</b>	<b>18.47</b>
<b>Non - Recurring Nature</b>						
Profit/ Commission on Hiseas Sales	-	-	15.00	-	-	1.75
Insurance Claims	1.34	0.00	0.00	0.00	0.00	0.00
Declaration of Undeclared Income	-	-	-	-	135.00	-
Profit on Sale of Flat	-	-	-	-	-	4.74
Other Receipts	-	-	-	-	0.02	-
<b>Total</b>	<b>1.34</b>	<b>-</b>	<b>15.00</b>	<b>-</b>	<b>135.02</b>	<b>6.50</b>
<b>Total Other Income</b>	<b>42.20</b>	<b>294.88</b>	<b>94.76</b>	<b>127.78</b>	<b>167.66</b>	<b>24.97</b>

@ "Settlement account" represents the compensation received from the buyers/ paid to the sellers due to failure of honouring their contracts of sale and the amount paid/ received as compensation from such settlement of contracts.

**Annexure XIV**  
**(INR in Lakhs)**

**Benefits to Employees**

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Bonus	-	2.26	1.83	1.73	1.59	1.63
Gratuity provision	9.61	1.25	1.68	1.22	2.00	4.08
Salaries & Wages	14.39	22.60	18.29	17.29	15.94	19.72
Staff Welfare	1.53	2.90	4.26	4.66	1.06	1.12
Mess Expenses	0.39	2.53	2.13	-	-	-
E.S.I. Contribution	0.54	1.02	0.81	0.76	0.72	0.73
Provident Fund	1.04	1.95	1.58	1.48	1.43	1.48
<b>Total</b>	<b>27.50</b>	<b>34.50</b>	<b>30.57</b>	<b>27.14</b>	<b>22.74</b>	<b>28.76</b>

**Annexure XV**

**Segment Reporting**

The company operates in one business segment i.e., Refining of Oil and operates in one Geographical segment i.e., India. As such, there are no separate reportable segments as per AS -17 "Segment Reporting".

The company vide resolution dated 27-12-2010, has altered the Other Object Clauses of the MOA, whereby the company enters into Real Estate Development activity. The said alteration has been registered by the ROC vide their certificate dated 06-01-2011

#### Annexure XVI

**Related Party Transactions as per Accounting Standard (AS-18) on Related Party Disclosures Issued by ICAI, The Disclosures of Transaction with the related Parties are as Follows-**

##### Key Management Personnel / Promoters

Name	Designation	Period	
		From	To
Jugal Kishore Agarwal	Managing Director/ Promoter	06.04.1998	Till date
Jitender Kumar Agarwal	Director/ Promoter	06.04.1998	Till date

##### Subsidiary Companies

Name of Subsidiary	Period	
	From	To
Sheetal Siddhi Veg. Oil Private Limited	08.02.10	Till date

##### Other Related Parties where Common control exists :

Companies	Partnership Firms	Proprietorship Firms
Sheetal Globe Agro Oils Pvt Ltd	Siddhi Vegetable Oil Products	Sheetal Globe Agro Oils
Sheetal Commodities Pvt Ltd		Nathmal Jugal Kishore (HUF)
		*Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils
		Sheetal Constructions & Infrastructure
<b>Relatives of Promoters</b>		
Name of Relative	Relationship	
Mrs. Jyothi Agarwal	Wife of Mr. Jitender Kumar Agarwal	
Mr. Ghanshyam Das Agarwal	Brother of Mr. Jugal Kishore Agarwal	
Mrs. Sumitra Bai	Wife of Mr. Jugal Kishore Agarwal	

\* Globe Agro Oils formerly known as "Celebrity Agro Oils", prior to it known as "Sri Thirupathi Balaji Oils"

Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							Annexure XVI	
							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
Income & Expenses								
Sales	Promoters	Sri Jitender Kumar Agarwal	1.22	-	-	-	-	-
	Total		1.22	-	-	-	-	-
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	293.63	5,093.64	-	-	-	-
		Siddhi Vegetable Oil Products	-	-	289.88	-	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	759.13	17,186.35	7,934.31	9,108.57	4,064.35
		Sheetal Siddhi Veg. Oil Private Limited	10,808.61	13,517.35	-	-	-	-
	Total		11,102.24	19,370.12	17,476.23	7,934.31	9,108.57	4,064.35
Purchases/ Contracts	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	1,486.75	422.95	-	-	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	1,860.52	17,180.45	7,961.20	9,345.68	5,814.37
		Sheetal Siddhi Veg. Oil Private Limited	8,059.53	16,885.81	-	-	-	-
		Sheetal Constructions & Infrastructure	1,731.86	-	-	-	-	-
	Total		11,278.14	19,169.28	17,180.45	7,961.20	9,345.68	5,814.37
Managerial Remuneration	Salary (Promoters/KMP)	Sri Jugal Kishore Agarwal	6.00	12.00	12.00	12.00	9.00	9.00
		Sri Jitender Kumar Agarwal	6.00	12.00	12.00	12.00	9.00	9.00
	Total		12.00	24.00	24.00	24.00	18.00	18.00
Rent paid	Promoters	Sri Jugal Kishore Agarwal	1.50	3.00	3.00	3.00	3.00	3.00
	Total		1.50	3.00	3.00	3.00	3.00	3.00
	Relatives of Promoters	Smt. Sumitra Bai	1.50	3.00	3.00	3.00	3.00	3.00
	Total		1.50	3.00	3.00	3.00	3.00	3.00
Salary paid	Relatives of Promoters	Smt. Jyothi Agarwal	3.00	1.20	1.20	1.20	0.84	0.84
	Total		3.00	1.20	1.20	1.20	0.84	0.84
Interest Received	Promoters	Sri Jitender Kumar Agarwal	5.28	19.80	-	0.10	-	-
	Total		5.28	19.80	-	0.10	-	-

							Annexure XVI	
Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
	Relatives of Promoters	Smt. Sumitra Bai	0.19	0.27	-	-	-	-
		Smt. Jyothi Agarwal	1.52	4.32	-	-	-	-
	Total	1.70	4.59	-	-	-	-	
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	-	-	1.41	-	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	28.22	-	-	-	-	-
	Total	28.22	-	1.41	-	-	-	
	Interest Paid	Promoters	Sri Jugal Kishore Agarwal	33.07	32.39	0.85	1.37	0.13
Sri Jitender Kumar Agarwal			-	-	3.42	-	4.02	1.09
Total		33.07	32.39	4.28	1.37	4.15	1.09	
Relatives of Promoters		Smt. Sumitra Bai	0.01	-	0.23	-	-	-
		Smt. Jyothi Agarwal	3.03	-	1.07	-	-	-
Total		3.03	-	1.30	-	-	-	
Companies / Firms in which Promoters has significant interest		Nathmal Jugal Kishore (HUF)	0.04	0.07	0.06	0.58	1.18	0.98
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	-	-	8.45	-	-
Total		0.04	0.07	0.06	9.03	1.18	0.98	
Loans/ Advances given during the period	Promoters	Sri Jugal Kishore Agarwal	-	-	-	-	-	0.06
	Total		-	-	-	-	-	0.06
	Relatives of Promoters	Smt. Sumitra Bai	-	-	-	-	-	0.01
		Smt. Jyothi Agarwal	-	43.70	2.82	30.87	9.55	20.02
	Total		-	43.70	2.82	30.87	9.55	20.03
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	-	16.00	175.00	-	-	-
		Sheetal Constructions & Infrastructure	1,041.12	85.50	196.15	31.00	-	-

							Annexure XVI	
Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
	Total		1,041.12	101.50	371.15	31.00	-	-
Loans Recovered during the period	Promoters	Sri Jugal Kishore Agarwal	-	-	-	-	0.06	-
		Sri Jitender Kumar Agarwal	5.28	19.80	-	0.10	-	-
	Total		5.28	19.80	-	0.10	0.06	-
	Relatives of Promoters	Smt. Sumitra Bai	-	-	-	-	0.01	-
		Smt. Jyothi Agarwal	52.36	-	-	30.87	9.55	20.02
	Total		52.36	-	-	30.87	9.56	20.02
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	-	192.41	-	-	-	-
		Sheetal Constructions & Infrastructure	1,023.80	85.50	227.15	-	-	-
	Total		1,023.80	277.91	227.15	-	-	-
Loans Received during the period	Promoters	Sri Jugal Kishore Agarwal	7.80	336.22	17.34	23.04	109.83	92.56
		Sri Jitender Kumar Agarwal	700.80	609.19	374.89	243.58	850.78	122.78
	Total		708.60	945.42	392.23	266.62	960.61	215.34
	Relatives of Promoters	Smt. Sumitra Bai	7.79	3.00	3.67	5.13	14.50	89.72
		Smt. Jyothi Agarwal	151.52	-	13.84	1.42	-	-
	Total		159.31	3.00	17.51	6.54	14.50	89.72
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	736.15	-	-	-	-
		Nathmal Jugal Kishore (HUF)	-	-	-	-	2.20	2.03
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	-	-	11,836.84	-	-
Total		-	736.15	-	11,836.84	2.20	2.03	
Loans/ Advances Repaid during	Promoters	Sri Jugal Kishore Agarwal	395.23	25.68	11.16	30.53	99.45	93.88
		Sri Jitender Kumar Agarwal	560.98	642.39	389.17	258.62	824.42	96.15

							Annexure XVI	
Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
the period	Total		956.21	668.08	400.34	289.15	923.87	190.03
	Relatives of Promoters	Smt. Sumitra Bai	1.15	10.79	2.58	16.57	2.77	91.22
		Smt. Jyothi Agarwal	154.54	-	16.33	-	-	-
	Total		155.69	10.79	18.91	16.57	2.77	91.22
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	736.15	-	-	-	-	-
		Nathmal Jugal Kishore (HUF)	0.00	0.01	0.01	7.70	0.12	4.00
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	-	-	11,845.29	-	-
	Total		736.16	0.01	0.01	11,853.00	0.12	4.00
	Closing Balance (Loans /Advances Given)	Promoters	Sri Jugal Kishore Agarwal	-	-	-	-	-
Total			-	-	-	-	-	0.06
Relatives of Promoters		Smt. Sumitra Bai	-	6.46	-	-	-	0.01
		Smt. Jyothi Agarwal	-	50.84	2.82	-	-	-
Total			-	57.30	2.82	-	-	0.01
Companies / Firms in which Promoters has significant interest		Siddhi Vegetable Oil Products	-	-	176.41	-	-	-
		Sheetal Constructions & Infrastructure	-	-	-	31.00	-	-
Total			-	-	176.41	31.00	-	-
Closing Balance (Loans Received)	Promoters	Sri Jugal Kishore Agarwal	-	354.36	11.43	4.41	10.52	-
		Sri Jitender Kumar Agarwal	138.60	(0.00)	33.20	44.06	59.11	28.73
	Total		138.60	354.36	44.64	48.47	69.63	28.73
	Relatives of Promoters	Smt. Sumitra Bai	-	-	1.60	0.28	11.72	-
		Smt. Jyothi Agarwal	-	-	-	1.42	-	-

							Annexure XVI	
Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
		Sri. Ghanshyam Das Agarwal	0.60	0.60	0.60	0.60	0.60	0.60
	Total		0.60	0.60	2.20	2.30	12.32	0.60
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	736.15	-	-	-	-
Nathmal Jugal Kishore (HUF)		0.67	0.63	0.57	0.52	7.64	4.38	
	Total		0.67	736.79	0.57	0.52	7.64	4.38
Outstanding Balance at the end of the year Receivables (net of Payable)	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	2,171.14	-	-	-	-
		Siddhi Vegetable Oil Products	-	-	394.26	-	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	(0.00)	424.48	345.22	417.75	(61.88)	10.74
		Sheetal Siddhi Veg. Oil Private Limited	(466.25)	641.83	-	-	-	-
		Total		(466.25)	3,237.44	739.48	417.75	(61.88)
Reimbursement of Expenses Paid	Promoters	Sri Jugal Kishore Agarwal	0.40	0.24	0.35	0.58	0.40	0.45
	Total		0.40	0.24	0.35	0.58	0.40	0.45
	Relatives of Promoters	Smt. Sumitra Bai	0.70	1.16	1.23	0.58	0.40	0.45
		Smt. Jyothi Agarwal	-	0.12	0.12	0.12	0.08	0.08
		Total		0.70	1.28	1.35	0.70	0.49
Maximum Outstanding Balance (Debtors, Creditors and Advances)	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	2,107.79	3,483.64	-	-	-	-
		Siddhi Vegetable Oil Products	-	394.26	394.26	-	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	479.47	1,620.59	7,887.47	(6,451.10)	(5,909.35)	(2,868.07)
		Sheetal Siddhi Veg. Oil Private Limited	(4,029.52)	(4,458.22 )	-	-	-	-
		Sheetal Constructions & Infrastructure	(1,714.54)	-	-	-	-	-

							Annexure XVI	
Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”							(INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended				
			30-09-10	31-03-10	31-03-09	31-03-08	31-03-07	31-03-06
	Total		(3,156.79)	1,040.27	8,281.73	(6,451.10)	(5,909.35)	(2,868.07)
Maximum Outstanding Balance (Loans Received and Loans/ Advances Given)	Promoters	Sri Jugal Kishore Agarwal	(358.05)	(354.36)	(11.81)	(11.34)	(95.11)	(73.66)
		Sri Jitender Kumar Agarwal	168.12	266.54	(309.93)	(60.26)	(308.85)	(31.48)
	Total		(189.94)	(87.82)	(321.74)	(71.61)	(403.97)	(105.14)
	Relatives of Promoters	Smt. Sumitra Bai	6.21	7.27	(3.08)	(13.82)	(12.40)	(74.00)
		Smt. Jyothi Agarwal	(151.99)	50.84	(11.93)	22.58	6.83	10.24
		Sri. Ghanshyam Das Agarwal	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)
	Total		(146.38)	57.51	(15.61)	8.16	(6.17)	(64.36)
	Companies / Firms in which Promoters has significant interest	Nathmal Jugal Kishore (HUF)	(0.67)	(0.63)	(0.57)	(7.64)	(7.64)	(5.50)
		Sheetal Constructions & Infrastructure	(1,021.80)	71.51	207.49	-	-	-
		Sheetal Globe Agro Oils	(736.15)	(736.15)	-	-	-	-
	Total		(1,758.62)	(665.27)	206.91	(7.64)	(7.64)	(5.50)

\* Globe Agro Oils formerly known as “Celebrity Agro Oils”, prior to it known as “Sri Thirupathi Balaji Oils”

Note:

- The related party relationships have been identified by the management and relied upon by the auditors.
- Figures in Bracket indicates Credit Balances.



## Tax Shelter Statement

(INR in Lakhs)  
Annexure XVII

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net Profit before Taxes, as restated	518.96	835.28	327.44	336.98	243.04	100.50
Tax Rate (%)	33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
Tax as per Net Profit Before Tax (A)	172.38	283.91	111.30	114.54	81.81	33.83
Adjustments						
Permanent Differences						
1.Interest on TDS	-	0.52	0.54	0.51	0.65	-
2.Gratuity provision	9.61	1.25	1.68	1.22	2.00	4.08
3.Donations (disallowed portion)	0.13	0.57	0.78	0.68	0.19	0.51
4.TDS	-	6.01	-	-	-	-
5.Consultancy Expenses	-	-	0.28	-	-	-
6.Rent received from Flats	-	-	-	-	-	(0.04)
Total Permanent Difference (B)	9.74	8.35	3.27	2.41	2.84	4.54
Timing Difference						
Difference between Tax Depreciation & Book Depreciation	37.62	82.96	(177.86)	(247.43)	(63.09)	(7.93)
Total of Timing Difference (C)	37.62	82.96	(177.86)	(247.43)	(63.09)	(7.93)
Total Adjustments (B+C)	47.35	91.31	(174.59)	(245.02)	(60.25)	(3.39)
Tax Expense/(Saving) Thereon (D)	15.73	31.04	(59.34)	(83.28)	(20.28)	(1.14)
Tax Liability After Considering the effect of adjustments (A) - (D)	188.11	314.95	51.95	31.26	61.53	32.69

The statement tax shelter is based on Income Tax Returns filed by the Company with Income Tax Authorities except for the period ended 30th September 2010.

## Statement of Accounting and Other Ratios

Particulars	Period ended	For the year ended				
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net worth as at the end of the year (Rs in Lakhs)	2,391.32	2,244.11	1,585.92	1,458.91	1,037.12	842.86
Net Profit after Tax, as restated (Rs. In Lakhs)	343.63	518.19	237.01	221.72	173.23	59.21
No. of equity shares outstanding at the end of year	70,46,600	7,046,600	5,346,600	4,746,600	4,746,300	2,286,300
Weighted average no. of equity shares outstanding during the year	70,46,600	6,648,244	4,879,751	4,746,301	24,03,916	2,286,300
Basic & Diluted Earnings per Share (Rs.) (As per AS-20- Earnings Per Share)	4.88	7.79	4.86	4.67	7.21	2.59
Return on Net Worth (%)	14.37	23.09	14.94	15.20	16.70	7.03
Net Asset Value per Share (Rs.)	33.94	31.85	29.66	30.74	21.85	36.87
Book Value per Share (Rs)	33.94	31.85	29.66	30.74	21.85	36.87

## The ratios have been computed as below:

The ratios have been computed as below:

Basic & Diluted Earnings per Share	=	Net Profit 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
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 XIX

(INR in Lakhs)

## Capitalization Statement

Particulars	Pre- Issue as at Sep 30, 2010	Pre- Issue as at March 31, 2010	Adjusted for Public Issue*
<b>Borrowings</b>			
Long Term Debt	3,241.75	5,070.24	
Short Term Debt	157.71	1,340.13	
<b>Total Debt</b>	<b>3,399.46</b>	<b>6,410.38</b>	
<b>Shareholders' Funds</b>			
Share Capital	704.66	899.66	
Reserves	1,688.08	1,344.45	
Less : Debit Balance in P&L	-	-	
Less: Miscellaneous Expenditure to the extent not Written off	(1.42)	-	
<b>Total Shareholders' Fund (Net Worth)</b>	<b>2,391.32</b>	<b>2,244.11</b>	
Long Term Debt/ Equity Share Capital	4.60	5.64	
Long Term Debt/ Shareholders' funds (Net Worth)	1.36	2.26	

\* Will be updated at the time of prospectus.

## Notes:

1. Short term Debts represent which are due within 12 months.
2. Long term Debts represent debts other than Short term Debt as defined above.
3. The figures disclosed above are based on re stated Standalone Summary statement of Assets and Liabilities of the company as at 31st March 2010 and for the period ended 30th September 2010.
4. Long term To Equity = Long term Debts/ Share holders Funds
5. Total Debt to equity ratio = Total Debt/ Share holders Fund
6. Share Application Money is considered for calculation of Shareholders' Fund.
7. The corresponding post issue figures are not determinable at this stage pending the completion of book building process and hence have not been furnished

## Contingent Liabilities

(INR in Lakhs)

Annexure XX

Particulars	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
<b>Contingent Liabilities</b>						
Sales Tax Appeals	523.30	523.30	523.30	405.86	176.91	94.41
Consumer Form	21.23	21.23	21.23	-	-	-
Income tax	153.30	153.30	159.30	159.30	54.14	37.34
Food Adulteration	3.25	3.25	3.25	3.25	3.25	3.25
Bank Guarantees	8.84	8.84	-	-	-	-
<b>Total</b>	<b>709.92</b>	<b>709.92</b>	<b>707.08</b>	<b>568.40</b>	<b>234.30</b>	<b>135.00</b>

## Restated consolidated Financial Information

The Board of Directors,  
SHEETAL REFINERIES LTD  
7-4-135/1, Gaganpahad  
R R District,  
Hyderabad

Dear Sirs,

Re: Public issue of Equity Shares of SHEETAL REFINERIES LTD

1. We have examined the consolidated financial information of Sheetal Refineries Limited ("the Company" or "the Issuer") and the Subsidiaries, (the Company and its subsidiaries – "the Group") annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("the DRHP"). The consolidated 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 consolidated financial information has been prepared by the Company and approved by its Board of Directors.
2. For the purposes of consolidated financial information of the Company and its subsidiaries, the consolidation has been drawn up from the date they became the subsidiaries of the Company.
3. The financial information have been extracted by the Management from the financial statements for the period ended September 30, 2010 and year ended March 31, 2010. Audit for the period ended September 30, 2010 and financial year ended March 31, 2010 was conducted by us and adopted by the Members of those respective years and reviewed by us. Our opinion in so far as it relates to the amount included in these restated Consolidated statements are based on our auditor's report. Accordingly, reliance has been placed on the financial information audited by us.
4. 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 "Consolidated Statement of Assets and Liabilities, as Restated" of the Company, including the "Statement of Assets and Liabilities, as Restated" as at September 30, 2010 and March 31, 2010 examined, audited and reported upon by us on which reliance has been placed by us, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes (Refer Annexures IV to XXI).
  - (b) The "Consolidated Statement of Profit and Losses, as Restated" and the "Consolidated Statement of Cash Flows, as Restated" of the Company, including the "Consolidated Statement of Profit and Losses, as Restated" and the "Consolidated Statement of Cash Flows, as Restated" for the period ended September 30, 2010 and year ended March 31, 2010 examined, audited and reported upon by us on which reliance has been placed by us, as set out in Annexure I to III respectively to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes (Refer Annexures IV to XXI).
  - (c) We have also examined the restated financial information of the Group for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.
  - (d) Based on the above and as per information and explanation given to us and also as per the reliance placed on the reports submitted by us for the respective periods, we are of the opinion that the restated Consolidated financial information have been made after incorporating:
    - iii. Adjustment for material amounts relating to prior years in the restated consolidated financial information in the respective financial years to which they relate;

iv. There are no extra-ordinary items that need to be disclosed separately in the accounts and no qualifications requiring adjustments.

(e) We have also examined the following other financial information set out in Annexures has been included based upon the reports submitted by us and relied upon by us for the period ended September 30, 2010 and year ended March 31, 2010.

<b>Details of Other Financial Information</b>	<b>Annexure reference</b>
Share Capital	V
Goodwill on Consolidation	VI
Investments	VII
Statement Showing Analysis of Sundry Debtors	VIII
Details of Loans and Advances Showing the same with the Related Parties	IX
Statement of Secured Loans	X,X-A
Statement of Unsecured Loans	XI
Statement of Current Liabilities and Provisions	XII
Statement of Deferred Tax	XIII
Minority Interest	XIV
Statement of Other Income	XV
Benefits to Employees	XVI
Segment Reporting	XVII
Related Party Transactions	XVIII
Statement of Accounting and Other Ratios	XIX
Capitalization Statement	XX
Contingent Liabilities	XXI

(f) 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 (Refer Annexure IV to XXI) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Regulations.

5. We further state that:

- i. There are no incorrect accounting practices or failures to make provisions or other adjustments to restated accounts which resulted in audit qualifications for which adjustment or rectification was required.
- ii. There have been no material amounts relating to adjustments for previous years/periods in arriving at the profits of the years/periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred except for adjustments related to previous year which for the purpose of restated accounts has been adjusted in the respective years.
- iii. There has been no change in accounting policy in the profits or losses of the earlier years/periods except for adjustments related to change in accounting policy for the purpose of restated accounts has been adjusted in the respective years.
- iv. There has been no incorrect accounting policy which needs re computation in the financial information.

6. 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.

7. 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 S B Kabra & Co**  
**Chartered Accountants**  
**(Firm Registration No. 001651S)**

**(S B KABRA)**  
**Partner**  
**Membership No. 32819**  
**Place: Hyderabad**  
**Date: 24/03/2011**

## Annexure I

## Consolidated Statement of Assets and Liabilities Restated

(INR in Lakhs)

Particulars	Annexure	30-Sep-10	31-Mar-10
<b>(1). Fixed Assets</b>			
(a) Gross Block		2,341.97	2,209.25
(b) Less: Depreciation		763.82	651.86
(c) Net Block		1,578.15	1,557.39
Less : Revaluation Reserve		-	-
<b>Net Block after adjustment for Revaluation Reserve</b>		1,578.15	1,557.39
Capital Work In Progress		1,960.74	-
<b>(2). Goodwill on Consolidation</b>	VI	16.81	16.81
<b>(3). Investment</b>	VII	1.25	1.25
<b>(4). Current Assets, Loans, and Advances:</b>			
(f) Inventories		7,672.09	3,095.55
(g) Sundry Debtors	VIII	2,185.56	8,446.89
(h) Cash and Bank Balance		52.76	205.56
(i) Loans and Advances	IX	1,146.73	993.64
(j) Other Current Assets		341.81	351.79
<b>Total Current Assets, Loans, and Advances</b>		11,398.95	13,093.43
<b>(5) Liabilities and Provisions</b>			
Secured Loans	X, X-A	5,466.12	7,301.70
Unsecured Loans	XI	291.97	1,686.72
Current Liabilities and Provisions	XII	6,488.53	3,075.69
Deferred Tax Liability#	XIII	150.29	161.38
<b>Total Liabilities and Provisions</b>		12,396.90	12,225.50
<b>(6). Net Worth</b>		<b>2,559.00</b>	<b>2,443.39</b>
<b>(7). Represented By:</b>			
Share Capital (Including Share Application)	V	704.66	899.66
Reserves and Surplus		1,782.48	2,011.80
Less: Revaluation Reserve		-	-
Reserves (Net of revaluation reserves)		1,782.48	2,011.80
Less: Miscellaneous Expenditure (to the extent Not Written Off)		(1.42)	-
Minority Interest	XIV	73.29	(468.07)
<b>(8).Net Worth</b>		<b>2,559.00</b>	<b>2,443.39</b>

# Deferred Tax Liability details have been taken from the audited financial statements.

Note: The Income Tax Liability has been provided as per the income tax computation filed with Income tax authorities for the year ended March, 31, 2010 and the figures for the Sep 30, 2010 are based on the provisional computation of income tax made by the management of the Company.

Figures have been rounded off to the nearest thousand

## Annexure II

## Consolidated Statement of Profit and Loss, as restated

(INR in Lakhs)

Particulars	Annexure	For the period ended 30-Sep-10	For the Year ended 31-Mar-10
<b>INCOME</b>			
<b>Sales -</b>			
a. of products manufactured by the Company			
Domestic Sales		5,586.56	10,144.07

Export Sales		-	-
b. of products traded in by the Company		9,712.01	30,136.08
<b>Total</b>		<b>15,298.57</b>	<b>40,280.14</b>
Other Income	XV	42.20	294.92
Increase/Decrease in Stock		2,643.37	(1,467.47)
<b>TOTAL</b>		<b>17,984.14</b>	<b>39,107.59</b>
<b>EXPENDITURE</b>			
Material Consumed		5,675.49	9,096.24
Purchase of Trading Goods		10,568.33	27,393.61
Manufacturing Expenses		245.44	462.62
Benefits to Employees	XVI	35.22	37.29
Power & Fuel Expenses		137.94	94.78
Administrative and Selling Expenses		129.07	192.06
Depreciation		111.96	137.99
<b>TOTAL</b>		<b>16,903.44</b>	<b>37,414.59</b>
Profit before interest, tax, extraordinary items		1,080.70	1,693.01
Financial Expenses		552.43	671.47
Net Profit before Tax and extraordinary items		528.27	1,021.53
Restated Provision for Income Tax		227.33	419.64
Deferred Tax Liability		(11.09)	(27.81)
Net Profit after Tax but before extraordinary items		<b>312.04</b>	<b>629.71</b>
Add/ (Less): Extraordinary items		-	-
Net Profit after extraordinary items and before prior period expenses		<b>312.04</b>	<b>629.71</b>
Less : Prior Period Expenses		-	-
<b>Net Profit after Prior period Expenses</b>		<b>312.04</b>	<b>629.71</b>

Note: Figures have been rounded off to the nearest thousand

#### Consolidated Statement of Cash flows, as Restated

Annexure III  
(INR in Lakhs)

Particulars	For the period ended 30-Sep-10	For the Year ended 31-Mar-10
<b><u>Net Profit / (Loss) Before tax as Restated</u></b>	<b>528.27</b>	<b>1,021.53</b>
<b><u>Adjustments for:</u></b>		
Depreciation	111.96	137.99
Interest Charges	552.43	671.47
Interest Income	(40.13)	(52.77)
Miscellaneous Expenditure Written Off	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>1152.53</b>	<b>1,778.22</b>
<b><u>Adjustment for:</u></b>		
(Increase)/Decrease in Debtors	6,261.33	(4,131.52)
(Increase)/Decrease in Inventories	(4,576.54)	1,694.03

(Increase)/Decrease in Loans and Advances	(174.50)	(50.03)
(Increase)/Decrease in Other Current Assets	9.98	143.67
Increase/(Decrease) in Current Liabilities	3,285.25	(1,497.30)
<b>Cash Generated from/(used in) Operations</b>	<b>5,958.06</b>	<b>(2,062.93)</b>
(Direct Taxes Paid)/Refund received	(78.33)	(57.62)
Add: Interest Received	40.13	52.77
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>5,919.85</b>	<b>(2,067.78)</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(132.72)	(679.09)
Capital Work in Progress	(1,960.74)	-
Pre-operative Expenses	(1.42)	
Sale of Fixed Assets	-	-
Purchase of Investments	-	(1.00)
<b>Net Cash (used in)/ from Investing Activities (B)</b>	<b>(2,094.89)</b>	<b>(680.09)</b>
<b><u>Cash Flow from Financing Activities</u></b>		
Interest Paid	(552.43)	(671.47)
Proceeds from Issue of Equity Shares	-	257.00
Increase/ (Decrease) in Share application money	(195.00)	(30.00)
Increase/ (Decrease) in Bank Borrowings	(1,835.58)	3,369.29
Increase/ (Decrease) in Unsecured Loans	(1,394.76)	(113.93)
<b>Net Cash (used in) / from Financing Activities (C )</b>	<b>(3,977.76)</b>	<b>2,810.89</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(152.80)</b>	<b>63.02</b>
Cash and Cash Equivalents At the Beginning of the Period/Year	205.56	142.55
Cash and Cash Equivalents At the End of the Period/Year	52.76	205.56

**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.  
3. Figures have been rounded off to the nearest thousand

#### Annexure IV

##### A. Basis of Consolidation:

The consolidated financial statements relate to Sheetal Refineries Limited (the Company), its subsidiary constitute the Group.

##### a) Basis of Accounting:

- The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the Company i.e. period ended September 30, 2010 and year ended March 31, 2010
- The financial statements of the Group 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 as amended.

##### b) Principles of consolidation:

The consolidated financial statements have been prepared pursuant to AS-21 issued by ICAI as detailed below:



- I. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
- II. The excess of cost to the Company, of its investment in the subsidiaries and joint ventures over the Company's portion of equity is recognised in the financial statement as Goodwill. The excess of the Company's portion of equity of the subsidiary and joint venture on the acquisition date over its cost of investment is treated as Capital Reserve.
- III. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- IV. Minority interest's share of net profit for the year of consolidated subsidiaries are identified and adjusted against the profit after tax of the group.
- V. The consolidated financial statements comprise the financial statements of Sheetal Refineries Limited and the following company:-

Name of the Company	Relationship	Percentage held for the Period ended Sep 30, 2010	Percentage held for the Year ended March, 2010	Date on which relationship came into Existence	Date on which relationship ceased
Sheetal Siddhi Veg Oil Private Limited	Subsidiary	79.87%	79.87%	08.02.2010	NA

## **B) Significant Accounting Policies**

### **16. 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, as amended from time to time.

### **17. 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.

### **18. Inventories (AS-2)**

Inventories have been valued as under:

- |                                      |   |
|--------------------------------------|---|
| (i) Raw Materials :                  | At Cost.  |
| (ii) Stores, Spares and Components : | At Cost.  |
| (iii) Finished Goods :               | Cost of production or net realisable value whichever is less. |
| (iv) Scrap :                         | At cost.  |

### **19. Depreciation (AS-6)**

Depreciation is provided on Written down Value Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

### **20. Recognition of Income and Expenditure (AS-9)**

Items of income and expenditure are recognized on accrual basis

## 21. Fixed Assets (AS-10)

Fixed Assets are stated at cost less depreciation. Cost includes all direct expenses relating to the acquisition and installation of fixed assets.

## 22. 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 / realisation and year end re-instatement referred to above are recognized in the Profit & Loss Account.

## 23. Investments (AS-13)

Investments are classified as long-term investments. Investments which are long term in nature are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

## 24. Retirement Benefits (AS-15)

### (c) Post- employment benefit plans

The company has carried out actuarial valuation of gratuity using Projected Unit Credit Method as required by Accounting Standard 15 "Employee Benefits" (Revised 2005) and the liability as per actuarial valuation as at year end is recognized in profit and loss account. The company does not have any defined contribution plan

### (d) Short term employment benefits

Apart from the Gratuity benefit the company does not pay any other benefit to the employees hence no such liability is accrued

## 25. 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 is recognized for all timing differences. Deferred tax assets are recognized subject to consideration of prudence

## 26. 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.

## 27. 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.

A).The company has obtained loans details of which are provided below.

Sr.No.	Nature of facility/ borrowing	Bank/ Party	Sanctioned Amount (Rs.In Lacs)	Interest Rate/Margin	Repayment Schedule	Security/Guarantee
1.	Term Loan	L & T Finance	200	Rate of Interest: 13 % on Monthly rests.	Repayable in 24 monthly installments	<b>1)Term Loan:</b> <b>Primary Security:</b> First Charge by way of mortgage part of Land and Building having a value of at least 2 times of the facility amount located at plot Nos 2,3,4,15,16,18&19, Survey No.386, Shamshabad,

Sr.No.	Nature of facility/ borrowing	Bank/ Party	Sanctioned Amount (Rs.In Lacs)	Interest Rate/Margin	Repayment Schedule	Security/Guarantee
						Ranga Reddy Dist,AP.  <b><u>Personal Guarantee:</u></b> Personal guarantee of the following directors <b>1.Mr Jugal Kishore Agarwal</b> (Managing director)
2.	Term Loan	SBH	2325	<b>Rate of Interest:-</b> <b><u>Term Loan:</u></b> At 5.00% above Above SBHBR Presently 13.25% p.a (Floating)	<b><u>Term Loan:</u></b> Re payable 23 Quarterly Installments of Rs 97.00 Lakhs each and 24 <sup>th</sup> installment of Rs. 94.00 Lakhs)	<b><u>Security:</u></b> Extension of all the Collaterals offered to cover the working capital limits to cover the Term Loan limits also.
3.	Additional Cash Credit, SBLC (Stand by Line of Credit ) and LC (Letter of Credit)	SBH	2750  (Cash Credit - 750 , SBLC - 500 and LC - 1500)	<b>Rate of Interest:-</b>  Cash Credit: At 5.50% Above SBHBR Presently 13.75% p.a (Floating)  SBLC: At 6.50% Above SBHBR Presently 14.75% p.a (Floating)	Cash Credit: Repayable on Demand  SBLC: Limit will be used for a maximum period of 12 Months at any one instant.  LC: Period of usage up to 90 days.	<b><u>Primary Security:</u></b>  First Charge by way of hypothecation of current assets of the Company  <b><u>Collateral Security:</u></b> Extension of all the existing Collaterals offered to cover the working capital limits to cover the additional working capital limits also.  Additional Collateral security offered by way of Equitable Mortgage of Property situated at Sy. No. 547 at Nandigama Village, Kothur Mandal, Mahaboobnagar District, Admeasuring Ac 5.00 standing in the name of Sri Jitender Kumar Agarwal. Property worth Rs 1.69 Crores.  Hypothecation of Plant and Machinery WDV Rs 8.89 crores based on Balance Sheet as on 31.03.2010.

Note: SBH – State Bank of Hyderabad

**D) Additional Income Tax Liability**

Assessment Year/Assessment Order Date	2008-09/07.12.2010.
Additional Demand raised through the order (including Interest).	Rs 16, 96,040/-.
Particulars	iii) The Assessing Officer disallowed Amount of Rs 14, 74,780/- . Due to Assessee has debited on amount towards "Shortage on Delivery". iv) Amount of Rs 24, 34,365/- disallowed for non remittance/ short remittance of TDS before due dates specified under the IT Act. For the nature of payments of Security Charges, Consulting fees and Sales tax Consultants.

**E) Additional Investment in Subsidiary Company**

The company has acquired additional 4,00,000 Equity Shares from the existing share holders, for an aggregate consideration of Rs. 40.00 Lakhs, of M/s Sheetal Siddhi Veg Oil Private Limited, Subsidiary of the Company. Subsequent to the acquisition the total investment in Subsidiary Company has increased to Rs. 405.00 Lakhs. The shareholding has increased to 40,50,000 Equity Shares (88.62%)

**F) Further Allotment of Shares**

On 21-03-2011, the issuer company has issued 9,00,000 fully paid up equity shares of Rs.10 each at a price of Rs.100 each (inclusive of premium of Rs. 90/- per share) to the promoters of the issuer company on preferential basis. As a result, the paid up equity share capital of the issuer company has increased from Rs. 7,04,66,000/- to Rs. 7,94,66,000/-.

28. 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.
29. In view of Accounting Standard required by AS-28. Impairment of Asset. 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.
30. 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 2009-10****1. Share Capital**

During the year, the Company had issued 8,00,000 Equity shares at par value of Rs.10/- each to the promoters and 9,00,000 Equity shares at par value of Rs. 10/- each to non promoters.

**2. Investments**

The Company has invested an aggregate amount of Rs. 365.00 lakhs in Sheetal Siddhi Veg Oil Private Limited in the year 2009-10 in line with the investment policy of the Company which is to select companies which have business synergies and provide financial and technical support and grow them into profitable ventures.

**Change in the Status:-**

Sheetal Refineries Private Limited which was originally incorporated on 06-04-1998 under the Companies Act 1956 as SHEETAL REFINERIES PRIVATE LIMITED. The status of the Company has been changed from Private Limited to Public Limited w.e.f 14-07-2010 by complying with the provisions of the Section 31 of the Companies Act.

Sheetal Siddhi Veg Oil Pvt.Ltd which was originally incorporated as M/s Siddhi Vegetable Oil Products Pvt Ltd. The name of the company has been changed to "Sheetal Siddhi Veg Oil Pvt.Ltd" w.e.f. 19-06-2009 after complying with provisions of section 21 and other applicable provisions of Companies Act.

**Annexure V**  
**(INR in Lakhs)**

**Statement of Share Capital**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Authorized Capital		
1,50,00,000 Equity Shares of Rs.10/- each	1500.00	1500.00
Subscribed and Paid up Capital		
Equity Shares of Rs.10/- each	704.66	704.66
Share Application Money	-	195.00
<b>Total</b>	<b>704.66</b>	<b>899.66</b>

**Annexure VI**  
**(INR in Lakhs)**

**Goodwill on Consolidation**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Opening Balance	16.81	-
i) Cost of Investments	-	365.00
ii) Share of Net assets of subsidiary on the date of acquisition	-	348.19
<b>Good will (i-ii)</b>	<b>16.81</b>	<b>16.81</b>

**Annexure VII**  
**(INR in Lakhs)**

**Investments**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
<b>a) Quoted</b>	-	-
<b>b) Unquoted:-</b>		
Green Valley Herbal Farms Ltd. (2500 Shares of Rs.10/- each)	0.25	0.25
Cosmos Bank (10000 Shares of Rs. 10/- each)	1.00	1.00
<b>Total</b>	<b>1.25</b>	<b>1.25</b>

**Annexure VIII**  
**(INR in Lakhs)**

**Statement Showing Analysis of Sundry Debtors**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
<b>Debts outstanding exceeding six months</b>		
Considered Good	235.06	643.75
Considered Bad	-	-
<b>Other Debts</b>		
Considered Good	1,950.49	7,803.14
Considered Bad	-	-
<b>Total</b>	<b>2,185.56</b>	<b>8,446.89</b>

None of the Sundry Debtor includes the amount due from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVIII relating to related party transactions

**Annexure IX**  
**(INR in Lakhs)**

**Statement of Other Current Assets & Loans and Advances**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Advance Payment Of Income Tax And TDS	7.54	28.95

Prepaid Expenses (Insurance)	0.74	2.33
Sales Tax (Input Advance)	108.01	38.23
Other Claims & recoverable	980.43	816.80
Advances to related parties	50.00	107.33
<b>Total</b>	<b>1,146.73</b>	<b>993.64</b>

None of the Loans & Advances are provided to the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVIII relating to related party transactions

**Annexure X**  
**Statement of Secured Loans**  
**(INR in Lakhs)**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Loans and Advances From the Banks	5,376.90	7,217.11
Other Loans and Advances	89.22	84.59
<b>Total</b>	<b>5,466.12</b>	<b>7,301.70</b>

Brief terms and conditions of secured loans including repayment schedule are given in a separate sheet in Annexure X-A.

**Secured Loans**

**Annexure X-A**  
**(INR in Lakhs)**

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
1.	Cash Credit (Hyp)	SBH	4750	<b>Rate of Interest:</b> at 0.50% above SBHPLR presently 12.75% p.a (floating)  <b>Margin:</b> Raw materials & finished goods (25%) Receivables (50%)	Repayable on Demand  (Renewal Due on 03-11-2010)	2556.91	<b>3) <u>Cash Credit (Hyp) limit:</u></b> The Company's Factory Premises, Godowns own or rented within the Company's premises in open or any other place of storage with the prior approval of the Bank.
2.	Adhoc Cash Credit	SBH	300	The Adhoc Cash credit Limit 1.00% over the regular CC Limit ie; PLR+0.50%+1.00 % ie; 13.75%	Repayable on Demand	0.00	<b>4) <u>Working Capital Limits:</u></b>  <b><u>Primary Security:</u></b> First Charge by way of hypothecation of current assets of the Company. <b><u>Collateral Security:</u></b> 1)Equitable Mortgage of factory land and building at Survey No.341, Gaganpahad Village, standing in the name of the Company admeasuring 0.34 guntas 2)Equitable Mortgage of factory land and building at Survey No. 7,8, 339

## Secured Loans

Annexure X-A  
(INR in Lakhs)

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
							<p>and 340, Gaganpahad Village, standing in the name of the Jugal Kishore Agarwal admeasuring 2463 Sq. Yards</p> <p>3) Equitable Mortgage of land in factory premises at survey no. 342, Gaganpahad village, standing in the name of Sri Jugal Kishore Agarwal admeasuring 1 acre 8 gunta.</p> <p>4) Equitable Mortgage of residential house bearing no.11-5-266/4/24 Indrajeet Complex, Red Hills standing in the name of Smt. Sumitra Bai (land admeasuring 300 Sq. Yards)</p> <p>5) Equitable mortgage of Flat No.128/A, bearing MCH no.5-1-527, Jamuna Archade, Jambagh Road, Hyderabad standing in the name of Smt Jyothi Agarwal admeasuring 514.50 Sq.ft Super Plinth Area and share in land about 8 Sq. Yds. Out of 5494 Sq. meters</p> <p>6) Equitable mortgage of Flat No.219/C, bearing MCH no. 5-1-527, Jamuna Archade, Jambagh Road, Hyderabad standing in the name of Sri. Jitender Kumar Agarwal admeasuring 1269 sq.ft Super Plinth Area and share in land about 15 Sq. Yds. Out of 5494 Sq. meters</p> <p>7) Immovable property standing in the name of Sri Jitender Kumar Agarwal, situated at in Sy. No. 6/AA, location known as "Sun City",</p>

## Secured Loans

Annexure X-A  
(INR in Lakhs)

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
							<p>situated at Bandamailaram Village, Mulugu Mandal, Medak (District), Andhra Pradesh, worth Rs. 40.00 lacs admeasuring 4927 Sq. Yds consisting of 10 plots (9 plots of each 500 Sq. Yds and 1 plot of 427 sq.yds)</p> <p>8) Equitable mortgage of properties situated at Plot No.11 &amp; 12, No.8-2-684/3/K/11 and No. 8-2-684/3/K/12, Road No. 12, Banjara Hills, Hyderabad admeasuring 375 sq yds each standing in the name of Sri. Jugal Kishore Agarwal &amp; Smt. Sumitra Bai respectively</p> <p>9) Term Deposit Receipt with the Branch</p> <p>10) Hypothecatio of plant and machinery WDV based on ABS as on 31.03.09</p> <p><b><u>Guarante:</u></b></p> <p>Personal guarantee of the following directors</p> <p>5. Shri Jugal Kishore Agarwal (Managing director)</p> <p>6. Shri Jitender Kumar Agarwal(Executive Director)</p> <p>7. Ms Sumitra Bai(Director)</p> <p>8. Ms Jyoti Agarwal(Director)</p>
3.	Term Loan	SBH	212	<p><b><u>Rate of Interest:</u></b></p> <p>At SBHPLR i.e. Minimum of 13.00% (floating) with monthly compounding and a reset of spread every two years from the date of first disbursement of term loan. Interest to be paid as and when</p>	<p>No. Of instalments-72</p> <p>Amount of Each instalment-Rs.5.56 lacs</p> <p>Date of first installment-01/04/2008</p> <p>Date of last installment-01/03/2014</p>	173.93	<p><b><u>3. Term Loan:</u></b></p> <p><b><u>Primary Security:</u></b></p> <p>Hypothecation of Plant and Machinery WDV Rs 7.72 crores based on Balance Sheet as on 31.03.2009</p> <p><b><u>Collateral Security:</u></b></p> <p>Extension of all the above collaterals offered to cover the working</p>



**Secured Loans**
**Annexure X-A  
(INR in Lakhs)**

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
				applied.			capital limits to cover the Term Loan limits also.
4	Car Loan	HDF C Finance Limited	7.21	Rate of Interest - 12.50% (Fixed)	No. of Installments – 36, each EMI is of Rs. 0.23 Lacs. Date of First installment – 07/05/2009 and date of last installment – 07/04/2012	4.07	<b><u>Primary Security</u></b>  Hypothecation of Verna SX Car (Regn No. AP28 DD0625)
5	Term Loan	Kotak Mahindra Bank Limited	470.00	<b><u>Rate of Interest:</u></b> 13.00% (Fixed)	Repayment Schedule: in 36 EMIs starting from month following the month of first disbursement of TL	459.26	<b><u>Primary:</u></b> Exclusive charge of fixed assets to the extent of property mortgaged in favor of the Bank  <b><u>Collateral:</u></b> Under Construction 10 Villas owned by the company bearing Plot Nos. 5,6,7,8,9,10,11,12,13,14, all in Survey No. 386, each plot land are admeasuring 390 Sq.yds total land admeasuring 3900 Sq. yds out of Ac. 2-17 Gts, with built up area total admeasuring 54,064 Sft. Situated at Shamshabad village, GP & Mandal, R. R. District, A.P.
6	Cash Credit and Term Loan (Hyp) <sup>s</sup>	SBH	2,321 (Cash Credit Rs 2000 and Term Loan I and II Rs 321)	<b>Rate of Interest:</b> at 4.75% above Bank's Base Rate, presently at 12.50% p.a (floating) with monthly rests. <b>Margin:</b> Raw Materials, WIP, Stores & Spares & Finished Goods (25%) Receivables (50%)(Maximum 45 Days)	Repayable on Demand  (Renewal Due on 28.07.2011)	2186.80 (Cash Credit Rs 1875.82 and Term Loan I and II Rs 310.99)	<b><u>5) Cash Credit (Hyp) limit:</u></b> <b><u>Primary Security:</u></b> First Charge by way of hypothecation of current assets of the Company present and future. <b><u>Collateral Security:</u></b> (i) Equitable Mortgage of urban land and building at Survey No.165,166,167,168B and Door No 7-4-94, Gaganpahad Village, standing in the names of Sri Kamal Kishore Agarwal (24guntas), Sri Nand Kishore Agarwal (24guntas), and Sri

## Secured Loans

Annexure X-A  
(INR in Lakhs)

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
							<p>Mahesh Kumar Agarwal (24guntas). Total Land Admeasuring 1 acre 32 guntas.</p> <p>(ii) Extension of charge on primary security of Term Loans.</p> <p><b>Primary:</b></p> <p>(i) Equitable Mortgage of factory land and building at Survey No.199 Timmapur Village, Standing in the name of M/s. Sheetal Siddhi Veg Oil Pvt Ltd admeasuring 3 Acres (4 Title deeds of 30 guntas each).</p> <p>(ii) Equitable Mortgage of Industrial land bearing survey no. 199/U, Timmapur village, standing in the name of Smt Meena Agarwal admeasuring 24 guntas.</p> <p>(iii) Hypothecation on Plant and Machinery and other movable assets of the company both present and future at Timmapur unit.</p> <p><b>Collateral: (i)</b> Extension of all the securities offered of Working Capital.</p> <p><b>Additional Collateral Proposed:-</b></p> <p>Non agricultural Land admeasuring 2 Acres and 84 cents situated at Nenam Village &amp; G.P, Kakinada rural Mandal, East Godavari Dist, A.P Standing in the name of Sri. Jitender Kumar Agarwal.</p> <p><b>Guarantee:</b></p> <p>Personal guarantee of the Promoter Directors and Third Party Guarantee of Property Owners to the extent of</p>

## Secured Loans

## Annexure X-A (INR in Lakhs)

Sr. No.	Nature of facility/ borrowing	Bank / Party	Sanctioned Amount (Rs.)	Interest Rate/ Margin	Repayment Schedule	Amount outstanding as on 30 <sup>th</sup> Sep 2010 (Rs.)	Security / Guarantee
							collaterals offered by them.

§ - This loan is availed by the Subsidiary Company; SBH – State Bank of Hyderabad

Notes:

- The Company has not defaulted on loans and no penalty has been levied.
- The above limits availed from State Bank of Hyderabad, Mahboobgunj Branch, Hyderabad which have been sanctioned/ renewed vide their letters dated 07-12-2007, 11-09-2009, 11-02-2010 and 29-12-2010.

## Statement of Unsecured Loans

## Annexure XI (INR in Lakhs)

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
a) From Directors	161.94	386.35
b) From Share Holders & Relatives	119.02	1,282.87
<b>c) From Others :</b>		
Margadarshi Chit Fund P.Ltd	11.00	17.50
<b>Total</b>	<b>291.97</b>	<b>1,686.72</b>

Note: There are no defaults or reschedulement on above mentioned loans and no penalty has been levied.

**Note:** The above Unsecured Loans are repayable on demand and interest is payable @ 12% per annum. None of the Unsecured Loans includes the amount taken from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVIII relating to related party transactions.

## Statement of Current Liabilities & Provisions

## Annexure XII (INR in Lakhs)

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
<b>a) Current Liabilities:</b>		
Sundry Creditors	4,208.62	2,355.45
Outstanding Expenses	133.80	39.21
Advance from Consignment Agent	1,471.69	140.95
Sales Tax Deferment	127.27	120.53
<b>Total Current Liabilities (A)</b>	<b>5,941.39</b>	<b>2,656.14</b>
<b>b) Provisions</b>		
Provision for Income Tax (B)	547.14	419.56
<b>Total (A+B)</b>	<b>6,488.53</b>	<b>3,075.69</b>

**Note:** None of the Current Liabilities & Provisions includes the amount due to the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure XVIII relating to related party transactions.

## Statement of Deferred tax

## Annexure XIII (INR in Lakhs)

Particulars	Period ended	For the year
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		ended
	30-Sep-10	31-Mar-10
Opening Balance	161.38	189.19
Add: Deferred Tax Liability during the year	(11.09)	(27.81)
<b>Total</b>	<b>150.29</b>	<b>161.38</b>

#### Annexure XIV

##### Minority Interest

(INR in Lakhs)

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
a).Opening Balance	(468.07)	-
b) Share Capital	-	92.00
c).Capital Profit	-	(4.24)
d).Revenue Profit/ (Loss)	541.36	(555.84)
<b>Total</b>	<b>73.29</b>	<b>(468.07)</b>

#### Annexure XV (INR in Lakhs)

##### Statement of Other Income

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
<b>Recurring Nature</b>		
Interest on Loans & Advances & Deposits	40.13	52.77
Dividend on Chits	0.74	2.32
Settlement Account @	0.00	239.83
<b>Total</b>	<b>40.86</b>	<b>294.92</b>
<b>Non - Recurring Nature</b>		
Insurance Claims	1.34	-
<b>Total</b>	<b>1.34</b>	<b>-</b>
<b>Total Other Income</b>	<b>42.20</b>	<b>294.92</b>

@ "Settlement Account" represents the compensation received from the buyers who have failed to honour their contracts of sale and the amount paid/ received as compensation from such settlement of contracts.

#### Annexure XVI

##### Benefits to Employees

(INR in Lakhs)

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Bonus	-	2.26
Gratuity provision	9.61	1.25
Salaries & Wages	20.34	24.81
Staff Welfare	2.65	3.30
Mess Expenses	0.39	2.53
E.S.I. Contribution	0.75	1.07
Provident Fund	1.47	2.07
<b>Total</b>	<b>35.22</b>	<b>37.29</b>

##### Segment Reporting

#### Annexure XVII

The company operates in one business segment i.e., Refining of Oil and operates in one Geographical segment i.e., India. As such, there are no separate reportable segments as per AS -17 "Segment Reporting".

The issuer company vide resolution dated 27-12-2010, has altered the Other Object Clauses of the MOA, whereby the company enters into Real Estate Development activity. The said alteration has been registered by the ROC vide their certificate dated 06-01-2011

#### Annexure XVIII

**Related Party Transactions as per Accounting Standard (AS-18) on Related Party Disclosures Issued by ICAI, The Disclosures of Transaction with the related Parties are as Follows-**

##### Promoters of Issuer Company

Name	Designation	Period	
		From	To
Jugal Kishore Agarwal	Managing Director/ Promoter	06.04.1998	Till date
Jitender Kumar Agarwal	Director/ Promoter	06.04.1998	Till date

##### Promoters of Subsidiary Company

Name	Designation	Period	
		From	To
Sri. Surendar Agarwal <sup>@</sup>	Director/ Promoter	06.05.2002 (Date of In corporation)	Till date

##### Key Management Personnel

Name	Designation	Period	
		From	To
Jugal Kishore Agarwal	Managing Director	06.04.1998	Till date
Jitender Kumar Agarwal	Director	06.04.1998	Till date
Sri. Surendar Agarwal <sup>@</sup>	Director	06.05.2002 (Date of In corporation)	Till date

@ Sri. Surendar Agarwal is a promoter and Director of M/s. Sheetal Siddhi Veg. Oil Private Limited. He is no way connected to M/s Sheetal Refineries Limited in any capacity

##### Subsidiary Companies

Name of Subsidiary	Period	
	From	To
Sheetal Siddhi Veg. Oil Private Limited	08.02.10	Till date

##### Other Related Parties where Common control exists :

Companies	Partnership Firms	Proprietorship Firms
Sheetal Globe Agro Oils Pvt Ltd	Siddhi Vegetable Oil Products	Sheetal Globe Agro Oils
Sheetal Commodities Pvt Ltd		Nathmal Jugal Kishore (HUF)
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils *
		Bajrang Food Products
		Sheetal Constructions & Infrastructure
<b>Relatives of Promoters</b>		
<b>Name of Relative</b>	<b>Relationship</b>	
Mrs. Jyothi Agarwal	Wife of Mr. Jitender Kumar Agarwal	
Mr. Ghanshyam Das Agarwal	Brother of Mr. Jugal Kishore Agarwal	
Mrs. Sumitra Bai	Wife of Mr. Jugal Kishore	

	Agarwal	
Mrs .Meena Agarwal	Wife of Surendar Kumar Agarwal	

\* Globe Agro Oils formerly known as “Celebrity Agro Oils”, prior to it known as “Sri Thirupathi Balaji Oils”

Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”			Annexure XVIII (INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended
			30-09-2010	31-03-2010
Sales	Promoters/KMP	Sri Jitender Kumar Agarwal	1.22	-
	<b>Total</b>		<b>1.22</b>	<b>-</b>
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	385.43	5,093.64
		Siddhi Vegetable Oil Products	-	-
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	1,448.35
		Sheetal Siddhi Veg. Oil Products Private Limited <sup>#</sup>	-	10,555.03
		Bajrang Food Products	3,887.78	3,141.23
	<b>Total</b>		<b>4,273.21</b>	<b>20,238.25</b>
Purchases	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	1,486.75	4,243.03
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	-	1,860.52
		Sheetal Constructions & Infrastructure	1,731.86	-
		Sheetal Siddhi Veg. Oil Products Private Limited <sup>#</sup>	-	10,930.09
		Bajrang Food Products	3,482.32	2,047.50
	<b>Total</b>		<b>6,700.93</b>	<b>19,081.14</b>
Managerial Remuneration	Salary (Promoters/ KMP)	Sri Jugal Kishore Agarwal	6.00	12.00
		Sri Jitender Kumar Agarwal	9.00	18.00
		Sri. Surendar Agarwal <sup>@</sup>	3.00	6.00
	<b>Total</b>		<b>18.00</b>	<b>36.00</b>
Salary paid	Relatives of Promoters	Smt. Jyothi Agarwal	<b>3.00</b>	<b>1.20</b>
	<b>Total</b>		<b>3.00</b>	<b>1.20</b>
Rent Paid	Promoters/KMP	Sri Jugal Kishore Agarwal	1.95	3.30
	<b>Total</b>		<b>1.95</b>	<b>3.30</b>
	Relatives of Promoters	Smt. Sumitra Bai	1.50	3.00
		<b>Total</b>	<b>1.50</b>	<b>3.00</b>
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	3.00	6.00
		<b>Total</b>	<b>3.00</b>	<b>6.00</b>
Interest Received	Promoters/KMP	Sri Jitender Kumar Agarwal	5.28	19.80
	<b>Total</b>		<b>5.28</b>	<b>19.80</b>
	Relatives of Promoters	Smt. Sumitra Bai	0.19	0.27
		Smt. Jyothi Agarwal	1.52	4.32
	<b>Total</b>		<b>1.70</b>	<b>4.59</b>
	Companies / Firms in which Promoters has significant interest	Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	28.22	-
		<b>Total</b>	<b>28.22</b>	<b>-</b>
Interest Paid	Promoters/KMP	Sri Jugal Kishore Agarwal	33.07	32.39
		Sri Jitender Kumar Agarwal	0.32	4.84

Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”			Annexure XVIII (INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended
			30-09-2010	31-03-2010
		Sri. Surendar Agarwal <sup>®</sup>	1.59	9.41
	<b>Total</b>		<b>34.98</b>	<b>46.64</b>
	Relatives of Promoters	Smt. Sumitra Bai	0.01	-
		Smt. Jyothi Agarwal	3.03	-
		Sri Mahesh Kumar Agarwal	0.11	0.20
		Kum. Krathi Agarwal	0.10	0.17
		Smt. Meena Agarwal	2.21	4.43
		Shri Nandkishore Agarwal	0.12	0.22
	<b>Total</b>		<b>5.58</b>	<b>5.02</b>
	Companies / Firms in which Promoters has significant interest	Nathmal Jugal Kishore (HUF)	0.04	0.07
		Bajrang Food Products	24.17	0.35
	<b>Total</b>		<b>24.21</b>	<b>0.42</b>
Loan given during the period	Promoters/KMP	Sri Jugal Kishore Agarwal	0.05	0.03
	<b>Total</b>		<b>0.05</b>	<b>0.03</b>
	Relatives of Promoters	Smt. Jyothi Agarwal	-	43.70
	<b>Total</b>		<b>-</b>	<b>43.70</b>
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	-	16.00
		Sheetal Constructions & Infrastructure	1,041.12	85.50
	<b>Total</b>		<b>1,041.12</b>	<b>101.50</b>
Loan Recovered during the period	Promoters/KMP	Sri Jugal Kishore Agarwal	0.08	-
		Sri Jitender Kumar Agarwal	5.28	19.80
	<b>Total</b>		<b>5.35</b>	<b>19.80</b>
	Relatives of Promoters	Smt. Jyothi Agarwal	52.36	-
	<b>Total</b>		<b>52.36</b>	<b>-</b>
	Companies / Firms in which Promoters has significant interest	Siddhi Vegetable Oil Products	-	192.41
		Sheetal Constructions & Infrastructure	1,023.80	85.50
	<b>Total</b>		<b>1,023.80</b>	<b>277.91</b>
Loans Received during the period	Promoters/KMP	Sri Jugal Kishore Agarwal	7.80	336.22
		Sri Jitender Kumar Agarwal	703.80	615.19
		Sri. Surendar Agarwal <sup>®</sup>	3.00	7.68
	<b>Total</b>		<b>714.60</b>	<b>959.09</b>
	Relatives of Promoters	Smt. Sumitra Bai	7.79	3.00
		Smt. Jyothi Agarwal	151.52	-
		Kum. Krathi Agarwal	-	0.05
		Smt. Meena Agarwal	-	0.40
	<b>Total</b>		<b>159.31</b>	<b>3.45</b>
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	736.15
		Bajrang Food Products	-	396.02
		Sheetal Constructions & Infrastructure	-	-
	<b>Total</b>		<b>-</b>	<b>1,132.17</b>
Loans Repaid during the period	Promoters/KMP	Sri Jugal Kishore Agarwal	395.23	25.68
		Sri Jitender Kumar Agarwal	561.02	825.92
		Sri. Surendar Agarwal <sup>®</sup>	13.23	144.41
	<b>Total</b>		<b>969.48</b>	<b>996.01</b>

Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”			Annexure XVIII (INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended
			30-09-2010	31-03-2010
	Relatives of Promoters	Smt. Sumitra Bai	1.15	10.79
		Smt. Jyothi Agarwal	154.54	-
		Smt. Meena Agarwal	42.51	8.80
	<b>Total</b>		<b>198.20</b>	<b>19.59</b>
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	736.15	-
		Bajrang Food Products	2.42	-
	<b>Total</b>		<b>738.57</b>	<b>-</b>
<b>Closing Balance (Loans Given)</b>	Promoters/KMP	Sri Jugal Kishore Agarwal	-	0.03
	<b>Total</b>		<b>-</b>	<b>0.03</b>
	Relatives of Promoters	Smt. Sumitra Bai	-	6.46
		Smt. Jyothi Agarwal	-	50.84
		Sri Mahesh Kumar Agarwal	25.00	25.00
		Shri Nandkishore Agarwal	25.00	25.00
	<b>Total</b>		<b>50.00</b>	<b>107.30</b>
<b>Closing Balance (Loans Received)</b>	Promoters/KMP	Sri Jugal Kishore Agarwal	-	354.36
		Sri Jitender Kumar Agarwal	145.88	3.99
		Sri. Surendar Agarwal <sup>®</sup>	23.35	31.99
	<b>Total</b>		<b>169.22</b>	<b>390.35</b>
	Relatives of Promoters	Sri. Ghanshyam Das Agarwal	0.60	0.60
		Sri Mahesh Kumar Agarwal	2.14	2.03
		Kum. Krathi Agarwal	1.83	1.74
		Shri Nandkishore Agarwal	2.38	2.26
		Smt. Meena Agarwal	-	40.30
	<b>Total</b>		<b>6.95</b>	<b>46.92</b>
	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	736.15
		Nathmal Jugal Kishore (HUF)	0.67	0.63
		Bajrang Food Products	-	396.37
		Sheetal Constructions & Infrastructure	-	-
	<b>Total</b>		<b>0.67</b>	<b>1,133.15</b>
<b>Outstanding Balance at the end of the year Receivables (net of Payable)</b>	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	-	1,711.04
		Siddhi Vegetable Oil Products	(8.34)	(5.40)
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	(0.00)	424.48
		Bajrang Food Products	-	2,520.16
	<b>Total</b>		<b>(8.34)</b>	<b>4,650.28</b>
<b>Reimbursement of Expenses Paid</b>	Promoters/KMP	Sri Jugal Kishore Agarwal	0.40	0.24
	<b>Total</b>		<b>0.40</b>	<b>0.24</b>
	Relatives of Promoters	Smt. Sumitra Bai	0.70	1.16
		Smt. Jyothi Agarwal	-	0.12
	<b>Total</b>		<b>0.70</b>	<b>1.28</b>
<b>Maximum Outstanding Balance (Debtors, Creditors and Advances)</b>	Companies / Firms in which Promoters has significant interest	Sheetal Globe Agro Oils	2,567.88	1,857.02
		Siddhi Vegetable Oil Products	(8.34)	388.86
		Sri Thirupathi Balaji Oils / Celebrity Agro Oils / Globe Agro Oils	479.47	2,572.18
		Sheetal Constructions & Infrastructure	(1,714.54)	-
		Bajrang Food Products	4,212.19	1,606.74
	<b>Total</b>		<b>5,536.67</b>	<b>6,424.80</b>
<b>Maximum Outstanding Balance (Loans</b>	Promoters/KMP	Sri Jugal Kishore Agarwal	(357.98)	(354.33)
		Sri Jitender Kumar Agarwal	160.84	99.83



Related Party Transactions – As per Accounting Standard 18 – “Related Party Disclosures”			Annexure XVIII (INR in Lakhs)	
PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	For the Period ended	For the year ended
			30-09-2010	31-03-2010
Received and Loans Given)		Sri. Surendar Agarwal <sup>@</sup>	(31.99)	(149.35)
	<b>Total</b>		<b>(229.13)</b>	<b>(403.85)</b>
	Relatives of Promoters	Smt. Jyothi Agarwal	(151.99)	50.84
		Smt. Sumitra Bai	6.21	7.27
		Sri. Ghanshyam Das Agarwal	(0.60)	(0.60)
		Sri Mahesh Kumar Agarwal	(2.14)	(2.03)
		Kum. Krathi Agarwal	(1.83)	(1.74)
		Smt. Meena Agarwal	(41.38)	(42.94)
		Shri Nandkishore Agarwal	(2.38)	(2.26)
	<b>Total</b>		<b>(194.11)</b>	<b>8.54</b>
	Companies / Firms in which Promoters has significant interest	Nathmal Jugal Kishore (HUF)	(0.67)	(0.63)
		Sheetal Constructions & Infrastructure	(1,021.80)	71.51
		Sheetal Globe Agro Oils	(736.15)	(736.15)
		Bajrang Food Products	(418.12)	(396.37)
	<b>Total</b>		<b>(2,176.74)</b>	<b>(1,061.64)</b>

Note:

\*Globe Agro Oils formerly known as “Celebrity Agro Oils”, prior to it known as “Sri Thirupathi Balaji Oils”

@ Sri. Surendar Agarwal is a promoter/ Director of M/s. Sheetal Siddhi Veg. Oil Private Limited only. He is no way connected to M/s Sheetal Refineries Limited in any capacity

# Mr. Jitender Kumar Agarwal has been director of M/s. Sheetal Siddhi Veg Oil Private Limited since 03/04/2009. Hence the transactions taken place before 08/02/2010 (the date on which it became subsidiary of the company) with the said company have been considered as related Party transactions.

i. The related party relationships have been identified by the management and relied upon by the auditors.

ii. Figures in Bracket indicates Credit Balances.

Statement of Accounting and Other Ratios		Annexure XIX (INR in Lakhs)	
Particulars	Period ended	For the year ended	
	30-Sep-10	31-Mar-10	
Net worth as at the end of the year (Rs in Lakhs)	2,559.00	2,443.39	
Net Profit after Tax, as restated (Rs. In Lakhs)	312.04	629.71	
No. of equity shares outstanding at the end of year	7,046,600	7,046,600	
Weighted average no. of equity shares outstanding during the year	7,046,600	6,648,244	
Basic & Diluted Earnings per Share (Rs.) (As per AS-20- Earnings Per Share)	4.43	9.47	
Return on Net Worth (%)	12.19	25.77	
Net Asset Value per Share (Rs.)	36.32	34.67	
Book Value per Share (Rs)	36.32	34.67	

**Note : September'10 EPS is not annualised.**

**The ratios have been computed as below:**

Basic & Diluted Earnings per Share	=	Net Profit 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	

8. Net Worth means Equity Share Capital + Reserves & Surplus (Excluding Revaluation Reserve) – Miscellaneous Expenditure
9. Weighted average no. of shares has been calculated on time basis.
10. The figures above are based on the restated financial statements of the Company
11. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India
12. 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.
13. Calculation of ratios for post issue has not been considered.
14. 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.

**Capitalization Statement** **Annexure XX**  
**(INR in Lakhs)**

Particulars	Pre- Issue as at Sep 30, 2010	Pre- Issue as at March 31, 2010	Adjusted for Public Issue*
<b>Borrowings</b>			
Long Term Debt	5,428.55	7,040.09	
Short Term Debt	329.53	1,948.33	
<b>Total Debt</b>	<b>5,758.09</b>	<b>8,988.42</b>	
<b>Shareholders' Funds</b>			
Share Capital	704.66	899.66	
Reserves	1,782.48	2,011.80	
Minority Interest	73.29	(468.07)	
Less : Debit Balance in P&L	-	-	
Less: Miscellaneous Expenditure to the extent not Written off	(1.42)	-	
<b>Total Shareholders' Fund (Net Worth)</b>	<b>2,559.00</b>	<b>2,443.39</b>	
Long Term Debt/ Equity Share Capital	7.70	7.83	
Long Term Debt/ Shareholders' funds (Net Worth)	2.12	2.88	

\* Will be updated at the time of prospectus.

On 21-03-2011, the issuer company has issued 9,00,000 fully paid up equity shares of Rs.10 each at a price of Rs.100 each (inclusive of premium of Rs. 90/- per share) to the promoters of the issuer company on preferential basis. As a result, the paid up equity share capital of the issuer company has increased from Rs. 7,04,66,000/- to Rs. 7,94,66,000/-.

**Notes:**

8. Short term Debts represent which are due within 12 months.
9. Long term Debts represent debts other than Short term Debt as defined above.
10. The figures disclosed above are based on re stated Consolidated Summary statement of Assets and Liabilities of the company as at 31st March 2010 and for the period ended 30th September 2010.
11. Long term To Equity = Long term Debts/ Share holders Funds
12. Total Debt to equity ratio = Total Debt/ Share holders Fund
13. Share Application Money is considered for calculation of Shareholders' Fund.
14. The corresponding post issue figures are not determinable at this stage pending the completion of book building process and hence have not been furnished

**Annexure XXI  
(INR in Lakhs)**

**Contingent Liabilities**

Particulars	Period ended	For the year ended
	30-Sep-10	31-Mar-10
Sales Tax Appeals	523.30	523.30
Consumer Forum	21.23	21.23
Income Tax Disputes	153.30	153.30
Food Adulteration dispute	3.25	3.25
Bank Guarantees	8.84	8.84
<b>Total</b>	<b>709.92</b>	<b>709.92</b>

## **CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS**

There is no change in accounting policies followed by the company in preparation of its financial accounts during the financial years, i.e. 2007-08, 2008-09, 2009-10.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

### Business Overview

We are engaged in the business of trading and refining of rice bran oil, sunflower oil, soya bean oil, cottonseed oil, palm oil and groundnut oil. We are selling majority of our products in Andhra Pradesh and Tamil Nadu. The business was originally started by Mr. Jugal K. Agarwal and in the year 1994, for expansion of the said business along with his son Mr. Jitender kumar Agarwal as a partner, constituted a partnership firm under the name of "Sheetal Refineries" which was primarily engaged in refining of sunflower oil and trading of all kind of edible oils.

Our Company was primarily engaged in refining of sunflower oil and trading in all kind of edible oils. Later on we started refining of rice bran oil, cottonseed oil, soya bean oil, Palm Oil, groundnut oil etc and one of our brand "Sheetal Drop" got registered for refining of sunflower oil. After 2008-09, major income of the Company is coming from rice bran oil.

### Significant developments subsequent to last financial year

Except as stated otherwise, there has not arisen any significant development from the date of the last financial statements which materially and adversely affect or is likely to affect the trading or profitability of the issuer company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

### Factors that may affect the results of operations and Financial Condition

The main factors affecting our operations are as follows:

- Variation in the prices of raw materials;
- Variation in the selling price of edible oil which we refine & sale;
- Increase in freight, interest rates, etc.;
- Increase in cost of power or other fuel;
- Changes in buying habits and consumption pattern;
- Competition from existing & upcoming players;
- Any further Capital expenditure, including capacity expansion;
- Working capital arrangements;
- General economic and business conditions;
- Our Company's ability to successfully implement our growth strategy;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- Withdrawal of any tax benefits available to our Company; and
- Any adverse outcome in the legal proceedings in which our Company is involved.

Due to the various factors including as discussed above, our income and expenditure, our results of operation may vary from period to period.

### Our Results of operations

The following table sets forth certain information with respect to our results of operations on standalone basis for the periods indicated which should be read together with notes, accounting policies and report thereon which appear in DRHP:

(Rs. In Lacs)						
Particulars	Year ended 31.03.08	Year ended 31.03.09	Increase/ Decrease (%)	Year ended 31.03.10	Increase/ Decrease (%)	For the Period ended 30-Sep-10
<b>INCOME</b>						
<b>Sales -</b>						
a. of products manufactured by the Company						
Domestic Sales	11,743.90	13,592.47	15.74	10,908.66	(19.74)	6,146.08
Export Sales	-	-	-	-	-	-

b. of products traded in by the Company	26,728.05	35,403.61	32.46	28,729.11	(18.85)	14,863.34
<b>Total</b>	<b>38,471.96</b>	<b>48,996.08</b>	<b>27.36</b>	<b>39,637.77</b>	<b>(19.10)</b>	<b>21,009.41</b>
Other Income	127.78	94.76	(25.84)	294.88	211.19	42.20
Increase/Decrease in Stock	215.87	936.04	333.61	(1,136.64)	(221.43)	2,622.97
<b>TOTAL</b>	<b>38,815.61</b>	<b>50,026.68</b>	<b>28.88</b>	<b>38,796.02</b>	<b>(22.45)</b>	<b>23,674.58</b>
<b>EXPENDITURE</b>						
Material Consumed	10,385.95	12,122.23	16.72	8,961.00	(26.08)	6,626.43
Purchase of Trading Goods	26,868.39	35,477.09	32.04	27,513.59	(22.45)	15,726.14
Manufacturing Expenses	457.18	822.94	80.00	446.16	(45.78)	181.53
Benefits to Employees	27.14	30.57	12.64	34.50	12.86	27.50
Power & Fuel Expenses	110.05	240.83	118.84	71.39	(70.36)	51.00
Administrative and Selling Expenses	184.87	340.90	84.40	186.86	(45.19)	102.15
Excise Duty	-	-	-	-	-	-
Depreciation	75.48	128.50	70.24	120.27	(6.40)	57.46
<b>TOTAL</b>	<b>38,109.06</b>	<b>49,163.07</b>	<b>29.01</b>	<b>37,333.76</b>	<b>(24.06)</b>	<b>22,772.23</b>
Profit before interest, tax, extraordinary items	706.55	863.82	22.26	1,462.26	69.28	902.34
Financial Expenses	369.57	536.38	45.14	626.99	16.89	383.39
Net Profit before Tax and extraordinary items	336.98	327.44	(2.83)	835.28	155.09	518.96
Restated Provision for Income Tax	30.87	48.32	56.53	345.28	614.57	188.11
FBT	1.35	2.20	62.96	-	(100.00)	-
Deferred Tax Liability	83.04	39.91	(51.94)	(28.20)	(170.66)	(12.79)
Net Profit after Tax but before extraordinary items	221.72	237.01	<b>6.90</b>	518.19	<b>118.64</b>	343.63
Add/ (Less): Extraordinary items	-	-	-	-	-	-
<b>Net Profit after extra- ordinary items and before prior period expenses</b>	<b>221.72</b>	<b>237.01</b>	<b>6.90</b>	<b>518.19</b>	<b>118.64</b>	<b>343.63</b>
Less : Prior Period Expenses	-	-	-	-	-	-
<b>Net Profit after Prior period Expenses</b>	<b>221.72</b>	<b>237.01</b>	<b>6.90</b>	<b>518.19</b>	<b>118.64</b>	<b>343.63</b>

## MAJOR ITEMS OF INCOME AND EXPENDITURE

### Income

Our revenues, referred to in our financial statements as total income, comprises of income from operations and other income. The income from operations comprises of the sales of edible oils (which includes income from products refined by the company as well as traded by the company) and its related by-products. The company primarily deals in Sunflower, Soya Bean, Rice Bran, Palm, Cotton Seed and its related By-products. Other income consists of interest, dividend, profit on high seas sale, sales tax refund and settlement account.

“Settlement account” represents the compensation received from the buyers/ paid to the sellers due to failure of honouring their contracts of sale and the amount paid/ received as compensation from such settlement of contracts.

### Expenditure

Our expenditure mainly comprises of material cost, employees cost, manufacturing expenses, power & fuel expenses, administrative and selling expenses, depreciation, financial expenses & tax expenses etc. Material cost consists of raw material consumed in manufacturing as well as raw material used for trading, employee cost consists payments made to the employees at all levels of the hierarchy. Manufacturing expenses comprises of all expenses relating to the manufacturing process, power & fuel expenses includes expenses on electricity bill, coal and wood expenses, diesel expenses & their transportation. Administrative & selling expenses consists of rent, repairs & maintenance, insurance, stationary & printing, travelling, legal & professional charges, Communication Cost, rates & taxes, selling and distribution expenses. Financial expenses include interest paid on borrowings.

## **Comparison of financials on standalone basis:**

### **Results for the year ended on March 31, 2009 as Compared to the results for the year ended March 31, 2008.**

#### **Income from Sales**

Income from manufacturing and trading of refined oil was Rs. 11743.90 lacs and Rs. 26728.05 respectively for the financial year 2007-08 which increased to Rs. 13,592.47 lacs and Rs. 35403.61 lacs for the financial year 2008-09. Hence our total sales from manufacture and trading of refined rice bran, sunflower, soya been, palm, cotton seed, groundnut oils has increased from Rs.38471.96 lacs in the financial year 2007-08 to Rs. 48996.08 lacs in the financial year 2008-09. i.e increase in overall sales by 27.36%. The increase in sales in the financial year 2008-09 is due to growth in manufacturing and trading sales.

#### **Other Income**

The Other Income including interest income was Rs.94.76 Lacs for the year ended March 31, 2009 in Comparison to Rs. 127.78 Lacs for the previous year ended March 31, 2008 i.e. a reduction of Rs. 33.02 lacs (25.84%). The decrease in other income is partly due to reduction in interest income from Rs.33.86 lacs during the year ended March 31, 2008 to Rs.31.38 lacs during the year ended March 31, 2009 (-7.32%) and partly due to reduction in settlement account\* income from Rs.91.44 lacs during the year ended March 31, 2008 to Rs.42.30 lacs during the year ended March 31, 2009 i.e. a reduction of 53.74%. The reduction in other income is partly offset by increase in Hi-Seas Sale Income by Rs. 15.00 Lacs as against nil during the last year.

\*"Settlement account" represents the compensation received from the buyers/ paid to the sellers due to failure of honouring their contracts of sale and the amount paid/ received as compensation from such settlement of contracts.

#### **Material Consumed**

The material consumed was Rs.12122.23 lacs for the year ended March 31, 2009 in comparison to Rs.10385.95 lacs for the previous year ended March 31, 2008. The increase in raw material consumption by Rs. 1736.28 lacs i.e 16.72% is due to increase in sales of manufacturing products.

#### **Purchase of Trading Goods**

Total purchase of trading goods for the year ended on March 31, 2009 was Rs.35,477.09 lacs as against purchase of trading goods for the year ended on March 31, 2008 for Rs. 26,868.39 Lacs i.e. increase of Rs. 8608.70 lacs (32.04%) . This increase was due to increase in sales of traded products.

#### **Manufacturing Expenditure**

The manufacturing expenditure was Rs.822.94 lacs for the year ended March 31, 2009 in comparison to Rs.457.18 lacs for the previous year ended March 31, 2008. This increase in manufacturing expenses by Rs. 365.76 lacs i.e (80%) is primarily attributable to change in the refining process of the rice bran oil. Due to this the chemical expenses have gone up to Rs. 360.61 lacs as against Rs. 155.55 lacs i.e increase by Rs. 205.06 lacs (131.83%). Also the company has sold majority of the oil by way of retail packing due to which the packing material cost has gone up to Rs. 261.48 Lacs in the financial year 2008-09 as against Rs. 55.46 Lacs for the financial year 2007-08 i.e increase by Rs. 206.02 lacs (371.47%). Also the company has changed the product mix hence the cost of freight inward has come down to Rs. 82.52 Lacs as against Rs. 114.37 Lacs (i.e. a reduction of 27.84%) which was incurred earlier due to sourcing of majority of materials from outside the state.

#### **Benefits to Employees**

Benefits to Employees increased to Rs.30.57 lacs for the year ended on March 31, 2009 as against Rs. 27.14 lacs for the year ended on March 31, 2008 registering an increase of Rs. 3.43 lacs (12.64%) due to employees recruitment and salary increment given to the existing employees.

#### **Power and Fuel Expenses**

The power and fuel expenses were Rs.240.83 lacs for the ended March 31, 2009 in comparison to Rs.110.05 lacs for the previous year ended March 31, 2008. The primary increase in power and fuel expenditure was partly due to increase in consumption of Coal and Wood and its related transportation to Rs. 156.07 lacs during the year ended March 31, 2009 as against Rs.44.40 Lacs (increase of 251.50%) during the year ended March 31, 2008 and partly due to the increase in production. Also the electricity bill has increased to Rs.65.94 Lacs as against Rs. 51.75 Lacs (increase of 27.41%) due to increase in manufacturing operations.

### **Administrative and Selling Expenses**

Administrative and Selling Expenses were Rs.340.90 lacs for the ended March 31, 2009 in comparison to Rs 184.87 Lacs for the previous year ended March 31, 2008. The Expenditure increased by 84.40% primarily due to increase in discounts to customers to Rs. 140.55 Lacs as against Rs. 16.10 Lacs (increase of 772.98%), increase in bank charges to Rs.42.77 Lacs as against Rs. 38.56 Lacs (increase of 10.92%) and partly due to increase in sales.

### **Financial Expenses**

Financial Expenses has gone up by 45.14% to Rs. 536.38 Lacs for the year ended March 31, 2009 as against Rs. 369.57 lacs for the year ended March 31, 2008 i.e. an increase of Rs. 166.81 lacs (45.14%). It was partly due to increase in bank interest on fund based working capital limits due to higher borrowings which increased to Rs. 257.75 Lacs as against Rs. 157.85 Lacs (i.e. an increase of 63.29%) and partly due to increase in interest on other facilities (i.e., LC, Term Loan & others) to Rs. 278.63 Lacs as against Rs. 211.73 Lacs (31.60%).

### **Depreciation**

Depreciation for the year ended on March 31, 2009 was Rs.128.50 lacs as against Rs. 75.48 lacs for the year ended on March 31, 2008. The depreciation increased by Rs. 53.02 lacs (70.24%) partly due to depreciation on additional fixed assets of Rs 70.48 lacs purchased during the year and partly due to charging of depreciation on pollution control equipment worth Rs. 544.91 lacs for full year which was purchased during the second half of financial year 2007-08.

### **Taxes**

Taxes for the year ended March 31, 2009 were Rs.90.43 lacs as against Rs.115.26 lacs for the year ended on March 31, 2008. Taxes during the financial year 2008-09 reduced in comparison to financial year 2007-08 was mainly due to reduction in the deferred tax liability from Rs.83.04 Lacs during the financial year 2007-08 to Rs. 39.91 Lacs during the financial year 2008-09.

### **Profit after Tax**

Profit after tax increased to Rs 237.01 lacs for the year ended on March 31, 2009 as against to Rs 221.72 lacs for the year ended on March 31, 2008 registering an increase by Rs. 15.29 lacs i.e 6.90%. It was partly due to increase in level of operations and partly due to reduction in taxes.

### **Results for the year ended on March 31, 2010 as Compared to the results for the year ended March 31, 2009.**

#### **Income from Sales**

Income from manufacturing and trading of refined oil was Rs. 13,592.47 lacs and Rs. 35403.61 respectively for the financial year 2008-09 which decreased to Rs. 10908.66 lacs and Rs. 28729.11 lacs respectively for the financial year 2009-10. Hence our total sales from refining and trading of rice bran, sunflower, soya been, palm, cotton seed, groundnut oils has decreased from Rs. 48,996.08 lacs in the financial year 2008-09 to Rs. 39637.77 lacs in the financial year 2009-10. i.e decrease in overall sales of 19.10%. The decrease in sales in the financial year 2009-10 was due to recession effect and spiraling price of oil.

#### **Other Income**

Other Income, including Interest Income was Rs.294.88 lacs for the year ended March 31, 2010 in comparison to Rs 94.76 Lacs for the previous year ended March 31, 2009. The interest income was Rs. 52.74 lacs for the financial year 2009-10 as against Rs. 31.38 Lacs for the financial year 2008-09 and the settlement account\* income has gone up to Rs. 239.83 Lacs in the financial year 2009-10 as against Rs. 42.30 lacs in the financial year 2008-09. The increase in other income is partly due to increase in settlement account income and partly due to increase in interest income.

\*"Settlement account" represents the compensation received from the buyers/ paid to the sellers due to failure of honouring their contracts of sale and the amount paid/ received as compensation from such settlement of contracts.

#### **Material Consumed**

The material consumed for the year ended March 31, 2010 was Rs 8961.00 lacs in comparison to Rs 12122.23 Lacs for the previous year ended March 31, 2009. The reduction in consumption of raw materials by Rs. 3161.23 lacs i.e (-26.08%) was due to reduction in sales and variation in raw material cost.

#### **Purchase of trading goods**

Total purchase of trading goods for the year ended on March 31, 2010 was Rs 27,513.59 lacs as against purchase of trading goods for the year ended March 31, 2009 was Rs 35,477.09 Lacs. The overall



purchases decreased by Rs. 7963.5 lacs i.e (-22.45%) due to reduction in sales of products traded by the company.

### **Manufacturing Expenditure**

The manufacturing expenditure for the year ended March 31, 2010 was Rs.446.16 lacs in comparison to Rs.822.94 Lacs for the previous year ended March 31, 2009. The reduction in manufacturing expenses by Rs. 376.78 lacs i.e (-45.78%) is primarily attributable to change in the refining process of the rice bran oil. During the year the company has employed physical processing of rice bran oil as against the chemical processing employed earlier. Due to this the chemical expenses have come down to Rs.190.99 lacs in the financial year 2009-10 as against Rs. 360.61 Lacs in the financial year 2008-09 i.e (-47.04%). Also the company has sold majority of the oil by way of bulk consignments as against the retail packing due to which the packing material cost has come down to Rs. 124.10 lacs as against Rs. 261.48 lacs (-52.54%). Also the company has changed the product mix hence the cost of freight Inward has come down to Rs. 1.70 Lacs in the financial year 2009-10 as against Rs. 82.52 Lacs for the financial year 2008-09 i.e a reduction of 97.94% which was incurred earlier due to sourcing of material from outside the state. All these steps have resulted in reduction of manufacturing expenditure during the year.

### **Benefits to Employees**

Benefits to Employees increased to Rs 34.50 Lacs for the year ended on March 31, 2010 as against to Rs 30.57 Lacs for the year ended on March 31, 2009 registering an increase of Rs. 3.93 lacs i.e (12.86%) due to employee's recruitment and salary increment given to the existing employees.

### **Power and Fuel Expenses**

The power and fuel expenses were Rs.71.39 Lacs for the ended March 31, 2010 in comparison to Rs.240.83 Lacs for the previous year ended March 31, 2009. The primary reduction in power and fuel expenditure is due to non consumption of Coal and Wood and its related transportation cost i.e. Rs. 0.62 Lacs during the year ended March 31, 2010 as against Rs. 156.07 lacs during the year ended March 31, 2009 i.e. a reduction of 70.36% partly due to the restrictions laid down by the Government and partly due to the reduced level of operations. In addition, the company used own vehicles for transportation of Husk as against the outside vehicles being hired during last year. Also the power consumption has come down to Rs.43.04 Lacs as against Rs.65.93 Lacs due to reduction in manufacturing operations.

### **Administrative and Selling Expenses**

Administrative and Selling Expenses were Rs. 186.86 Lacs for the ended March 31, 2010 in comparison to Rs. 340.90 Lacs for the previous year ended March 31, 2009. The Expenditure decreased by 45.19% primarily due to the reduction in discounts to customers (including scheme expenses, quality rebate, weight shortage & cash discount) to Rs. 28.59 Lacs as against Rs. 140.55 Lacs (-79.66%), reduction of bank charges to 20.46 Lacs as against Rs. 42.77 Lacs (-52.14%) and also due to reduction in sales.

### **Financial Expenses**

Financial Expenses has gone up by 16.89% to Rs. 626.99 Lacs for the year ended March 31, 2010 from Rs. 536.38 Lacs as against the previous year ended on March 31, 2009. It is due to increase in bank interest on fund based working capital limits to Rs. 534.06 Lacs during the financial year 2009-10 as against Rs. 257.75 Lacs during the financial year 2008-09 i.e. an increase of 107.20% due to higher borrowings.

### **Depreciation**

Depreciation for the financial year 2009-10 is Rs.120.27 Lacs as against Rs.128.50 Lacs for the year ended on March 31, 2009 i.e a reduction of 6.4%. This is due to the reason that during the year the company has not added any major fixed assets.

### **Taxes**

Taxes expenses for the year ended on March 31, 2010 are Rs.317.08 Lacs as against Rs. 90.43 Lacs for the year ended on March 31, 2009. Taxes become higher in the financial year 2009-10 in comparison to Financial Year 2008-09 due to increase in taxable profits.

### **Profit after Tax**

Profit after tax increased to Rs.518.19 Lacs for the year ended on March 31, 2010 as against to Rs.237.01 lacs for the year ended on March 31, 2009 registering an increase of Rs.281.18 Lacs i.e increase by 118.64%. In the financial year 2009-10, though there is reduction in sales by Rs. 9358.31 Lacs (-19.10%), there is increase in other income by Rs. 200.12 Lacs (211.19%) and the reduction is offset by better margins due to the decrease in material consumption (including trading goods) by Rs. 11124.73 Lacs (-23.37%), manufacturing expenses by Rs. 376.78 Lacs (-45.78%), Power & Fuel Expenses by Rs. 169.44 Lacs (-70.36%), administrative and selling expenses by Rs. 154.04 Lacs (-45.19%), depreciation by Rs. 8.23 Lacs (-6.40%). However partially the reduction in expenses has been offset by increase in benefits to employees

by Rs. 3.93 Lacs (12.86%), financial expenses by Rs. 90.61 Lacs (16.89%) and tax Rs. 226.65 Lacs (250.64%) for the year ended on March 31, 2010.

**Information required as per Item (2)(IX)(E)(5) of Part A of Schedule VIII to the SEBI ICDR Regulations:**

- **Unusual or infrequent events or transactions**

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Any slowdown in the growth of Indian economy & market and future volatility in prices of material and labour, Interest rates, regulatory requirement could affect the business operations, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares. Except the above, and those discussed in Chapter on "Risk Factors" there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under heading "Risk Factors" of this DRHP, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

- **Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change are known.**

Other than described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Red Herring Prospectus, to the best of our knowledge there is no future changes in relationship between cost and income that would have a material adverse impact on our operations and revenues.

- **The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices**

Increase in revenue is largely on account of optimum utilization of its capacity, increase in selling price of the products of the company.

- **Total turnover of each major industry segment in which the Company operated**

The Company is engaged in only one segment namely edible oil industry.

- **Status of any publicly announced New Products or Business Segment**

The Company has not announced any new products or business segment.

- **The extent to which the company's business is seasonal.**

The Company's business is not seasonal in nature.

- **Any significant dependence on a single or few suppliers or customers**

The Company is largely dependent on single and few customers, as top one and top ten customers constitutes 25.20% and 56.71% of the total income for the year 2009-10 on consolidated basis. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes 28.80% and 66.92% of the total purchases for the year 2009-10 on consolidated basis. All the top 10 customers are Indian customers. The Company is trying to increase the customer and suppliers base to reduce the dependency of the Company on a particular customer/supplier or group of customers/suppliers.

- **Competitive conditions**

The Company faces stiff competition from small, medium as well as large well-established players. The Company is smaller in size compared to the market leaders. However with proposed capital expenditure company intends to face competition more confidently. Further, there exists immense scope for the company to enjoy larger market share by providing larger variety to current and potential customers after the expansion.

## SECTION VI - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there is no:

- (a) Litigations against the issuer or its subsidiary or against any other company whose outcome could have a materially adverse effect of the position of the issuer;
- (b) Litigations against the directors involving violation of statutory regulations or alleging criminal offence;
- (c) criminal/ civil prosecution against the directors for any litigation towards tax liabilities.
- (d) Pending proceedings initiated for economic offences against the issuer or its directors or its subsidiary;
- (e) Adverse findings, if any, in respect of the issuer or its subsidiary company as regards compliance with the securities laws.
- (f) past cases in which penalties were imposed by the authorities concerned on the issuer, directors, Promoters or group companies/entities or subsidiary company.
- (g) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer or subsidiary, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc. in respect of the issuer company or its subsidiary;
- (h) pending litigations, disputes, defaults, non payment of statutory dues, overdues to banks or financial institutions, defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), disciplinary action taken by the Board or stock exchanges against the issuer or its directors or its subsidiary company;
- (i) pending litigations in which the promoters are involved, defaults to the financial institutions or banks, non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the promoters and group companies/entities, and proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), disciplinary action taken by the Board or recognized stock exchanges against the promoters and group companies/entities.
- (j) Pending litigations, defaults, etc. in respect of group companies/entities with which the promoters were associated in the past but are no longer associated in case their name(s) continue to be associated with the particular litigation(s).
- (k) litigations/ defaults/over dues or labour problems/ closure etc. faced by group companies/entities,
- (l) litigations against the promoter involving violation of statutory regulations or alleging criminal offence
- (m) Pending proceedings initiated for economic offences against the promoters, group companies/entities.
- (n) adverse findings, if any, in respect of the persons/entities connected with the issuer/subsidiary company/promoter/ group companies or entities as regards compliance with the securities laws.

#### 1. Criminal Laws

- a) Cases filed by the Company –

S r. N o.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	C.C. S.R. No.	09-06- 2010	M/s. Sheetal Refineries Pvt. Ltd	Chief Metropolitan Magistrate	Criminal complaint Under Section 200 of Cr. P.C filed by the company	Rs. 210873	Pending	If decided against the company, it will

	2401 / 2010		<b>Vs.</b> Mr. Shyam Proprietor of M/s Vaishnavi Devi Packers, Hy'bad & 2 others (Mr. Ravi & Mr. Shankar Rao)	Nampally, Hyderabad	against the accused alleging that the said party had issued various cheques against supply of goods to the party which were subsequently returned unpaid for lack of funds, for which a criminal complaint was filed by the company.			have adverse effect on the financials of the company to the extent of amount involved.
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- b) Cases filed against the Company - Nil  
c) Cases filed by the Promoters/Directors- Nil  
d) Cases filed against the Promoters/ Directors – Nil  
e) Cases filed by the Group Companies or entities/ Subsidiary Company/associate concerns

S r. N o.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	CC. No. 1471/ 2006	19.06.2006	M/s Siddhi Vegetable Oil Products, Hyd. <b>Vs.</b> Mr. K. Diwakar, Prop. Of M/s Madhu Traders, Hy'bad.	Hon'ble Chief Metropolitan Magistrate, Nampally, Hyd.	This complaint was filed by the firm against Mr. K. Diwakar under Section 138 of Negotiable Instrument Act, for dishonour of cheque amount of Rs. 49216. Mr. Diwakar issued the cheque towards discharge of his liability for purchase consideration of edible oils from the firm. The said cheque was dishonoured on account of insufficient fund And hence the complaint was filed by the firm.	Rs. 49216	Non-bailable warrant issued by the Court against the opposite party.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
2	CC No. 641 / 2009	14.11.2007	M/s Siddhi Vegetable Oil Products, Hyd. <b>Vs.</b> Mr. S.A. Srinivasa Rao, Partners Of M/s Sri Harsha Transporter, Hyd	Hon'ble XIX Add. Chief Metropolitan Magistrate, Nampally, Hyd.	The present complaint filed by firm on 14.11.2007 under Section 138 of Negotiable Instrument Act against Mr. S.A. Srinivas Rao. The firm has given a Hand loan of Rs. 4000000 to Mr. S.A. Srinivas Rao. Cheques which he had issued towards repayment of said loan, returned unpaid because of insufficient fund. Hence the complaint was filed by the firm.	Rs. 4000000	Non-bailable warrant issued by the Court against the opposite party.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
3	CC SR No. 2203/ 2010	02.06.2010	M/s Siddhi Vegetable Oil Products, Hyd. <b>Vs.</b> Mr. Shyam Prop. Vaishnavi Devi Packers & others (Mr. Ravi & Mr. Shankar Rao)	Hon'ble Chief Metropolitan Magistrate, Nampally, Hyd.	Criminal complaint u/s 200 of Criminal Procedure Code filed by the firm against the accused for supply of goods against which party gave cheque which were subsequently returned unpaid for want of funds for which a criminal complaint was filed by the firm.	Rs. 175047	Pending	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.

- f) Cases filed against the Group Companies or entities/ Subsidiary Company /associate concerns –

S r. N o.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	FIR No.	18.03.200	Sri Mahaveer	Hon'ble XII,	The complaint was filed	-	The	As the case is

38 / 6	2006	Lohiya, partner of M/s Lohiya Industries, Hyd.  <b>Vs.</b>  M/s Siddhi Vegetable Oil Products, Hyd.	Addl. Chief Metropolitan Magistrate, Nampally, Hyd.	against the firm for violation of the Trade Mark rights of M/s Lohiya Industries, represented by Sri Mahaveer Lohiya in respect of their trade mark "GOLD DROP".		investigating officer has submitted a final report to the court stating that the case as a mistake of facts basing on the merits of the investigation and documentary evidence in the course of investigation.	relating to the group entity, it will not have any adverse effect on the financials of the company.
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## 2. under securities Laws

- Cases filed by the Company - Nil
- Cases filed against the Company- Nil
- Cases filed by the Promoters/ Directors - Nil
- Cases filed against the Promoters/ Directors - Nil
- Cases filed by the Group Companies or entities/ Subsidiary Company/associate concerns - Nil
- Cases filed against the Group Companies or entities/ Subsidiary Company/associate concerns - Nil

## 3. under Tax Laws

- Cases filed by the Company –

S r. N o.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	Appeal No. 302 / 09-10	22-01-2010	M/s. Sheetal Refineries Pvt. Ltd <b>Vs.</b> Deputy Commissioner of Income Tax, Circle 3 (1), Hyd.	Commissioner of Income Tax (Appeals), IV, Hyd.	Deputy Commissioner of Income Tax passed an Assessment order for AY 2007-08 on Dtd. 31.12.2009, making an addition of income of Rs. 15266157 and levying additional tax of Rs. 10515812 & interest in view of declaration of additional income by the company during a survey conducted by the IT Dept. on 10.08.06 and also disallowing certain expenses by the Dept. The company has filled an appeal against the said order with CIT, Appeals on Dtd. 22.01.2010	Rs. 10515812 plus interest	Pending	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

2	ITA NO. 381 / DC-3(1)/CIT (A)-IV/08-09	21-01-2009	M/s. Sheetal Refineries Pvt. Ltd <b>Vs.</b> Deputy Commissioner of Income Tax, Circle 3 (1), Hyd.	Commissioner of Income Tax (appeals) – IV, Hyd.	Deputy Commissioner of Income Tax passed an Assessment order for AY 2006-07 on Dtd. 31.12.2008 disallowing deductions of Rs.2741849, considering additional income declared by the assessee, considering amount given to directors as deemed dividend u/s 115O of IT Act, 1961 and raised a demand of Rs.1680167, . The company has filled appeal with CIT (Appeals) on 21.01.09 on certain grounds and same has been allowed by CIT (Appeals) vide its order dated 29.05.09 subject to verification by the Assessing Officer.	Rs. 1680167	Pending for re-assessment.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
3	Acknowledgment of Appeal file is received , but waiting for appeal no.	30.12.2010	M/s. Sheetal Refineries Pvt. Ltd <b>Vs.</b> Asst. Commissioner of Income Tax, Circle 3 (1), Hyd.	Commissioner of Income Tax (appeals) – IV, Hyd.	Deputy Commissioner of Income Tax passed an assessment order for AY 2008-09 on 07.12.2010 making an addition of income of Rs.3869145 and levying additional tax of Rs. 1696040 & interest by disallowing certain expenses. The company has filed Appeal against the said order with CIT (Appeals) on Dtd. 30.12.2010	Rs. 1696040 plus interest	Pending before commissioner appeal IV	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
4	TREVC SR No. 276/2011	27.01.2011	Sheetal Refineries Pvt. Ltd <b>Vs.</b> State of Andhra Pradesh	High Court of Judicature, A.P., Hyd.	Deputy Commissioner (CT), Hy'bad passed assessment order dated 16.03.2004 for year 2000-01 under APGST Act, 1957 and raised demand of Rs. 3508521, by disallowing the exemption of sales tax on second sales. Against the said order company has filed appeal with S.T.A.T. and Tribunal has passed its order dated 01.02.2010 dismissing the appeal of the company. However company filed Tax Revision Case on 27.01.2011 before Hon'ble High Court of A.P. in the file of TREVC SR No. 276/2011 for the disputed amount of Rs. 3843780.	Rs. 3843780	Pending.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
5	192/2005	08.09.2005	Sheetal Refineries Pvt. Ltd <b>Vs.</b> Deputy Commissioner (CT), Hy'bad and	Sales Tax Appellate Tribunal, Hy'bad.	The Deputy Commissioner (CT), Hy'bad passed a re-assessment order dated 23.06.2005 & 11.07.2005 & raised a demand of Rs. 6277784 under CST Act for the year 2001-02 by disallowing exemption on the interstate sales to consignment agents etc on the ground that exemption was claimed on the basis of bogus F forms in certain cases and in some other cases on the basis of false	Rs. 62,61,242	Pending with STAT. . After the receipts of representations from AP Oil Millers Association Ltd, Govt. of A.P. passed an Order Dated 23.08.2010	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

					<p>documents.</p> <p>Thereafter the company filed an appeal against the said order for a disputed amount of Rs. 6261242 before the AP Sales Tax Tribunal for passing the stay order on 08.09.05. The case is still pending.</p> <p>In addition, company also filed an application with Additional Commissioner (CT) Legal, Hy'bad on 12.09.2005 for stay of collection of disputed tax. However, the Additional Commissioner (CT) Legal rejected the said application vide their order dated 21.09.2005.</p> <p>Thereafter the company filed a Writ Petition before The Hon'ble High Court of Judicature, Andhra Pradesh, Hy'bad for staying the order. The Hon'ble High Court vide its order Dated 29.09.2005 has stayed the recovery of tax in view of pendency of appeal before Tribunal with a direction to deposit 50% of the demanded tax within a period of 8 weeks from the date of order in two equal installments (first installment by 03.11.05 &amp; second by 01.12.05). Accordingly the company has paid Rs. 2650663 in addition to the amount of Rs. 479958/- paid earlier.</p>		<p>(as per Govt. Memo.No.3 4869/CT,II(1)/2010-11, Dtd. 23-08-2010) waiving sales tax over &amp; above 4%, subject to condition that the tax is paid by 31.12.10. The order is applicable to all dealers who did not file valid F forms for the period upto 31.03.07. The said one time settlement is subject to the condition that appeals / Writ Petition / Special leave petitions filed, if any, before any legal forum are withdrawn. So the liability will be recalculated accordingly</p>	
6	W. P. No. 943 / 2006	17.01.2006	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Hyd.</p>	High Court of Judicature, A.P., Hyd.	<p>Commercial Tax officer, Special Commodity Circle, Hyd passed assessment order dated 04.01.2006 for the year 2002-03 &amp; raised a demand of Rs. 9086633 under Central Sales Tax Act by disallowing exemption on the interstate sales to consignment agents and other parties situated outside the state of Andhra Pradesh etc on various grounds including bogus F forms.</p> <p>Thereafter the Company filed a Writ Petition before High Court of Judicature, A.P., Hyd</p>	Rs.9086633	<p>Pending with assessing authority</p>	<p>If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.</p>

					<p>and the High Court vide its order dated 17.01.06 permitted the company to file its objections before the assessing authority within 6 weeks of the order.</p> <p>After the receipts of representations from AP Oil Millers Association Ltd, Govt. of A.P. passed an Order Dated 23.08.2010 (as per Govt. Memo.No.34869/CT,II(1)/2010-11, Dtd. 23-08-2010) waiving sales tax over &amp; above 4%, subject to condition that the tax is paid by 31.12.10. The order is applicable to all dealers who did not file valid F forms for the period upto 31.03.07. The said one time settlement is subject to the condition that appeals / Writ Petition / Special leave petitions filed, if any, before any legal forum are withdrawn.</p> <p>The company has now received an order dated 17.09.2010 revising the said assessment &amp; raising a total demand of Rs.2600811.</p>			
7	--	01.12.2009	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Saroornagar Division Hyd.</p> <p><b>And</b></p> <p>Deputy Commissioner (CT), Saroornagar Division Hyd.</p>	Sales Tax Appellate Tribunal, A.P. Hyd.	<p>Commercial Tax officer, Special Commodity Circle, Hyd has passed an order dated 07.10.2009 revising assessment for the year 2003-04 and raising a Tax demand for Rs.18932444 under Central Sales Tax Act on the ground <i>inter alia</i> that various F forms on the basis of which exemption on consignment sales was claimed, was found to be bogus &amp; fictitious.</p> <p>The company has made an appeal to Sales Tax Appellate Tribunal, Hy'bad for a disputed amount of Rs. 19659788 on 01.12.2009 against the said order and same is still pending.</p> <p>In addition, the company had made an application to Additional Commissioner (CT) (Legal) on 15.01.2010 against the order to grant stay against the collection of tax. However, the Additional Commissioner (CT) (Legal) had rejected the said application vide its order dated 02.02.2010.</p> <p>In the same matter, the Company also filed a Writ Petition No.9041/2010 with</p>	Rs. 19659788	<p>Pending with STAT. After the receipts of representations from AP Oil Millers Association Ltd, Govt. of A.P. passed an Order Dated 23.08.2010 (as per Govt. Memo.No.34869/CT,II(1)/2010-11, Dtd. 23-08-2010) waiving sales tax over &amp; above 4%, subject to condition that the tax is paid by 31.12.10. The order is applicable to all dealers</p>	<p>If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.</p>



					<p>High Court of Judicature of Andhra Pradesh, and the Court while directing issue of notice to the opposite parties, vide its order dated 21.04.2010, granted interim stay to us subject to condition that company deposits Rs.10,00,000 within a period of 8 weeks of that order.</p> <p>The Company intimated to CTO, Hy'ad vide its letter dt.09.06.10 that as the Company has already paid Rs.40,00,000 in various installments, the condition imposed by the HC is already satisfied.</p>		<p>who did not file valid F forms for the period upto 31.03.07. The said one time settlement is subject to the condition that appeals / Writ Petition / Special leave petitions filed, if any, before any legal forum are withdrawn. So the liability will be recalculated accordingly</p>	
8	T.A. 424/10	29.01.2010.	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Hyd.</p>	Sales Tax Appellate Tribunal, A.P. Hyd.	<p>The Commercial Tax officer, Special Commodity Circle, Hyd has passed an Assessment Order for the year 2006-07 and has raised tax demand for Rs.509612 under Central Sales Tax Act vide his order Dated 13.03.2009 on various grounds.</p> <p>Thereafter, appeal against the said order was filed before Appellate Dy. Commissioner (CT), Hy'bad on 06.04.2009. However, the Appellate Dy. Commissioner (CT), Hy'bad dismissed he said application vide its order dated 30.11.2009.</p> <p>Thereafter an appeal was filed with STAT on 29.01.2010 and same is still pending.</p> <p>After the receipts of representations from AP Oil Millers Association Ltd, Govt. of A.P. passed an Order Dated 23.08.2010 (as per Govt. Memo.No.34869/CT,II(1)/2010-11, Dtd. 23-08-2010) waiving sales tax over &amp; above 4%, subject to condition that the tax is paid by 31.12.10. The order is applicable to all dealers who did not file valid F forms for the period upto 31.03.07. The said one time settlement</p>	Rs. 509612	Pending with STAT.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

					<p>is subject to the condition that appeals / Writ Petition / Special leave petitions filed, if any, before any legal forum are withdrawn.</p> <p>The Company has received a letter dated 06.12.2010 from CTO, Special Commodity Circle, Hy'bad revising the tax demand due from the company in terms of above government order to an amount of Rs.19,96,417 for the year 2006-07.</p>			
9	TA. 423/10	29.01.2010	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Hyd.</p>	Sales Tax Appellate Tribunal, A.P. Hyd.	<p>Commercial Tax officer, Special Commodity Circle, Hyd has passed the assessment order dated 16.12.2008 and has raised demand for Rs. 235379/- under Central Sales Tax Act for the year 2005-06 on various grounds.</p> <p>Against said order, the company filed an appeal on 31.12.2008 with the Appellate Dy. Commissioner (CT), Hy'bad which was dismissed by him vide order dated 30.11.2009.</p> <p>On 29.01.2010, an appeal was filed with STAT for a disputed amount of Rs. 260398 and same is pending.</p>	Rs. 260398	<p>Pending with STAT. After the receipts of representations from AP Oil Millers Association Ltd, Govt. of A.P. passed an Order Dated 23.08.2010 (as per Govt. Memo.No.3 4869/CT,II(1)/2010-11, Dtd. 23-08-2010) waiving sales tax over &amp; above 4%, subject to condition that the tax is paid by 31.12.10. The order is applicable to all dealers who did not file valid F forms for the period upto 31.03.07. The said one time settlement is subject to the condition that appeals /Writ Petition / Special leave petitions</p>	<p>If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.</p>

							filed, if any, before any legal forum are withdrawn. So the liability will be recalculated accordingly	
10	W.P. No. 22973 / 2009	23.10.2009	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Hyd.</p>	High Court of Judicature, A.P., Hyd.	<p>Commercial Tax officer, Special Commodity Circle, Hyd has passed an assessment order dtd. 01.10.2009 under APVAT Act 2005 for the year 2006-07 and has raised a tax demand of Rs.6558985 due to dispute of input tax claimed on account of various reasons including bills from bogus &amp; non-existing dealers. The company is unable to provide relevant documents to the department due to seizing of records by the enforcement wing of the Sales Tax Department. The Company filed a Write Petition with the High Court of Andhra Pradesh to set aside the above mentioned order. The Hon'ble High Court of A.P, vide its Common Order for WP No's 22973, 22974 &amp; 22968, dated 19.01.2010 directed the assessing authority to furnish to the company copies of the purchase bills. The Court has asked the Company to file the relevant documents with the Assessing Authority within 4 weeks of receipt of documents from the Dept. The Court quashed the assessment order and remanded the assessing authority to pass fresh order.</p>	Rs.6558985	Case is pending before assessing authority.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
11	W.P. No. 22974 / 2009	23.10.2009	<p>Sheetal Refineries Pvt. Ltd</p> <p><b>Vs.</b></p> <p>Commercial Tax Officer, Special Commodities Circle, Hyd.</p>	High Court of Judicature, A.P., Hyd.	<p>The Commercial Tax officer, Special Commodity Circle, Hy'bad has passed the assessment order dtd. 01.10.2009 under APVAT Act 2005 for the year 2007-08 and has raised a demand of tax of Rs.22894565 due to dispute of input tax claimed on account of various reasons including bills from bogus &amp; non-existing dealers. The company is unable to provide relevant documents to the department due to seizing of records by the enforcement wing of the Sales Tax Department. The Company filed a Writ Petition with the High Court of</p>	Rs. 22894565	Case is pending before assessing authority.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

					Andhra Pradesh to set aside the above mentioned order. The Hon'ble High Court of A.P, vide its Common Order for WP No's 22973, 22974 & 22968, dated 19.01.2010 directed the assessing authority to furnish to the company copies of the purchase bills. The Court has asked the Company to filed the relevant documents with the Assessing Authority within 4 weeks of receipt of documents from the Dept. The Court quashed the assessment order and remanded the assessing authority to pass fresh order.			
1 2	W.P. No. 22968 / 2009	23.10.2009	Sheetal Refineries Pvt. Ltd  <b>Vs.</b>  Commercial Tax Officer, Special Commodities Circle, Hyd.	High Court of Judicature, A.P., Hyd.	The Commercial Tax officer, Special Commodity Circle, Hyd has passed the assessment order dtd. 01.10.2009 under APVAT Act 2005 for the year 2008-09 and has raised a demand of tax of Rs.11744075 due to dispute of input tax claimed on account of various reasons including bills from bogus & non-existing dealers. The company is unable to provide relevant documents to the department due to seizing of records by the enforcement wing of the Sales Tax Department. The Company filed a Writ Petition with the High Court of Andhra Pradesh to set aside the above mentioned order. The Hon'ble High Court of A.P, vide its Common Order for WP No's 22973, 22974 & 22968, dated 19.01.2010 directed the assessing authority to furnish to the company copies of the purchase bills. The Court has asked the Company to filed the relevant documents with the Assessing Authority within 4 weeks of receipt of documents from the Dept. The Court quashed the assessment order and remanded the assessing authority to pass fresh order	Rs. 11744075	Case is pending before assessing authority.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

- b) Cases filed against the Company- Nil  
c) Cases filed by the Promoters/ Directors-

S r. N o.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer
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1	Appeal No. 407 / 09-10	28.01.2010	Jugal Kishore Agarwal <b>Vs.</b> Deputy Commissioner of Income Tax, circle – 3(1), Hyderabad	Commissioner of Income Tax (appeals) – IV, Hyd.	Deputy Commissioner of Income Tax has passed an order on dtd. 31.12.2009 imposing tax liability of Rs.37,33,659 for AY 2005-06 considering unexplained investment in house property (Rs.69,36,528) as income of the assessee. Assessee has filed appeal with the CIT (Appeals) on Dtd. 28.01.2010 against the said order. However, the CIT (Appeals) has dismissed the said appeal vide his order dated 30.12.2010.	Rs. 3733659	Appeal dismissed by the CIT (Appeals).	As the case is relating to the director, it will not have any adverse effect on the financials of the company.
2	Acknowledgment of Appeal file is received, but waiting for appeal no.	30.12.2010	Jitender Kumar Agarwal <b>Vs.</b> Asst. Commissioner of Income Tax, circle – 3(1), Hyderabad	Commissioner of Income Tax (appeals) – IV, Hyd.	Asst. Commissioner of Income Tax passed an order on dtd. 07.12.2010 disallowing expenditure of Rs.133373 and levying tax of Rs. 135908 for the assessment year 2008-09, against the said order assessee has filled appeal with CIT(Appeals) on dtd. 30.12.2010	Rs. 135908	Pending before Commissioner of Income Tax (Appeals) IV	As the case is relating to the director, it will not have any adverse effect on the financials of the company.
3	—	21.01.2009	Jitender Kumar Agarwal <b>Vs.</b> Deputy Commissioner of Income Tax, circle – 3(1), Hyderabad	Commissioner of Income Tax (appeals) – IV, Hyd.	Dy. Commissioner of Income Tax passed an order on 26.12.2008 adding Rs.8,19,000 to the total income of director for the assessment year 2006-07 and raised a demand of Rs.3,62,792. Against the said order assessee has filled appeal with CIT(Appeals) on 21.01.2009.	Rs.3,62,792	Pending before Commissioner of Income Tax (Appeals) IV	As the case is relating to the director, it will not have any adverse effect on the financials of the company.

d) Cases filed against the Promoters/Directors - Nil

e) Cases filed by the Group Companies or entities/ subsidiary company /associate concerns- Nil

f) Cases filed against the Group companies or entities/ subsidiary company /associate concerns – Nil

#### 4. Under civil laws

a) Cases filed by the Company –

S r . N o .	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	OS NO. 2056 / 2003	29.10.2003	M/s Sheetal Refineries Pvt. Ltd <b>Vs.</b> M. Hanmanth Rao	Hon'ble 1 <sup>st</sup> Senior Civil Judge, Hy'bad.	The company has filed suit against the dealer Mr. M. Hanmanth Rao, for recovery of amount of the goods, which were sold to the dealer for Rs. 948800.as the cheques issued by the said party were dishonored due to "insufficient funds".	Rs. 948800 plus interest	Pending.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
2	C.C. 696 / 2009	15.09. 2009	M/s Sheetal Refineries Pvt. Ltd <b>Vs.</b> National Insurance Company Ltd.	Hon'ble District Consumer Dispute Redressal Forum -III	The company has filed a recovery case on National Insurance Co. Ltd. for an amount of Rs. 672583 & interest for loss of edible oil lot during an accident by vehicle carrying oil which was covered by Marine Open Policy.	Rs. 672583 plus interest	Pending.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

b) Cases filed against the Company-

Sr. No.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	I.P. No 19 / 2010	14.06.2010	P. Shyam Kumar, Proprietor M/s. Vaishnavi Devi Oil Packers <b>Vs.</b> Mr. Om Prakash Agarwal & Others (including Mr. Jitender Agarwal of Sheetal Refineries Pvt. Limited )	Hon'ble Addl. Judge cum City Small Cases Court, Hyderabad	The petitioner has filed Insolvency Petition to prove himself as insolvent person to avoid his liability to pay the company Rs.210743 towards supply of oil by the company.	Rs. 210743	Pending.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.
2	I. P. No. 1 / 2010	20-08-2010	R. Shyam Sunder Proprietor M/s Mani sai Trading Corporation Narayanpet, Mahaboob Nagar District <b>Vs.</b> Sri Sarvo Nataraj Agro India & Others (including Sheetal Refineries Pvt. Ltd)	Hon'ble Senior Civil Judge Narayanpet,	The petitioner has filed Insolvency Petition to prove himself as insolvent person to avoid his liability to pay the company Rs.530000 towards supply of oil by the company.	Rs. 530000	Pending.	If decided against the company, it will have adverse effect on the financials of the company to the extent of amount involved.

c) Cases filed by the Promoters/Directors –

Sr. No.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	W.P. No. 9171 / 2009	28.04.2009	Jugal Kishore Agarwal <b>And</b> Jitender Kumar Agarwal <b>Vs.</b> The District Panchayat Officer & The	High Court of Judicature of A.P, Hyd.	The Gram Panchayat has granted permission & NOC has been issued by Executive Officer for building construction on land in Sy. No.386, situated at Shamshabad. However, the Gram Panchayat has issued a notice dt. 21.02.2009 to stop the construction work on the said site as per the order issued by the Dist. Panchayat Officer. The petitioners have filed a WP with	Not Ascertainable	Pending before High Court.	Though the case is related to the promoter of the company, issuer Company has made a payment of Rs.1731.86 lacs to the promoter group entity for said construction

			Panchayat Secretary, Hyd.		High Court of Andhra Pradesh for declaring the said action of the opposite parties as illegal, arbitrary & unconstitutional. High Court has directed the opposite parties vide its order dt. 29.04.2009 to show cause why the WP should be admitted and in the same order the court has directed them, pending the further order, not to demolish any structure and at the same time directed the petitioner not to make any further construction. Against the said order, the petitioner filed a Writ Appeal No.643/2009 with the High Court in which the Court modified the earlier order by allowing the petitioners to proceed with the construction.			and therefore in case, the the litigation is decided against the promoter and the said construction is declared illegal, it will have direct & equivalent effect on the financials of the company
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d) Cases filed against the Promoters/ Directors – Nil

e) Cases filed by the Group Companies or entities/subsidiary company/associate concerns-

Sr. No.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	OS No. 599/ 2010	16.09.2010	M/s Siddhi Vegetable Oil Products, Hyd. <b>And</b> Sheetal Siddhi Veg Oil Private Ltd <b>Vs.</b> M/s Sri Harsha Transporters & its (2) partners, Mr. Anantha Srinivasa Rao & Gollakoti Ramesh Babu	Hon'ble Chief Judge, City Civil Court, Hyd.	This case is connected to criminal complaint vide CC No. 641/2009. This civil suit is filed for recovery of Rs. 4000000 along with interest there upon, total amounting to Rs. 7150904/- as on 16.09.2010.	Rs. 7150904/- (Principal amount Rs. 4000000/- and interest of Rs. 3150904/-) and further interest	Pending	As the subsidiary is involved in this case, if the cases are decided against it, it will have effect on the financials of the subsidiary. Accordingly, to the extent of holding of issuer company in the subsidiary, it will affect the financials of issuer company also.
2	Opposition No. 723365	2008	M/s Siddhi Vegetable Oil Products, Hyd. <b>Vs.</b> M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843433 for registration of trade mark "GOLD DROP" in Class 23.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
3	Opposition No. 723362	2008	M/s Siddhi Vegetable Oil Products, Hyd. <b>Vs.</b>	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843414 for registration of trade mark "GOLD DROP" in Class 04.	-	Pending for withdrawal in terms	As the case is relating to the group entity, it will not have any adverse

			M/s Lohiya Industries, Hyd.				of compromise entered between parties.	effect on the financials of the company.
4	Opposition No. 723363	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843437 for registration of trade mark "GOLD DROP" in Class 27.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
5	Opposition No. 723364	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843438 for registration of trade mark "GOLD DROP" in Class 28.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
6	Opposition No. 723366	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843443 for registration of trade mark "GOLD DROP" in Class 33.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
7	Opposition No. 248377	06.12.2006	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843430 for registration of trade mark "GOLD DROP" in Class 20.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
8	Opposition No. 248376	06.12.2006	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries,	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843436 for registration of trade mark "GOLD DROP" in -Class 26.	-	Pending for withdrawal in terms of compromise entered	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.



			Hyd.				d between n parties.	
9	Opposition No. 248375	06.12.2006	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843428 for registration of trade mark "GOLD DROP" in Class 18.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
10	Opposition No. 729925	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843423 for registration of trade mark "GOLD DROP" in Class 13.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
11	Opposition No. 729926	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843425 for registration of trade mark "GOLD DROP" in Class 15.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
12	Opposition No. 729927	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843434 for registration of trade mark "GOLD DROP" in Class 24.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
13	Opposition No. 729928	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843415 for registration of trade mark "GOLD DROP" in Class 05.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.

14	Opposition No. 729929	2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 843416 for registration of trade mark "GOLD DROP" in Class 06.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
15	Opposition No. 716814	21.01.2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 946822 for registration of trade mark "GOLD DROP" in Class 29.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
16	Opposition No. 716813	21.01.2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 1155425 for registration of trade mark "GOLD DROP" in Class 29.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
17	Opposition No. 718921	11.02.2008	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 1155424 for registration of trade mark "GOLD DROP" in Class 29.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
18	Opposition No. 255944	19.04..2007	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 1396450 for registration of trade mark "GOLD DROP" in Class 29.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
19	Opposition No. 255945	19.04.2007	M/s Siddhi Vegetable Oil Products, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 1396449 for registration of trade mark "GOLD	-	Pending for withdrawal in	As the case is relating to the group entity, it will not have

			<b>Vs.</b>  M/s Lohiya Industries, Hyd.		DROP" in Class 29.		terms of compromise entered between parties.	any adverse effect on the financials of the company.
20	Opposition No. 255946	19.04.2007	M/s Siddhi Vegetable Oil Products, Hyd.  <b>Vs.</b>  M/s Lohiya Industries, Hyd.	Deputy Registrar of Trade Mark, Chennai	This opposition application was filled by the firm against application No. 1396451 for registration of trade mark "GOLD DROP" in Class 29.	-	Pending for withdrawal in terms of compromise entered between parties.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.

f) Cases filed against the Group companies or entities/subsidiary company/associate concerns-

S. No	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	I.P. No 19 / 2010	14.06.2010	P. Shyam Kumar, Proprietor M/s. Vaishnavi Devi Oil Packers <b>Vs.</b> Mr. Om Prakash Agarwal & others (including Mr. Surender Agarwal of Siddhi Vegetable Oil Products)	Hon'ble Addl. Judge cum City Small Cases Court, Hyderabad	The petitioner has filed Insolvency Petition to prove himself as insolvent person to avoid his liability to pay the firm Rs.175047 towards supply of oil by the firm.	Rs.175047	Pending.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.
2	OS No. 40 / 2006	20.03.2006	M/s Lohia Industries, Hyd.  <b>Vs.</b>  M/s Siddhi Vegetable Oil Products, Hyd.	Hon'ble I Addl. Chief Judge, City Civil Court, Secunderabad.	This civil suit was filed by M/s Lohia Industries, Hyd. against the firm for Infringement of their registered trade mark "Gold Drop" and prayed for perpetual injunction against firm's trade mark "Gold Dhara" & damages of Rs.500000 & future damages of Rs.500000 plus interest.	perpetual injunction & Rs.1000000 plus interest	The case is pending for withdrawal by the party in terms of the compromise decree awarded by High Court of Madras in connected matter between same parties and subject matter, wherein it was agreed that both parties should withdraw all related cases and litigations before	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.

							various Courts/authorities.	
3	CS No. 86 / 2006	29.01.2006	M/s Lohiya Industries, Hyd.  <b>Vs.</b>  M/s Siddhi Vegetable Oil Products, Hyd.	Hon,ble High Court of Madras	This civil suit was filed by M/s Lohiya Industries, Hy'bad against the firm for Infringement of their registered trade mark "Gold Drop" and prayed for permanent restraining the firm to use trade mark "Gold Dhara".	Not ascertainable.	The parties have entered into memo of compromise on Dtd. 16.12.2008 which has been recorded by the High Court of Madras and Court has passed a decree order on 15.06.2009 in terms of said memo of compromise. In the said memo, parties have agreed to withdraw various cases filed by them against each other which are pending with various authorities & courts.	As the case is relating to the group entity, it will not have any adverse effect on the financials of the company.

#### 5. Under Labour laws

- Cases filed by the Company – Nil
- Cases filed against the Company- Nil
- Cases filed by the Promoters/Directors - Nil
- Cases filed against the Promoters/ Directors - Nil
- Cases filed by the Group Companies or entities/subsidiary company /associate concerns- Nil
- Cases filed against the Group companies or entities/subsidiary company /associate concerns-Nil

#### 6. Under various statutory laws

- Cases filed by the Company - Nil
- Cases filed against the Company- Nil
- Cases filed by the Promoters/ Directors - Nil
- Cases filed against the Promoters/ Directors - Nil
- Cases filed by the Group Companies or entities/subsidiary company /associate concerns- Nil
- Cases filed against the Group companies or entities/subsidiary company /associate concerns- Nil

#### Other defaults

There is no other default involving the issuer company or its subsidiary, its director, promoters, promoter group entities.

#### Amount Outstanding to SSI Undertaking or other creditors

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding Rs.1 Lac which is outstanding for more than 30 days from the due date.

**Material Developments**

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 the Company.

## GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

### Investment Approvals (FIPB/RBI, etc.)

As per Notification No. FEMA 20/2000 -RB dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of equity shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines

### All Government and Other Approvals

The Company has received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and except as mentioned below, no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake the current as well as proposed business activities and other than as mentioned below, no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business.

#### (a) Registration under the Companies Act, 1956:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Registrar of Companies, Andhra Pradesh	01-29205 of 1998-99	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
1	Chief Commissioner of Income Tax, Andhra Pradesh	AAECS3658M	Income Tax Act, 1961	Permanent Account Number	Valid Till cancelled
2.	Joint Commissioner of Income Tax (TDS), Hyderabad	HYDS04785E*	Income Tax Act 1961	Tax Deduction Account Number	Valid till cancelled
3.	Deputy Commissioner of Customs and Central Excise, Hyderabad-L Division	AAECS3658MXM 001*	Central Excise Rules, 2002	Central Excise Registration Certificate	Valid till cancelled
4.	Commercial Tax Officer, VAT Registering Authority, Special Commodities Circle, Saroor Nagar Division	28680173252*	Andhra Pradesh VAT Act 2005	Value Added Tax Registration	Valid till cancelled
5.	Deputy Commercial Tax Officer Rajendranagar Circle, R.R. District	28435681121	AP Tax on Profession Trade, Callings and Employment Act, 1987	AP Profession Tax Payer Enrollment Certificate	Valid till cancelled

6.	Deputy Commercial Tax Officer Rajendranagar Circle, R.R. District	28112579146	AP Tax on Profession Trade, Callings and Employment Act, 1987	AP Profession Tax Payer Registration Certificate	Valid till cancelled
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\*Applications have been made to the respective authorities for change in name in the certificates to Sheetal Refineries Limited.

**(c) Registration under various Industrial and Labour Laws:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Regional Provident Fund Commissioner, Andhra Pradesh, Hyderabad	AP / HY/ 32236 / Enf – I/Zone – VI / 97*	Employees' (Provident Funds & Miscellaneous provisions) Act-1952.	Provident Fund Registration.	Valid till cancelled
2.	Regional Director Employees' State Insurance Corporation, Hyderabad	52-12279-06*	Employees state Insurance Act, 1948	Registration under ESI Act	Valid till cancelled

\*Applications have been made to the respective authorities for change in name in the certificates to Sheetal Refineries Limited.

**(d) Registration and approvals from various Governmental and Regulatory Authorities:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Secretariat for Industrial Assistance, New Delhi	920/SIA/IMO/2011	Industrial Development Regulation Act 1951.	Acknowledgement for Industrial Entrepreneur Memorandum	Valid till cancelled
2.	Inspector of Factories, Ranga Reddy – III Circle	38225	Factories Act 1948	License to work a Factory	Valid till cancelled
3.	District Inspector, Legal Metrology Department, Ranga Reddy District III	0342019,20,21*	A.P. Standards of Weights & Measures (E) Act, 1985	Certificate of Verification	Valid till 25.03.2011
4.	Gazetted Food Inspector & Licensing Authority, Ranga Reddy District	80/RRD/I/RJNR/2010-11*	Preventive of Food Adulteration Act, 1954 and Rules	License to manufacture for sale/sell/storage for sale/distribution of edible oil	Valid till 31.03.2011
5.	Chief Director, Vegetable Oil Products Commissioner,	VOP/AP/BL-2/2001*	Vegetable Oil Products (Regulation) Order, 1998	Registration Certificate	Valid till cancelled
6.	Director of Boilers, Andhra Pradesh, Hyderabad	AP – 3346*	Indian Boilers Act, No V of 1923	Certificate for use of a Boiler	Valid till 1.8.2011
7.	Assistant Food Controller, Zone VI and Local (Health) Authority, at Hyderabad	EOP/AP/ZVI – 08*	Edible Oils Packaging (Regulation) Order, 1998	Certificate of Registration	Valid till 21.12.2012
8.	Director ( SEO), Directorate of Vanaspati, Vegetable Oils and Fats,	RU / Edible/ 897*	Solvent Extracted Oil, De-oiled Meal	Registration as user of Solvent Extracted Oil.	Valid till cancelled

	New Delhi		and Edible Flour (Control) Order, 1967		
9.	Senior Marketing Officer, Ministry of Agriculture Directorate of Marketing & Inspection	A/1 004032	Grading & Marking of Vegetable oils (Sunflower seed oils) under AGMARK	Certificate of Authorisation	Renewed up to 31-03-2015
10.	Commissioner, Rajendra Nagar Municipality, Ranga Reddy District	/RJNR/GHMC/2010	A.P.M Act 1965	Trade License	Valid till 31-03-2011

\*Applications have been made to the respective authorities for change in name in the certificates to Sheetal Refineries Limited.

**(e) Quality Certifications and Registration/Membership of Trade Association/Export Council**

Sr. No.	Authority granting approval	Approval/Registration Number	Nature of approval	Validity
1.	Moody International Certification Limited	IHY-0044.06	ISO 9001:2000	Valid till December 12, 2011

**LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR EXISTING UNIT**

Sr. No.	Authority granting approval	Applicable Law	Nature of approval
1.	Andhra Pradesh Pollution Control Board, Hy'bad	Water (Prevention and Control Pollution) Act, 1974 and Air (prevention and Control of Pollution) Act, 1981	NOC
2.	District Inspector, Legal Metrology Department, Ranga Reddy District III	Standards of weights and measures (Packaged Commodities) Rules, 1977	Certificate of Registration
3.	District Supply Officer, Ranga Reddy District	A.P. Scheduled Commodities Dealers (Licensing, Storage and Regulation) Order, 2008	License for purchase, sale / storage for sale of Scheduled Commodities.
4.	Andhra Pradesh Pollution Control Board, Hy'bad	Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008	Consent for existing unit
5.	Additional Director, Fire Prevention Wing, Hy'bad	---	No Objection Certificate

**LIST OF APPROVALS RECEIVED FOR THE PROPOSED PROJECT (unit – II at Nandigama)**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Directors of Factories, Hy'bad	D.Dis/D3/MBNR/7956/10	Factories Act, 1948	Approvals of Plans	Valid till cancelled
2.	Secretariat for Industrial Assistance, New Delhi	1623/SIA/IMO/2010	Industrial Development Regulation Act 1951.	Acknowledgement for Industrial Entrepreneur Memorandum	Valid till cancelled
3	Commercial Tax Officer, VAT Registering Authority, Special Commodities Circle, Saroor Nagar Division	28680173252*	Andhra Pradesh VAT Act 2005	Value Added Tax Registration	Valid till cancelled



**LIST OF APPROVALS APPLIED BUT NOT YET RECEIVED FOR THE PROPOSED PROJECT (unit – II at Nandigama)**

Nil

**LIST OF APPROVALS YET TO BE APPLIED FOR (FOR NEW PROJECT)**

Our Company has to apply for the following major/material licenses, which will be in applied in due course of time for the proposed project:

<b>Sr. No.</b>	<b>Authority granting approval</b>	<b>Applicable Law</b>	<b>Nature of approval</b>
1	Joint Inspector Of Boilers, Hyderabad, A.P	Indian Boilers Act, 1923	Certificate for use of a Boiler
2	District Inspector, Legal Metrology Department, Ranga Reddy District III	A.P. Standards of Weights & Measures (E) Act, 1985,	Stamping of Electronic Weighing Machines
3	Fire Service Department	--	No Objection Certificate
4	Assistant Commissioner of Provident fund, Hyderabad	Employees (Provident Fund & Miscellaneous provisions) Act-1952.	Provident Fund Registration.
5	Regional Director Employees' State Insurance Corporation, Hyderabad	Employees state Insurance Act, 1948	Registration
6	Director ( SEO), Vegetable Oils and Vegetable Oils Products Controller of India	Solvent Extracted Oil, De-oiled Meal and Edible Flour (Control) Order, 1967	Registration as user of Solvent Extracted Oil.
7	Gazetted Food Inspector & Licensing Authority	A.P.P.F.A. Rules, 1993	License to manufacture for sale/sell/storage for sale/Distribution of Edible Oils
8	Assistant Food Controller, Zone and Local (Health) Authority	Edible Oils Packaging (Regulation) Order, 1998	Registration Certificate
9	Andhra Pradesh Pollution Control Board, Hy'bad	Water (Prevention and Control Pollution) Act, 1974 and Air (prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management Handling and Transboundary Movement)Rules, 2008	Consent to Operate
10	Chief Director, Vegetable Oil Products Commissioner,	Vegetable Oil Products (Regulation) Order, 1998	Registration Certificate
11	Commissioner, Rajendra Nagar Municipality, Ranga Reddy District	A.P.M Act 1965	Trade License
12	Inspector of Factories,	Factories Act 1948	License to work a Factory
13	Deputy Commissioner of Customs and Central Excise, Hyderabad-L Division	Central Excise Rules, 2002	Central Excise Registration Certificate

**GOVERNMENT APPROVALS FOR SUBSIDIARY COMPANY**

**SHEETAL SIDDHI VEG OIL PRIVATE LIMITED**

**I. Statutory Registrations:**

**(a) Registration under the Companies Act, 1956:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Registrar of Companies, Andhra Pradesh	01-038901of 2002-2003	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
1.	Income Tax Department, Hyderabad	AAHCS5871R	Income Tax Act 1961	Permanent Account Number	Valid till cancelled
2.	Assistant Commissioner of Customs and Central Excise, Hyderabad-J Division	AAPFS7291CXM0 01*	Central Excise Rules, 2002	Excise Registration	Valid till cancelled
3.	Commercial Tax Officer, Jadcherla Circle, Nalgonda Division	28590169957	A.P. VAT Act 2005	Value Added Tax Registration Certificate	Valid till cancelled.
4.	Income Tax Department	HYDS27861B	Income Tax Act 1961	Tax Deduction 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	Validity
1.	Assistant Provident Commissioner (Compliance)	3584320001*	Employees' Provident Fund & Miscellaneous Provisions Act-1952.	Allotment of Business Number	Valid till cancelled
2.	Regional Director Employees' State Insurance Corporation, Hyderabad	52-22035-06*	Employees state Insurance Act, 1948	Registration under ESI Act	Valid till cancelled

\*Applications have been made to the respective authorities for change in name in the certificates to Sheetal Siddhi Veg Oil Private Limited.

**(d) Registration and approvals from various Governmental and Regulatory Authorities:**

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1	Secretariat for Industrial Assistance, New Delhi	379/SIA/IMO/2002 *	Industrial Development Regulation Act 1951.	Acknowledgement for Industrial Entrepreneur Memorandum	Valid till cancelled
2.	Inspector of Factories, Mahbubnagar	35099	Factories Act 1948	License to work a Factory	Valid till cancelled
3.	Controller , Legal Metrology Department, Hyderabad	19/NLG/T3/2003	Standards of Weights & Measures (Enf) Act, 1985	Certificate of Registration of Manufacturer /Packer	Valid till cancelled

4.	District Supply Officer, Mahbubnagar	51/2009	A.P. Scheduled Commodities Dealers (Licensing, Storage and Regulation) Order, 2008	License for purchase, sale / storage for sale of Scheduled Commodities.	Valid till 31-03-2011
5.	Gazetted Food Inspector Local Health Authority, Mahbubnagar	1010/MBNR/PFAL /D-1/10-11	Andhra Pradesh Prevention of Food Adulteration, (Amendment) Rules, 1993	License for manufacture for sale of refined vegetable oil	Valid till 31-03-2011
6	Directorate of Vanaspati, Vegetable Oils & Fats	VOP/AP/R-13/2002*	Vegetable Oil Products (Regulation) Order, 1998	Registration Certificate	Valid till cancelled
7.	Director Of Boilers, Hyderabad, A.P	AP-3654	Indian Boilers Act, No. V of 1923	Certificate for use of a Boiler	Valid till 01-05-2011
8.	Assistant Food Controller and Local Health Authority, Zone-VI , Hyderabad	EOP/AP/ZVI-038	Edible Oils Packaging ( Regulation) Order, 1998	Certificate of Registration	Valid till 26.06.2011
9.	Director ( SEO), Vegetable Oils and Vegetable Oils Products Controller of India	RU/Edible/1065*	Solvent Extracted Oil, De-oiled Meal and Edible Flour ( Control ) Order, 1967	Registration as user of Solvent Extracted Oil.	Valid till cancelled
10.	Directorate of Marketing & Inspection, Ministry of Agriculture, Hy'bad	A/2 5965	Grading & Marking of Vegetable oils (Sunflower seed oils) under AGMARK	Certificate of Authorisation	Valid till 31.03.2014
11.	Office of Assistant Labour Officer, Shamshabad	A/2340/2011	Andhra Pradesh Shops and Establishment Act, 1988	Certificate of Registration	Valid till 31.12.2011
12.	A.P. Pollution Control Board, Hy'bad	14-MAB/PCB/ZOH/C FO/2008-1682*	Air (Prevention & Control of Pollution) Act, 1981, Water(Prevention &Control of Pollution Act) 1974 and Hazardous Wastes (Management Handling and Transboundary Movements) Rules, 2009	Consent & HW Authorisation order	31.03.2011

\*Applications have been made to the respective authorities for change in name in the certificates to Sheetal Siddhi Veg Oil Private Limited.

#### LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR EXISTING UNIT

Sr. No.	Authority granting approval	Applicable Law	Nature of approval
1	Commercial Taxes Department, Hyderabad	A.P. Professional Tax Act 1987	AP Profession Tax Payer Enrollment Certificate
2	Commercial Taxes	A.P. Professional Tax Act 1987	AP Profession Tax Payer

	Department, Hyderabad		Registration Certificate
3.	The Additional Director, Fire Prevention Wing GHMC, Hyderabad	---	No Objection Certificate

#### LIST OF APPROVALS RECEIVED (FOR NEW PROJECT)

Nil

#### LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED (FOR NEW PROJECT)

Nil

#### LIST OF APPROVALS YET TO BE APPLIED FOR (FOR NEW PROJECT)

Our Company has to apply for the following major/material licenses, which will be in applied in due course of time for the proposed project

Sr. No.	Authority granting approval	Applicable Law	Nature of approval
1	Fire Service Department	--	No Objection Certificate
2	Joint Inspector Of Boilers, Hyderabad, A.P	As per the Indian Boilers Act , 1923	Approval for installation of boiler
3	Secretariat for Industrial Assistance, New Delhi	Industrial Development Regulation Act 1951.	Acknowledgement for Industrial Entrepreneur Memorandum
4	Controller , Legal Metrology Department, Hyderabad	Standards of Weights & Measures (Enf) Act, 1985	Certificate of Registration of Manufacturer /Packer
5	Assistant Commissioner of Provident fund, Hyderabad	Employees (Provident Fund & Miscellaneous provisions) Act-1952.	Provident Fund Registration.
6	Regional Director Employees' State Insurance Corporation, Hyderabad	Employees state Insurance Act, 1948	Registration under ESI Act
7	Director ( SEO), Vegetable Oils and Vegetable Oils Products Controller of India	Solvent Extracted Oil, De-oiled Meal and Edible Flour (Control) Order, 1967	Registration as user of Solvent Extracted Oil.
8	Gazetted Food Inspector & Licensing Authority	A.P.P.F.A. Rules, 1993	License to manufacture for sale/sell/storage for sale/Distribution of Edible Oils
9	Assistant Food Controller, Zone and Local (Health) Authority	Edible Oils Packaging ( Regulation) Order, 1998	Registration Certificate
10	Andhra Pradesh Pollution Control Board, Hy'bad	Water (Prevention and Control Pollution) Act, 1974 and Air (prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management Handling and Transboundary Movement)Rules, 2008	Consent to Operate
11	Chief Director, Vegetable Oil Products Commissioner,	Vegetable Oil Products (Regulation) Order, 1998	Registration Certificate
12	Commissioner, Rajendra Nagar Municipality, Ranga Reddy District	A.P.M Act 1965	Trade License
13	Inspector of Factories,	Factories Act 1948	License to work a Factory
14	Deputy Commissioner of Customs and Central Excise, Hyderabad-L Division	Central Excise Rules, 2002	Central Excise Registration Certificate

## SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on February 3, 2011 authorized the Public Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of the 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 the Company held on March 3, 2011.

### Prohibition by SEBI and RBI

Our Company, Promoters, Promoter Group, Directors, 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, Directors 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. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

Our Directors are not in any manner associated with the securities market and no action has been taken by the SEBI against any of the Directors or any entity with which our Directors are involved as promoters or directors.

Further, none of our Directors are/were director of any company whose shares have been/were suspended from trading by stock exchanges or delisted.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been identified as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

### Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- The company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
- The Company has a net worth of at least Rs.1 Crores in each of the preceding three (3) full years (of 12 months each);
- The Company has not changed its name within the last one year;
- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size (i.e. offer through offer document+ firm allotment+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the preceding financial year.

As per Regulation 26 (4), the Issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand (1000).

The pre-issue net worth, distributable profits in terms of section 205 of the Companies Act and net tangible assets of the Company for the last 5 completed years are as under:

(Rs. in Lacs)

For the Financial year ending	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Net Tangible Assets	1794.23	2312.75	3541.37	4513.23	7436.80
Monetary Assets	25.30	160.17	45.27	139.40	134.49
% of Monetary Assets to Net Tangible Assets	1.41	6.93	1.28	3.09	1.81
Distributable Profits	59.21	173.23	221.72	237.01	518.19
Net worth	842.86	1037.12	1458.91	1585.92	2244.11

Source: Restated Standalone Audited Financial Statements of the Company.

The proposed issue size would not exceed five times the pre-issue net worth as on March 31, 2010 which is Rs.2244.11 Lacs. Based on the above data we hereby certify that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the regulation 26(1) of SEBI (ICDR) Regulations, 2009 and amendments thereof.

Monetary Asset is defined as the sum of Cash & Bank Balance.

'Net tangible assets' is defined as the sum of fixed assets, investments, current assets, loans and advances (excluding deferred tax assets) less current liabilities & provisions (excluding deferred tax liabilities and long term loans), short term unsecured loans and interest accrued and due excluding intangible assets' as defined in AS 26 issued by ICAI.

For a complete explanation of the above figures please refer to the section entitled "Financial Information of the Company" beginning on page 93 of this Draft Red Herring Prospectus.

#### **Disclaimer Clause**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT 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 THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, 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, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 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 A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.-NOT APPLICABLE
- (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. -NOTED FOR COMPLIANCE
- (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 THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT 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 THE DRAFT RED HERRING PROSPECTUS.**

**ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH, HYDERABAD IN TERMS OF 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH, HYDERABAD IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.**

#### **Disclaimer from the Company and the BRLM**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site [www.sheetaldrop.com](http://www.sheetaldrop.com) would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company dated March 4, 2011 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us 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.

#### **Caution**

Our Company, the BRLM and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company and our group companies, affiliates or associates for which they have received, and may in future receive, compensation.

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 not minors, 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), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India 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 filed with SEBI for observations. Accordingly, our Company's 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 our Company's affairs from 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, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (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. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

#### **Disclaimer clause of the BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated [●], permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer clause of the NSE**

As required, a copy of this offer document has been submitted to NSE. NSE has given vide its letter ref.[●] dated [●] permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinised this Draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor

does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer clause of grading agency**

**[•]**

#### **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. A copy of the Draft Red Herring Prospectus was also filed with the SEBI at Plot C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at 2<sup>nd</sup> Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad -500195, Andhra Pradesh.

#### **Listing**

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Draft Red Herring Prospectus. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company will become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company along with every Director of the Company who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days from the date of Bid/Issue 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**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

**Shall be punishable with imprisonment for a term which may extend to five years.**

#### **Consents**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditor, Legal Advisor to the Company, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLM, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s S.B.Kabra & Co., Chartered Accountants, our Auditors have given their written consent vide their letter dated March 24, 2011 for the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

M/s S.B.Kabra & Co., Chartered Accountants, our Auditors have given their written consent vide their letter dated March 9, 2011 for the inclusion of their Tax Benefits accruing to our Company and its shareholders in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

[•], a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

### Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

### Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs.[•] Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	Expenses *	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fees, underwriting and selling commission*	[•]	[•]	[•]
Advertising and marketing expenses*	[•]	[•]	[•]
Printing and stationery, including transportation costs*	[•]	[•]	[•]
Others (Registrar's fee, Legal Advisor, listing fees etc.)*	[•]	[•]	[•]
Fees payable to Grading Agency*	[•]	[•]	[•]
<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

\* To be completed after finalization of 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 will be as per the MoU between our Company and the BRLM and offer letter of Syndicate Members, a copy of which shall be available for inspection at our registered office during the Bid/ Issue Period.

### 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 the per the MoU between our Company and the Registrar to the Issue, a copy of which shall be available for inspection at our registered office during the Bid/ Issue Period.

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 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**

We have not made any public or right issue since inception.

### **Issues otherwise than for Cash**

The Company has not issued any Equity Shares for consideration otherwise than for cash.

### **Commission and Brokerage paid on Previous Issues of the Company's Equity Shares**

Since this is the initial public offer of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Company's Equity Shares since inception.

### **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, 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 DRHP 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.

### **Stock Market Data of the Company's Equity Shares**

This being an initial public offer, the Equity Shares are not listed on any stock exchange.

### **Disclosure on Investor Grievances and Redressal System**

The Memorandum of Understanding 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 from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

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.

### **Disposal of Investor Grievances by our Company**

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Shareholders/Investors Grievances Committee comprising Mr. Jugal Kishore Agarwal, Mr. Jitender Kumar Agarwal and Mr. Prem Kumar Dhoot.

The Company has appointed Mr. Ritesh Heda, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Ritesh Heda, Company Secretary & Compliance Officer,  
Survey No. 341,  
Gagan Pahad,  
R.R.District,  
Hyderabad – 509323  
**Tel:** +91-40-24361880/81/82  
**Fax:** +91-40-24361663  
**E-mail:** sheetal.ipo@sheetalgroup.net;  
**Website:** www.sheetaldrop.com

### **Mechanism for Redressal of Investor Grievances by Companies under the same management**

None of the company under the same management is listed on any stock exchange as on the date of DRHP with SEBI.

### **Changes in the Auditors during last three years**

There has been no change in the Auditors in the last three years.

### **Capitalisation of reserves or profits during last five years**

Our Company has not capitalized its reserves or profits during last five years.

### **Revaluation of assets during last five years**

There has been no revaluation of assets of the Company during last five years.

## SECTION VIII: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, 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 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 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 existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See "Main Provisions of the Articles of Association of the Company" beginning on page 219 for a description of the Articles of Association of the 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 Rs. 10 each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] 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 ICDR 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 Memorandum and 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 Memorandum and 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 "Main Provisions of Articles of Association of the Company" on page 219.

#### 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.

Allocation and 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. For details of allocation and allotment, see "Issue Procedure" on page 210 of DRHP.

### **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:

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

Further, 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 dematerialised 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 to change the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the 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, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000.

### **Arrangement for disposal of Odd Lots**

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

### **Restriction on transfer of shares**

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section "Main Provisions of the Articles of Association" beginning on page 219 of this Draft Red Herring Prospectus.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.**

**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.**

#### **Application in Issue**

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialised form only.

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.



## ISSUE STRUCTURE

Public issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating up to Rs. 6000.00 Lacs by Sheetal Refineries Limited. The issue would constitute [●] % of the fully diluted post issue paid up capital of the company.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to [●] Equity Shares aggregating Rs. 3000.00 lacs or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	At least [●] Equity Shares aggregating Rs. 900.00 lacs or Issue less allocation to QIBs and Retail Individual Bidders.	At least [●] Equity Shares aggregating Rs.2100.00 lacs or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB Portion shall be available for allocation to mutual Funds only. Mutual funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	At least 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate (a) [●] Equity Shares aggregating Rs.150.00 lacs shall be allocated on a proportionate basis to Mutual Funds ; and (b) [●] Equity Shares aggregating Rs.2850.00 lacs 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 Rs.200,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 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 Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.200,000 in value.

	Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) 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; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; (xii) insurance funds set up and managed by the Department of Post, India	with SEBI which is a foreign corporate or foreign individual.	
Terms of Payment	Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.	Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.	Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.

\* Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e. [●] Equity Shares aggregating Rs.150.00 lacs, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to QIB bidders.

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

### Bidding Period / Issue Period

<b>Bid / Issue Opens on</b>	<b>[●]</b>
<b>Bid/ Issue Closes on</b>	<b>[●]</b>

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M.
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a 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.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.
  - a) A standard cut-off time of 3.00 P.M. for acceptance of bids
  - b) A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

- c) A standard cut-off time of 5.00 P.M. for uploading of bids received from only retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure.

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 **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time).**

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least two working days prior to the Bid /Issue Opening Date.

**In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the 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 NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the syndicate.**

## ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid Cum Application Form.

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this DRHP. 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 DRHP.

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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.

All Bidders, other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM. Our Company, in consultation with the BRLM may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the members of the Syndicate. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of the BRLM or Syndicate Member for making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB) the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be

required for filing the Prospectus with the RoC and as would be required by SEBI and / or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, Eligible NRIs applying on a non-repatriation basis (ASBA as well as non-ASBA bidders)	White
Non-residents, Eligible NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non-ASBA bidders)	Blue

\*Excluding electronic ASBA Bid Cum Application Form

### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- a mutual fund, venture capital fund and foreign venture capital investor registered with the Board;
- a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;
- a public financial institution as defined in section 4A of the Companies Act, 1956;
- a scheduled commercial bank;
- a multilateral and bilateral development financial institution;
- a state industrial development corporation;
- an insurance company registered with the Insurance Regulatory and Development Authority;
- a provident fund with minimum corpus of twenty five crore rupees;
- a pension fund with minimum corpus of twenty five crore rupees;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares;
- Any FII sub-account registered with SEBI which is a foreign corporate or foreign individual; and
- Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

**Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.**

### Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual

Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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 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 accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

**Bids by Eligible NRIs**

1. Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

**Bids by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. Pursuant to the resolution of the Board of Directors dated February 3, 2011 followed by a special resolution by the shareholders of the Company passed at the Extra-ordinary General Meeting dated March 3, 2011, the aggregate FII holding limit in the Company has been increased up to 74% of the paid up equity share capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal in, or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India, only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment, subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

**Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture

Capital Funds/ Foreign Venture Capital Funds can invest only up to 33.33% of their respective investible funds by way of subscription to an initial public offer.

**The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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.**

#### **Maximum and Minimum Bid Size**

##### **(a) For Retail Individual Bidders:**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs.2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.2,00,000. In case the Bid Amount is over Rs.2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

##### **(b) For Non-Institutional Bidders and QIB Bidders:**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.2,00,000 and in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

#### **Information for the Bidder:**

1. Our Company and the BRLM shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by at least additional three Working Days, subject to the total Bidding Period not exceeding ten Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation

in the place where our registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

5. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from the members of the Syndicate or the SCSBs.
6. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
7. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

**Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.**

#### **Method and Process of Bidding**

1. Our Company in consultation with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with Roc and publish the same in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our registered Office is situated. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.
2. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate.
3. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”.
5. The members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (TRS), for each price and demand option



and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.

6. During the Bid/ Issue Period, Bidders (other than QIBs), who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled '*Payment Instructions*' of the Draft Red Herring Prospectus.
8. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
9. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
10. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
11. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **Bids at Different Price Levels**

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the floor of the Price Band and Rs. [●] being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.
2. In accordance with SEBI ICDR Regulations, our Company, in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our registered Office is situated, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
7. 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 Rs. 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. 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 respective Refund Account or unblocked by the SCSBs, as applicable.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [ ] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
10. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

### **Escrow Mechanism, Terms of Payment and Payment into the Escrow Account**

For details of the escrow mechanism and payment instructions, please refer to "*Issue Procedure – Payment Instructions*" on page 206 of the Draft Red Herring Prospectus.

### **Electronic Registration of Bids**

1. The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
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. The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
4. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
5. At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
  - Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
  - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
  - Numbers of Equity Shares Bid for;

- Bid Amount;
- Price option;
- Cheque Amount;
- Cheque Number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
  - ASBA Bid cum Application Form Number.
  - PAN (of First Bidder if more than one Bidder)
  - Investor Category and Sub-Category:
  - DP ID and client identification number
  - Numbers of Equity Shares Bid for;
  - Price Option
  - Bank Account Number
  - Bid amount
6. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLM or the Syndicate Member or our Company.
  7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  8. In case of QIB Bidders, bidding in the QIB Portion, BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds.
  9. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the 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.
  10. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

### **Build Up of the Book and Revision of Bids**

1. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/ Issue Period.
3. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
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 Rs. 200,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000.00, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft 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 Refund Account.
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 Rs. 5,000 to Rs. 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. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
11. The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.
12. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

### **Price Discovery and Allocation**

1. After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
2. The Company in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.
3. After the closure of bidding, the level of subscription in the various categories shall be determined.
4. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
5. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Regulations and this DRHP and in consultation with Designated Stock Exchange.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders.

7. The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.
8. Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
9. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
10. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

- (a) We, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

### **Filing with the RoC**

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language newspaper with wide circulation, where the Registered Office of our Company is situated.

### **Advertisement regarding Price Band and Red Herring Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

### **Issuance of Confirmation of Allocation Note ("CAN")**

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

1. Upon approval of Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
2. The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
3. The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
4. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue

subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 12 working days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within 12 working days of the closure of the issue.
- (b) As per SEBI Regulations, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.**
- (c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and bye laws of the Depositories.

**Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

### **GENERAL INSTRUCTIONS**

#### **Do's:**

- 1. Check if you are eligible to apply;
- 2. Read all the instructions carefully and complete the Bid cum Application Form;
- 3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- 4. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding, has a bank account;
- 5. With respect to ASBA Bids, ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- 6. Ensure that you have requested for and receive a TRS for all your Bid options;
- 7. 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;
- 8. Instruct your respective banks not to release the funds blocked in the bank account under the ASBA process;
- 9. Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- 10. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- 11. Ensure that the Bid is within the Price Band;

12. Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
13. Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
14. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

#### **Don'ts:**

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is 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 members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) 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 or under the terms of the Draft Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 2,00,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the full Bid amount;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

#### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).**

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct and legible.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 200,000.
- (e) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs.200,000 would be considered under this category. 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 in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

## **Bidder's Depository Account and Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository 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) to the Bidders. 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 at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole/first name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve 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/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

## **Equity Shares in Dematerialised form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:



- (a) an agreement dated [●] between NSDL, us and Registrar to the Issue;
- (b) an agreement dated [●] between CDSL, us and Registrar to the Issue.

**Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.**

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

**Bids by Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis**

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 200,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 195.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 200,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

**As per the existing policy of the Government of India, OCBs cannot participate in this Issue.**

**Bids under Power of Attorney**

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as

the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

2. In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
3. In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
5. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
6. We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

## **Payment Instructions**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company, the Syndicate Members, the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue and the BRLM to facilitate collection from the Bidders.

### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the 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 receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

### **Payment into Escrow Account for Bidders other than ASBA Bidders:**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
2. The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - (i) In case of Resident QIB Bidders: **“Escrow Account – SRL IPO – QIB – R”**
  - (ii) In case of non resident QIB Bidders: **“Escrow Account – SRL IPO – QIB – NR”**
  - (iii) In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account – SRL IPO – R”**
  - (iv) In case of Non-Resident Retail and Non-Institutional Bidders: **“Escrow Account – SRL IPO – NR”**
3. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
4. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account ‘SPNR’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account ‘SPNR’.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.
9. No later than 12 Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.
10. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

**Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house**

located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

#### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular No. DBOD.No.FSC.BC.42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

#### **Payment by cash / money order**

Payment through cash/ money order shall not be accepted in this Issue.

#### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

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.

### **OTHER INSTRUCTIONS**

#### **Joint Bids in case of Individuals**

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

#### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar Depository Participant's identity (DP ID) and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.
5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We, in consultation with the BRLM, reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

#### **‘PAN’ Number**

The Bidders or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not furnish the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

#### **Rejection of Bids**

In case of QIB Bidders, bidding under the QIB Portion, our Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ NECS/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
4. Age of the First Bidder not given;
5. PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Submission of more than five ASBA Bid cum Application forms per bank account;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple bids as defined in the Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stock invest/ money order/ postal order/ cash;
16. Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
17. Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
18. ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;

19. Bids by QIBs not submitted through the BRLM / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the BRLM/ Syndicate Members;
20. Bid cum Application Form does not have Bidder's depository account details;
21. In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole/first name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
22. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
23. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
26. Bids by persons in the United States;
27. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
28. Bids not uploaded on the terminals of the Stock Exchanges;
29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
30. Bids by OCBs;
31. In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
32. ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
33. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of Rs. 200,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
34. Bids by NRIs not disclosing their residential status;

## **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 portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders 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 portion is less than or equal to [●] Equity Shares aggregating Rs.2100.00 lacs at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares aggregating Rs.2100.00 lacs at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer page no 210 of Draft Red Herring Prospectus.

### **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 portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation 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 aggregating Rs.900.00 lacs 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 aggregating Rs.900.00 lacs at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●]

Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer page no 210 of Draft Red Herring Prospectus.

### C. For QIB Bidders

- Up to 50% of the Issue Size shall be available for allocation to the QIB Bidders.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for up to [●] Equity Shares aggregating Rs.150.00 lacs (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than [●] Equity Shares aggregating Rs.150.00 lacs, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- Allotment shall be undertaken in the following manner:
  - a. In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
    - i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
    - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - b. In the second instance allocation to all QIBs shall be determined as follows:
    - i. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis 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 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.

For the method of proportionate basis of allocation refer below.

### Illustration of Allotment to QIBs and Mutual Funds ("MF")

#### A. Issue Details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

#### B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20

3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	<b>TOTAL</b>	<b>500</b>

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

### C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	<b>500</b>	<b>5</b>	<b>95</b>	<b>42.42</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 189.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - (a) For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
  - (b) 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
  - (c) The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

### Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on [●] and expire on [●]. Following the expiration of the Bidding/Issue Period, the Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a



prescribed time. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. The SEBI Regulations require the Company to complete the Allotment to successful Bidders including credit of shares to demand accounts, within 12 working days of the expiration of the Bidding/Issue Period. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized 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) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than[●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - 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; and
  - Each successful Bidder shall be allotted a minimum of[●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than[●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.**

### **Letters of Allotment or Refund Orders or instructions to Self Certified Syndicate Banks in ASBA Process**

Applicants residing at 68 centers where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur, will get refunds through

NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 working days of closure of Bid / Issue.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or NECS;
- The Company shall pay interest at 15% per annum if allotment letters/ 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 through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 working days of the Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as 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.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days from the Bid/Issue Closing Date.

## **PAYMENT OF REFUNDS**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

## **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 Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 12 working days from the Bid/Issue Closing Date;
- Dispatch of allotment letters/ refund orders or instructions to SCSBs to unblock funds in the ASBA Accounts shall be done within 12 working days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, allotment letters/ 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 12 working days time period prescribed above.

The 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.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. NECS – Payment of refund shall be undertaken through NECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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. One of the methods for payment of refund is through NECS for applicants having a bank account at any of the above mentioned 68 centres.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 10 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 68 centres where the clearing houses for NECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India,**

State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

#### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid/ Issue Closing Date.

#### **Disposal of applications and application moneys and interest in case of delay**

The Company shall ensure, with respect of all bidders other than ASBA bidders, dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of date of closure of the issue.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 working days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve working days of Bid/ Issue Closing date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or NECS;
- The Company shall pay interest at 15% per annum if allotment letters/ 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 through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 working days of the Bid/Issue Closing Date.

#### **Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 12 working days from the Bid/Issue Closing Date.

#### **Undertakings by the Company**

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within twelve working days of Bid/Issue closing date;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/ Issue Closing Date;
- that the refund orders or allotment advice to the Non Resident Indian shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc;
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

### **Utilisation of Issue proceeds**

Our Board of Directors certifies that:

- all monies received out of issue of equity shares to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- details of all monies utilised out of the issue referred to in sub-item (i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised; and
- details of all unutilised monies out of the issue of equity shares referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Issue Proceeds.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “**Industrial Policy**”) of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**FDI**”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the nonresident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. **As per current foreign investment policies, foreign direct investment in the edible oil industry is allowed up to 100% under the automatic route.** In our Company, as of date the aggregate FII holding cannot exceed 74% of the paid up equity share capital.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

***The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may***

***occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.***

### **Subscription by Non-Residents**

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

No single FII can hold more than 10% of our post-issue issued capital.

In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital. As of now, the aggregate FIIs holding in our Company cannot exceed 74% of the paid up equity share capital of our Company.

*As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:*

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds/ Foreign Venture Capital Funds can invest only up to 33.33% of their respective investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/ or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

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

## **SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Main provisions of the articles of association of the company are as under:

### **CONSTITUTION OF THE COMPANY**

1. The regulations contained in Table A in the first Schedule to the companies Act, 1956 shall apply so far and so far only as they are not inconsistent with any of the provisions contained in these regulations.

### **SHARE CAPITAL**

3. The Authorized Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company."

### **Allotment of Shares**

5. The Board shall duly comply with Section 75 of the Act with regard to all allotment of shares from time to time.

### **Further issue of Capital**

6. 1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
  - a. Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
  - b. The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
  - d. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- 2 Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.
  - a. If a special resolution to that effect is passed by the company in general meeting, or
  - b. Where no such resolutions passed, if the votes cast(whether on a show of hands or on a poll as the case maybe) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - a. To extend the time within which the offer should be accepted: or
  - b. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
  - a. To convert such debentures or loans into shares in the company; or
  - b. To subscribe for shares in the company

**POWER to issue shares of different classes**

8. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in the Company may be issued with such preferred, or other special rights or such restrictions whether in regard to dividend, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine.

**Power of General Meeting to offer shares to such persons as the Company may resolve.**

10. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 6, the Company, by a special resolution in General Meeting, may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium, or at part or (subject to compliance with the provision of Section 79 of the Act) at a discount, as such General Meeting shall determine, and shall have full power to give any persons (whether members or holders of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for consideration as may be directed by such General Meeting, or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

**Preference Shares:**

11.
  - a. Subject to the provisions of Section 80 of the Act any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may determine by Special Resolution.
  - b. The Board may, at its discretion, convert the unissued equity Shares into preference shares or Redeemed Preference shares and vice versa and the Board may issue any part or parts of the unissued shares upon such terms and conditions and with such rights and privileges annexed thereto as the Board at its discretion and subject to the provisions of Section 86 to 89 of the Act, thinks, fit and in particular may issue such shares with such preferential or qualified rights to dividends and in the distribution of the assets of the Company as the Board may subject to the aforesaid section, determine.
  - c. The Board may at its discretion issue any portion of the Preference shares not already issued, as Redeemable Preference shares which are at the option of the Company liable to be redeemed and subject to the provisions of Section 80 of the Act, on such terms as to dividends, preferential payment or return of the amount paid-up thereon and as to conditions and terms of redemption as the Directors may deem fit.

**Variation of rights:**

12. The rights attached to each class of shares (unless otherwise provided by the terms of the issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. To every such separate meeting, the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of the issued shares of that class.

**Issue of further shares pari passu shall not affect the right of shares already issued.**



13. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided for by terms of issue of the shares of that class, be deemed to be varied by the creation of further shares, ranking pari passu therewith.

#### **Power to pay Commission**

15. The Company may at any time pay commission to any person for subscribing or agreeing to subscribe (whether absolutely conditionally) for any shares, debentures or debenture-stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures, or debenture-stock of the Company. The Statutory conditions and requirements shall be observed and complied with and the rate of commission shall not exceed five percent of the price at which the shares are issued and in the case of debentures the rate of the commission shall not exceed two and a half percent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also on any issue of shares or debentures pay such brokerage as may be lawful.

### **SHARE AND DEBENTURE CERTIFICATES**

#### **Rights of certificates**

- 19.
- i. Every person whose name is entered as a member in the register shall be entitled to receive without payment:
    - a) One certificate for all his shares; or
    - b) Where the shares so allotted at any one time exceed the number of shares fixed as market lot in accordance with the usages of the Stock Exchange, at the request of the shareholder several Certificates on each per marketable lot and one for the balance.

#### **LIMITATION OF TIME FOR ISSUE OF CERTIFICATES:**

- ii. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the as the Directors so time determine) to several certificate, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of share to one or several joint holders shall be a sufficient delivery to all such holder.

#### **Certificate to be under seal**

20. Every Certificate shall be under the seal of the Company and shall specify the shares or debentures to which it relate and the amount paid-up thereon.

#### **Certificate for joint holders**

21. In respect of any share or shares held jointly several persons, the Company shall not be bound to issue more than one Certificate for the same issuance of Share Certificate to the first joint holder shall, be sufficient delivery to all such holders; subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several Certificates in accordance with Article 19 above.

#### **Issue of Certificates**

25. Every Certificate of title to the share or shares shall be issued only in accordance with the provisions of Companies (issue of Share Certificates) Rules, 1960, or any amendment thereof or any provision of law applicable thereto, for the time begin in force.

### **CALLS ON SHARES**

#### **Calls**

26. Subject to the provisions of Section 91 of the Act the Board may, from time to time, make such calls as they think fit upon the members in respect of all money unpaid on the shares held by them respectively whether on account of the nominal value of the shares or by way of premium and not by the conditions of allotment thereof made payable at fixed times, and the members shall pay the amount of every call so made on them to the person and at the time and place appointed by the Board.

#### **Length of Notice of Call**

27. Not less than Thirty days notice of any call shall be given specifying the time and place of payment and the person to whom such payment shall be made provided that before the time for payment of such call and Board may, by notice in writing to the members, extend the time for payment thereof.

### **LIEN**

35. The company shall have a first and paramount lien upon all the shares / debentures ( other than fully paid-up shares/ debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/ debentures. The Directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provisions of this clause.

### **FORFEITURE OF SHARES**

#### **If call or installment not paid, notice may be given**

39. If a member fails to pay any call or installment of a call on the day appointed for the payment thereof, the Board may, at any time thereafter and during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or interest as is unpaid, together with any interest, which may have accrued.

#### **From of Notice**

40. The Notice aforesaid shall name a further day (not earlier than the expiry of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day appointed, the shares in respect of which the call was made will be liable to be forfeited.

#### **If notice not complied with, shares may be forfeited**

41. If requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

#### **Surrender of Shares**

42. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other shares.

#### **Boards rights to disposal of forfeited shares or cancellation of forfeiture**

43. A forfeited or surrendered share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit and at any time before such sale or disposal, the forfeiture or surrender may be canceled on such terms as the Board may think fit.

#### **Transfer of Shares**

- 47.
- a. Shares in the Company shall be transferred by an instrument in writing in the form prescribed under Section 108 of the Act.

- b. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- c. The Board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and then transferee has been delivered to the Company along with the Certificate of share to which it relates and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.
- d. An application for the registration of the transfer of any share or shares may be made either by the transferee or the transferor; provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- e. For the purpose of clause (4) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the time at which it would have been delivered in the ordinary of post.
- f. Nothing in clause (3) shall prejudice any power of the Board to register as a share holder any person to whom the right to any share has been transmitted by operation of law.
- g. Nothing in this article shall prejudice the power of the Board to refuse to register the transfer of any shares to a transferee, whether a member or not.
- h. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or marriage, Power of Attorney or similar other document.

#### **Transfer to infants, insolvents and persons of unsound mind**

48. No share shall in any circumstances be transferred to an infant, insolvent or person of unsound mind.

#### **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

49. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

#### **Endorsement of transfer and issue of Certificate**

50.

- a. Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Secretary or by some other person for the time being duly authorized by the Board in that behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate, he shall be entitled to receive a new certificate on payment of a sum of Rupee One for every such certificate of shares to which the said transfer relates and upon delivering up to be cancelled every old, or existing certificate which is to be replaced by a new one.

Provided that no fee shall be charged for issuing new certificate in replacement of those, which are decrepit or worn out certificates or where cages on the reverse for recording transfers have, been fully utilised.

- b. No fee shall be charged for transfer or transmission of shares or for registration of any Power of Attorney, Probate, letters of administration or other similar documents.

### **Transmission of Shares**

54.

- a. The executors or administrators of a deceased member (not being one of several joint holder) or the holder of a succession certificate empowered thereby to receive dividends on and to negotiate any shares belonging to a deceased member, shall be the only persons recognized by the Company, as having any title to the shares registered in the name of such member. Provided that should the member be a member of a joint Hindu family, the Board on being satisfied to the effect and on being satisfied that the share standing in his name if fact belonged to the joint family may recognise the survivors or the Kartha thereof as having title to the shares registered in the name of such member; provided further that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise, as to the Board may seem just.
- b. On the death of one or more joint holders of any shares, the survivors/survivor alone shall be the only persons recognized by the Company as having any title to or interest in such shares. In the event of the death of any sole holder or of the last surviving holder the executors or administrators of such or other persons legally entitled to the share of the deceased.

Provided that on production of such evidence as to title and on such indemnity or other terms as the Board may deem sufficient, any person may be recognized as having title to the shares as heir or legal representative of the deceased shareholder.

Provided further that if the deceased shareholder was a member of a joint Hindu family, the Board on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors of the Kartha thereof as having title to the shares registered in the name of such member.

Provided also that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation, upon such evidence and such terms as to indemnity or otherwise as to the Board may seem just.

- c. Nothing in clause (a) shall release the estate of a deceased joint holder from any liability in respect of any shares which were jointly held by him with other persons.

## **REGISTER OF MEMBERS**

### **Register of Members and Debenture Holders**

60. The Company shall keep at its registered office in one or more books a register of its members and debenture holders commencing from the date of the registration of the Company and an index of members and debenture holders and enter therein the particulars prescribed in Section 150, 151 and 152 of the Act and the Companies (Issued of Share Certificate) Rules 1960 or any modification thereof for the time being in force.

### **Inspection of Registers**

61. The Register of Members and the index or Members, Index of Debenture holders and copies of annual returns prepared under Section 159 of the Act shall be open to the inspection of any member without payment of any fee and to the inspection of any other persons on payment of one Rupee for each inspection and copies of extracts from such register may be furnished in accordance with the provisions of section 163 of the Act.

## **SHARE WARRANTS**

### **Issue of share warrants**

67.

- a. The Company may issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in their discretion with

respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share and authenticated by such evidence, if any, as the Board may from time to time require as to identity of the person signing the application, and on receiving the Certificate if any, of the share, and the amount of the stamp duty required for the warrant and such fee as the Board may from time to time require, issue a share warrant and may provide by coupons or otherwise for the payments of the future dividends on the shares specified in the share warrant.

- b. A share warrant shall entitle the bearer thereof to the shares included in it and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of the Company with respect to transmission of shares shall not apply thereto.
- c. The bearer of a share warrant shall, on surrender of the warrant to the Company for cancellation and on payment of such fee as the Board may from time to time prescribe be entitled to have his name entered as a member in the Register of Members in respect of the shares included in the warrant.

## **ALTERATION OF CAPITAL**

### **Alteration of capital**

71.

- (1) The Company in General Meeting may from time to time by Ordinary Resolution alter the conditions of its Memorandum of Association as follows, that is to say, it may:-
  - a. Increase its share capital by such amount as it thinks expedient by creating new shares;
  - b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - c. Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination;
  - d. Sub-divide 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 shall be the same as it was in the case of the share from which the reduced share is derived;
  - e. Cancel any shares which, at the date of the passing of the resolution in that behalf, 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.
- (2) The resolution whereby any share is sub-divided may determine that, as between the holder of the share resulting from such sub-division one or more of such shares shall have some preference of special advantage as regards dividend, capital or otherwise over or as compared with the others.

### **Application of provision to new shares**

72. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the share in the original share capital.

### **Reduction of capital etc.**

73. The Company may by special resolution reduce in any manner and with, and subject to any incident authorized and consent required by law:

- (a) its share capital;
- (b) any Capital Redemption Reserve Account; or
- (c) any Share Premium Account.

## **DEMATERIALISATION OF SECURITIES**

74.

- I) Definitions (for the purpose of this Article)

- i. "Beneficial **Owner**" means a person whose name(s) is recorded as such with a Depository.

- ii. "Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
- iii. "Security" means such security as may be specified by the SEBI from time to time.

#### II) Dematerialization of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities in a dematerialised form pursuant to the Depositories Act, 1996.

#### III) Options for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### IV) Securities in depositories to be in fungible form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

#### V) Rights of Depositories and Beneficial Owners

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

#### VI) Service of documents

Notwithstanding anything in the Act, or these articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

#### VII) Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

#### VIII) Allotment of Securities dealt with in a depository

Notwithstanding anything in the Act, or these articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

#### IX) Distinctive numbers of Securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

#### X) Register and Index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles

### **Nomination of Shares**

- XI) Every holder of shares in, or holder of debenture of, the company, may at anytime, subject to the provision of the Section 109A of the Companies Act, 1956 nominate in the manner by the board of directors, a person in whom shares or debentures of the Company shall vest in the event of his death.

Any person who become a nominee by virtue of the provision of Section 109A may upon the production of such Evidence and no such application may be required by the board and subject to the provision of Section 109B of the Companies Act, 1956, elect, either-to be registered himself as holder of share or debenture, as the case may be or 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.

- XII) Issue of Sweat Equity Shares/Employees Stock Option Schemes:

Subject to the provision of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956 and of various other laws governing the issue, the Board may issue and allot Sweat Equity Shares under Employees Stock Option Schemes to the person entitled thereto".

## **GENERAL MEETINGS**

### **Annual General Meetings**

75. The Company shall in each year hold in addition to the other meetings a general meeting which shall be styled as its annual general meeting at intervals and in accordance with the provisions specified below:-

- a. The first annual general meeting of the company shall be held within eighteen months of its incorporation.
- b. The next annual general meeting of the Company shall be held within six months after the expiry of the financial year in which the first annual general meeting was held and thereafter the annual general meeting shall be held by the Company with in six months after the expiry of each financial year, subject however to the power of the Registrar of Companies to extend the time within which such a meeting can be held for a period not exceeding three months, and subject thereto not more than fifteen months shall elapse from the date of one annual general meeting and that of the next.
- c. Every annual meeting shall be called for at a time during business hours on a day that is not a public holiday under the Negotiable Instruments Act and shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situated.
- d. Notice calling such meetings shall specify them as Annual General Meetings.
- e. All other Meetings shall be referred to as Extraordinary General Meetings.

### **Extraordinary General Meeting**

76. The Board may whenever they think fit convene an Extraordinary General Meeting at such time and at such place as they deem fit. Subject to the directions if any given by the Board, the secretary may convene Extraordinary General Meetings.

77.

1. The Board shall on the requisition of such number of members of the Company as is specified below proceed duly to call an Extra ordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.
2. The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitioners and shall be deposited at the Registered Office of the company or sent to the Company by Registered post addressed to the company at its Registered Office.
3. The requisition may consist of several documents in like form each signed by one or more requisitioners.
4. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit or dispatch to the Registered Office of the

requisition, not less to an 1/10 of such of the paid up capital of the Company as at that date carries the right of voting in regard to the matter set out in the requisition.

5. If the Board does not, within 21 days from the date of deposit of the requisition with regard to any matters, proceed duly to call a meeting for the consideration of those matters, on a day not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitioners themselves or by such of the requisitioners, as representing either a majority in value of the paid-up share capital held by all of them or not less than 1/10th of such paid up capital of the Company as is referred to in clause (4) above whichever is less.

#### **Length of notice for calling meeting**

78. A General meeting of the Company may be called by giving not less than 21 days notice in writing, provided that a general Meeting may be called after giving shorter notice if consent thereto is accorded in the case of Annual General Meeting by all the Members entitled to vote thereat and in the case of any other meeting, by members of the Company holding not less than 95% of that part of the paid up share capital which gives the right to vote on the matters to be considered at the meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for purpose of this article in respect of the former resolution or resolutions and not in respect of the latter.

#### **Accidental omission to give notice not to invalidate meeting**

79. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of, resolution passed at, such meeting.

#### **Special Business**

80.
  - a. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of business relating to
    - (i) The consideration of the accounts, Balance Sheet, Reports of the Directors and Auditors;
    - (ii) The declaration of a Dividend;
    - (iii) The appointment of Directors in the place of those retiring; and
    - (iv) The appointment and fixing of the remuneration of the Auditors
  - b. Where any items of business to be transacted at the meeting are deemed to special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director of the Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Provided that where any item of special business as aforesaid to be transacted at the meeting of the Company, relates to or affects any other Company, the extent of share holding interest in that other Company of every Director of the Company, shall also be set out in the statement if the extent of such share holding interest is not less than 20% of the paid up share capital of that other company.

### **PROCEEDINGS AT GENERAL MEETINGS**

#### **Quorum**

81. Five members personally present shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the time when the meeting proceeds to business.

#### **Questions at General Meeting how decided**

85. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.



**Casting Vote**

86. In the case of an equality of votes, the Chairman shall, both on a show of hands and on a poll, have casting vote in addition to the vote to which he may be entitled as a member.

**Taking of poll**

87. If a poll is duly demanded in accordance with the provisions of Section 179 of the Act it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the decision of the meeting on the resolutions on which the poll was taken.

**In what cases poll taken without adjournment**

88. A poll demanded on the election of Chairman or on a question of Adjournment shall be taken forth with. A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time when the demand was made, as the Chairman may direct.

**Vote by joint holders**

93. If there be joint registered holders of any share, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled here 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 meeting, that of the said persons so present whose name stands first on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these articles be deemed joint-holders thereof.

**Vote on behalf of member of unsound mind or minor**

94. A member of unsound mind, or in respect of whom an order had been made by any Court having jurisdiction in lunacy, or minor, may vote, whether on a show of hands, or on a poll by his committee, or other legal guardian, and any such committee of guardian may, on a poll, vote by proxy.

**Proxies permitted on polls**

95. On a poll, votes may be given either personally or by proxy.

**Instrument of proxy**

- 96.
- a. The Instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a Corporation either under the common seal or under the hand of an officer or attorney so authorized. Any person may act as proxy whether he is a member or not.
  - b. A Corporate body (whether a company within the meaning of the Act or not) may, if it is a member or a creditor or a debenture holder of the Company, by the resolution of its Board of Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company or at any meeting of any creditors of the Company held in pursuance of the Companies Act or any Rules made there-under or in pursuance of provisions contained in any Debenture or Trust Deed as the case may be. The person so authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents, as that body could exercise if it were an individual member, creditor or holder of Debenture of the Company.
  - c. So long as an authorisation under clause (2) above is in force the power to appoint proxy shall be exercised only by the person so appointed as representative.

**Proxy to be deposited at the Office**

97. The Instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

**Minutes**

102.

- a. The Company shall comply with the requirements of Section 193 of the Act, in respect of keeping of the minutes of all proceedings of every General Meeting and every meeting and every meeting of the Board or any committee of the Board.
- b. The Chairman of the meeting may exclude at his absolute discretion such of the matters as, or could reasonably be regarded as, defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company

## **DIRECTORS**

### **Number of Directors**

103. Until otherwise determined by a General Meeting and subject to the Section 252 of the Act, the number of Directors shall be not less than Three and not more than Twelve including all kinds of Directors.

### **Remuneration of Directors**

105. Every Director (including the ex-officio Director) other than the Managing Director and the whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company to and from any place.

### **Qualification of Directors**

107. A Director shall require no share qualification.

### **Additional Director**

108. The Directors shall have power at any time and for time to time to appoint any other person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Directors so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company and shall be eligible for re-election at such meeting.

### **Casual Vacancy**

109. Any Casual Vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office up to the date on which the director in whose place he is appointed would have held office if it had not been vacated.

### **Alternate Directors**

110.

1. The Board of Directors of the Company may appoint Alternate Director for a Director (hereinafter called in this Clause "The Original Director") during his absence for a period of not less than three months from the State of Karnataka.
2. An Alternate Director appointed under sub clause (1) shall not hold office as such as for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State of Karnataka.
3. If the term of office of the Original Director is determined before he so returns to the State of Karnataka any provision for the automatic re-appointment or rearing Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

### **Rights of Directors**

114. Except as otherwise provided by these Articles, all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

## **RETIREMENT OF DIRECTORS**

### **Rotation and retirement of Directors**

115.

- (1) At the First Annual General Meeting after the adoption of these Articles all the Directors except the Ex-officio Directors, if any, shall retire from office and at the Annual General Meeting of the Company in every subsequent year, one-third of Directors who are liable to retire by rotation of the

time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

- (2) Ex-Office Directors shall not be liable for retirement by rotation
- (3) The term Ex-Officio Directors means any Technical, Special or Debenture Director appointed under Article 138 below.

## **PROCEEDINGS OF DIRECTORS**

### **Meeting of the Board**

122.

- (1) The Board may meet for the dispatch of business, adjourn and otherwise regulate the meetings, as they think fit, provided that a meeting of the Board shall be held at least once in every three calendar months subject to the provisions of Section 285 of the Act.
- (2) The Secretary may as and when necessary, and shall on the requisition of a Director at any time summon a meeting of the Board.

### **Quorum**

123. The quorum for a meeting the Board shall be one-third of the total strength any fraction contained in that one-third being rounded off as one or two Directors whichever is higher; provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of the remaining Directors, that is to say the number of the Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any whose place are vacant at the time. The term "interested Director" means any director whose presence cannot by reason of Section 300 of the Act count for purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

### **Questions how decided.**

124. Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally, and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

In case of an equally of votes, the Chairman shall have a second or casting vote in addition to his vote as a Director. Provided that the Chairman shall not have a casting vote at the election of a Chairman of the Board.

### **Chairman**

125.

- (1) The Directors may elect a Chairman of their meeting and determine the period for which he is to hold office and unless otherwise determined the Chairman shall be elected annually.
- (2) The directors may also likewise elect one of their members as Vice-Chairman to preside over their meetings, in the absence of the Chairman and determine the period for which he is to hold office and unless otherwise determined, the Vice-Chairman shall be elected annually. The Vice-Chairman shall, in the absence of the Chairman, have all the powers conferred on the chairman by these articles.
- (3) If no person has been appointed as Chairman under clause (1) above and/or Vice-Chairman under clause (2) above or, if at any meeting the Chairman and the Vice-Chairman are not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their member to be chairman of the meeting.

### **Committee**

126.

- (1) The Board of Directors may from time to time appoint one or more committees consisting of one or more members of their body, as the Board may deem fit.

- (2) The quorum of a committee may be fixed by the Board and until so fixed if the Committee is of a single member or two members the quorum shall be one and if more than two members it shall be two.

### **Resolution by Circulation**

130. Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India, not being less in number than the quorum fixed for the meeting of the Board or the Committee as the case may be and to all other Directors or members of the Committee at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution, shall be as valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.

## **POWER AND DUTIES OF DIRECTORS**

### **Powers of company Vested in Directors**

131.

- (a) The business of the Company shall, subject to the provisions thereof, be managed by the Board of Directors, who may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force, or by these presents, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these presents, to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- (b) Without prejudice to the general it of the powers conferred by the last preceding clays, and the other powers conferred by these presents, it is hereby expressly declared that the Directors shall have the following power, that is to say, power:-
- (1) To carry on and transact the several kinds of business specified in Clause III of the Memorandum of Association of the Company.
  - (2) To draw, accept, endorse, discount, negotiate and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, docks warrants, delivery orders, Government promissory notes, other Government instrument bonds, debentures or debenture stock of Corporations, Local Bodies, Port Trusts, improvement Trusts, or other Corporate Bodies and to execute transfer deeds for transferring stock, share or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.
  - (3) To acquire by purchase, lease, exchange, or otherwise, lands, estates fields, buildings, office, showrooms, godowns and other buildings in the State of Karnataka or elsewhere, machinery, engine, plant, rolling stock tools, machine tools, outfits, stores, hard-ware and any other materials of whatever description either for credit or for cash and present or future delivery.
  - (4) At their discretion, to pay for any property rights or privileges acquired by or services rendered to, the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and such shares may be issued either as fully paid up or with amount credited as paid up thereon as may be agreed upon; and any such bonds debentures, or other securities may be either specifically charged upon all or any of the Company or not so charged.
  - (5) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisors, accountants, cashiers, clerks, agents, commission agents, dealers, brokers, foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their opinion be necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security in such instances and to such amounts as the Directors think fit.

- (6) To secure the fulfillment of any contracts or agreements entered into by the Company, by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit.
  - (7) To institute, conduct, defend compound or abandon any actions, suits and legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit or arbitration the same actions, suits and legal proceedings.
  - (8) To plan, develop, improve cut down, process, sell or otherwise dispose of the products of the Company and to incur all expenses in this behalf.
  - (9) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
  - (10) To determine who shall be entitled to sign on the Company's behalf bills of exchange, promotes, dividend warrants, cheques and other negotiable instruments, receipts, acceptances, endorsements, releases, contracts, deeds and documents.
  - (11) From time to time to provide for the management of the affairs of the Company in any specific locality in India or abroad in such manner as they think fit and in particular to appoint any persons to be the attorneys or agents of the Company either abroad or in the India with such powers including power to sub-let and upon such terms as may be thought fit.
  - (12) To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities as they think fit.
  - (13) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on.
  - (14) To give to any person employed by the Company a commission on the profits of any particular business of transitions, or a share in the general profits of the Company and such commission, or share of profits, shall be tested as part of the working expenses of the Company.
  - (15) From time to time to make, vary and repeal bylaws for the regulation of the business of the Company, its officers and servants.
  - (16) To enter into all such negotiations and contracts, and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid, or otherwise for the purposes of the Company.
  - (17) To pay gratuities, bonus, rewards, presents and gifts, to employees or dependents of any deceased employees, to charitable institutions or purposes, to subscribe for provident funds, and other associations for the benefit of the employees.
- (c) (1) The Board shall exercise the following powers on behalf of the Company only by resolution passed at a meeting of the Board:
- (i) Power to make calls on shareholders in respect of money unpaid on their shares;
  - (ii) Power to issue debentures;
  - (iii) Power to borrow money otherwise than on debentures;
  - (iv) Power to invest the funds of the Company; and
  - (v) Power to make loans.
- (2) The Board may by a resolution passed at a meeting delegate to any Committee of the Board, if any, powers specified in sub-clauses (iii), (iv) and (v) of clause (1) above.

- (3) Every resolution delegating the power set out in sub-clause (iii) of clause (1) above shall specify the total amount outstanding at any one time upto which the moneys may be borrowed by the said delegate.
- (4) Every resolution delegating the power referred to in sub-clause (iv) of clause (i) above shall specify the total amount up to which the funds may be invested and the nature of investments which may be made by the delegate.
- (5) Every resolution delegating the power referred to in sub clause (v) of clause (1) above shall specify the total amount upto which loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of the loan that may be made for each such purposes in individual cases.

#### **Appointment and powers of Managing Directors / Whole-time Directors Technical Directors.**

132.

- (1) Subject to the provisions of section 269, 198 and 309 and other provisions of the Act, the Board may appoint one more of their number as Managing Director or Managing Directors, whole-time Director or whole-time Directors, or Technical Director or Technical Directors at such remuneration and upon such conditions as they think fit. Shall be decided at the Meeting of the Board of Directors of the Company.
- (2) A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall, ipso facto and immediately, cease to be a Managing Director or whole-time Director or Technical Director if he ceases to hold the office of Director from any cause.
- (3) Subject to the provision of the Act and to the general supervision and control of the Board, any Managing Director or Managing Directors or Whole-time Director Whole-time Directors to Technical Director or Technical Directors shall have the general direction, management and superintendence of the business of the Company with power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the Company, including power to appoint, suspend and dismiss officers, staff and workmen of the Company, to make and sign all contracts and receipts and to draw, accept, endorse and negotiate on behalf of the Company all such Bills of Exchange, Promissory Notes, Hundies, Cheques, Drafts, Government Promissory Notes, or other Government papers and other instruments as shall be necessary, proper or expedient for carrying on the business of the Company and to operate on the Bank accounts of the Company and to represent the Company in all suits and all other legal proceedings and to engage Solicitors, Advocates and other Agents and to sign the necessary paper, documents and instruments of authority to appoint agents or other attorneys and to delegate to them such powers as the managing Director may deem fit and at pleasure such powers to revoke and generally to exercised all such power and authorities as are not by the Companies Act for the time being in force or by these Articles expressly directed to be exercised by the Board of Directors or by the company in General Meeting.
- (4) The Managing Director Management Directors or Whole-time Director, Whole-time Directors or Technical Director or Technical Directors shall not exercise the powers to;
  - (a) Make calls on Shareholders in respect of Money unpaid on their Shares in the Company.
  - (b) issue debentures; and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to:-
  - (c) borrow Moneys, otherwise than on debentures:
  - (d) invest the funds of the Company; and
  - (e) make loans.
- (5) Technical Director or Technical Directors shall advise the Board on Technical matters and perform such duties and shall exercise such powers as are assigned to him or them by the Board.
- (6) The company shall not appoint or employ, or continue the appointment or employment of a person as its Managing Director or whole-time Directors or Technical Director who:-
  - (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;

- (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made a composition with them; or
- (c) is, or has at any time been, convicted by a Court of an offense involving moral turpitude.

### **Secretary**

137. The Board shall have power to appoint as the Secretary a person fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine. The Secretary shall have such powers and duties as may, from time to time, be delegated or entrusted to him by the Directors.

## **BORROWING**

### **Borrowing**

139.

- (1) The Board of Directors may from time to time but subject to such consent of the Company in general meeting as may be required under Section 293 of the Act raise any money or any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, shall not without the sanction of the Company at a general meeting exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company, by the issue of debentures perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities, and in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital, by special assignment or otherwise, or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

- (2) The directors may by a resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors within the limits prescribed.
- (3) Subject to the provisions of the above sub-clauses, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes, or by opening current accounts, or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company or by such other means as to them may seem expedient.
- (4) Such debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

### **Nomination of Directors**

140.

- (a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to any financing Corporation or Body (hereinafter referred to as "the Corporation"), or so long as the Corporation holds any shares/debentures in the Company as a result of subscription or under-writing, or conversion of loan/debentures into equity capital of the Company or so long as any guarantee given by the Corporation in respect of any financial obligation or commitment of the Company remains outstanding the Corporation shall, pursuant to an agreement between it and the Company, have a right to appoint one or more persons as director(s) on the Board of Directors of the Company (each such director also is hereinafter referred to as "the Nominated Director). The Nominated Director shall not be required to hold qualification shares and shall not be liable to retire by rotation. The Corporation may at any time and from time to time remove the Nominated Director, appointed by it and may, in the event of such

removal and also in case of death or resignation of the Nominated Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominated Director ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at its registered office. The Board of Directors of the Company shall have no powers to remove the Nominated Directors from office. Each such Nominated Director shall be entitled to attend all General Meetings, Board Meetings and meetings of the Committee of which he is a member, and he and the Corporation appointing him shall also be entitled to receive notices of all such meetings. The Nominated Director shall be paid all remuneration, fees, allowances, expenses and other moneys to which other Directors are entitled".

- (b) The Board of Directors may at any time appoint any suitable person as a Technical Director of the Company and thereupon such person shall not be liable for retirement by rotation and shall not be required to hold any qualification shares. The Board of Directors may determine the period for which such person shall hold office as such Technical Director either or till the happening of any contingency or subject to any condition.
- (c) The total number of Directors, if any, so appointed under this Article together with any other Ex-Officio Directors, shall not at any time exceed one-third of the whole number of Directors for the time being.

## **COMMON SEAL**

### **Common Seal**

146. The Board shall provide a Common seal for the Company and shall have power from time to time to cancel the same and substitute a new seal in lieu thereof. The Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Secretary

### **Official Seal for sue abroad**

147. The Company may exercise the powers conferred by section 50 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Directors and exercised by them in accordance with the said section.

### **Affixture of Common Seal**

148. The Seal shall not be affixed to any instrument except by authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf and unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company be signed by two Directors in whose presence the seal shall have been affixed and also signed by the Secretary or such other person as may from time to time be authorized by the Board.

## **DIVIDENDS AND RESERVES**

### **Right to Dividend**

149.

- (a) The profits of the Company (including capital profits) subject to any special rights relating thereto created or authorized to be created by these presents, and subject to the provisions of these presents, as to the Reserve Funds, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively on the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.
- (b) Where capital is paid up on any shares in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

150. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

### **Interim Dividend**

151. The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the company.

### **Dividends to be paid out of profits only**



152. No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by section 205 of the Act.

### **Payment by Cheque or Warrant**

157.

- (1) Any dividend, interest or other moneys payable in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case of joint holders to the registered address of one of the joint holders who is first named in the Register of Members of such person and to such address as the holder or the joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (3) Every such cheque or warrant shall be posted within thirty days from the date of declaration of dividend.

### **Power of Directors for Declaration of Bonus**

164.

- (1) Whenever such a resolution as aforesaid has been passed the Board shall:
  - (a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures if any.
  - (b) generally, to do all acts and things required to give effect thereto.
- (2) The Board shall have full power;
  - (i) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as they think fit, in the case of shares or debentures becoming distributable in fractions and also.
  - (ii) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid-up, of any further shares or debentures which they may be entitled to upon such capitalisation, or (as the case may require), for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.
  - (iii) Any agreement made under the authority shall be effective and binding on all such members.

## **ACCOUNTS**

### **Book of Accounts**

165.

- (1) The Board shall cause proper books of accounts to be kept in respect of sum of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, of all sales and purchase of goods by the Company, and of the assets and liabilities of the Company.
- (2) If the Company shall have branch office, whether in or outside India, proper books of accounts relating to the transactions effected at that office, shall be kept at that office, and proper summarized returns, made up to date at intervals of not more than three months, shall be sent by the branch office to company at the branch office to company at the Registered Office or other place in India as the Board thinks fit, where the main books of the Company are kept.
- (3) Provided that all or any the Books of accounts aforesaid may be kept at such other place in India, as the Board of Directors so decided, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- (4) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch, as the case may be, with respect to the matters aforesaid, and explain its transactions.

### **Inspection by Members**

166. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no members (not being Director) shall have any right of inspecting any accounts or books or documents of the Company

except as conferred by statute or authorized by the Board or by a resolution of the Company in General Meeting.

**Statement of Accounts to be furnished to Annual General Meeting.**

167. The Board shall lay before each Annual General Meeting a Profit and Loss Account for the Financial Year of the Company and Balance Sheet made up as at the end of the financial year which shall be date not preceding the day of the meeting by more than six months or such extended period of time as shall have been granted by the Registrar under the provisions of the Act.

**Balance Sheet and Profit and Loss Account**

168.

- (1) Subject to the provisions of Section 211 of the Act every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in Part I and II respectively of Schedule VI of the Act, or as near there-to as circumstances admit.
- (2) So long as the Company is a holding Company having a subsidiary, the Company shall conform to Section 212 of the Act and other relevant provisions of the Act.
- (3) If in the opinion of the Board any of the current assets of the Company may not have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

**Authentication of Balance Sheet and Profit and Loss Account**

169.

- (1) Save as provided in clause (2) below, every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board by Secretary if any, and by not less than two Directors of the Company including the Managing Director.
- (2) When only one Director is for the time being in India, the Balance sheet and Profit and Loss Account shall be signed by such Director in addition to the Secretary, and such a case, there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by such director explaining the reason for noncompliance with the provisions of clause (1).
- (3) The Balance Sheet and the Profit and Loss Account shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereto.

**Profit and Loss Account to be annexed and Auditors Report to be attached to the Balance Sheet.**

170. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors Report including the Auditors separate or supplementary report, shall be attached there to.

171.

- (1) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board with respect to the state of the Company's affairs, the amounts, if any, which they propose to carry to any Reserves in such Balance Sheet; and the amount if any, which they recommend to be paid way of dividend, material changes and commitments, if any affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.
- (2) The Report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to its subsidiaries, deal with any changes with any charges which have occurred during the financial year in the nature of the company's business or that of the company's subsidiaries or in the nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (3) The Board shall also give the fullest information and explanation in their report or in cases falling under the provision to Section 222 of the Act, in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditors report.
- (4) The Board's Report and addendum if any thereto shall be signed by the Chairman if he is authorized in that behalf by the Board and where he is not so authorized shall be signed by such

number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company under clauses (1) and (2) of Article 166.

- (5) The Board shall have the right to charge any person not being a Director with the duty or seeing that the provisions of clauses (1) to (3) of this Article are complied with.

172. The Company shall comply with the requirements of Section 219 of the Act.

## **ANNUAL RETURNS**

### **Annual Returns**

173. The company shall make the requisite annual returns in accordance with Sections 159 and 161 of the Act.

## **AUDIT**

### **Accounts to be Audited**

174. Every Balance Sheet and Profit and Loss account shall be audited by one or more Auditors to be appointed as hereinafter set out.

### **Appointment of Auditors**

175.

- (1) The Company at each Annual General Meeting shall appoint an Auditor to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and every auditor, so appointed shall be intimated of his appointment within seven days and every auditor so appointed unless he is a retiring auditor, shall within 30 days of the receipt from the Company of the intimation of his appointment, inform the Registrar of Companies in writing that he has accepted or refused to accept the appointment.
- (2) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless.
  - (a) He is not qualified for re-appointment;
  - (b) He has given the Company notice in writing of his unwillingness to be re-appointed;
  - (c) A resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed;
  - (d) Where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or any or all of those persons as the case may be, the resolution cannot be proceeded with.
- (3) Where at an Annual General Meeting no Auditor as appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- (4) The Company shall, within seven days of the Central Government's power under clause (3) becoming exercisable, give notice of that fact to that Government.
- (5) The Board may fill any casual vacancy in the office of an Auditor, so however that while any such vacancy continues, the remaining Auditor or Auditors (if any) may act; but where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- (6) A Person other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act and the Company shall send a copy of such notice to the retiring Auditor and shall send a copy of such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this clause shall also apply to a resolution that a retiring Auditor shall not be re-appointed.
- (7) Any Auditor may before the expiry of his term be removed from the office by the Company in General Meeting after obtaining the previous approval of the Central Government in that behalf.

- (8) The person qualified for appointment as Auditor shall be only those referred to Section 226 of the Act.

## **SERVICE OF DOCUMENTS AND NOTICE**

### **Service of document of the Company**

180. A document may be served on the Company or any officer thereof by sending it to the Company or officer at the registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at the Registered Office.

### **How Documents are to be served on member**

181.

- (1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice requisition, process, order, judgment or any other document in relation to or in the winding up of the Company) may be served or sent by the Company to any member either personally or by sending it by post to him to his registered address, if any, within India supplied by him to the Company for the giving of notices to him.
- (2) All notices shall with respect to any registered shares to which persons are entitled jointly be given to whichever to such persons is named first in the Register, and notice so given shall be sufficient notice to all the holders of such shares.
- (3) Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document, provided that where a member has intimated to the Company in advance that the document should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the company a sum sufficient to defray the expenses of doing so service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and such service shall be deemed to have been effected;
  - (i) In the case of a notice of a meeting at the expiration of forty eight hours after the letter containing the notice is posted; and
  - (ii) In another case, at the time at which the letters would be delivered in the ordinary course of post.

### **Persons entitled to notice of General Meetings**

185. Subject to the provisions of the Act and these Articles notice of General Meetings shall be given;

- (a) To the members of the Company as provided by Article 73 in any manner authorized by Article 184 and 185 as the case may be or as authorized by the Act;
- (b) To the persons entitled to a share in consequence of the death or insolvency of a member as provided by Article 70 or as authorized by the Act.
- (c) To the Auditor or auditors for the time being of the Company, in any manner provided by Article 184 as authorized by the act in the case of any member or members of the Company.

## **AUTHENTICATION OF DOCUMENTS**

### **Authentication of documents and proceedings**

189. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by the Secretary or a Director, or by any authorized officer of the Company and need not be under its Seal.

## **WINDING UP**

### **Winding up**

190. Subject to the provisions of the Act as to preferential payments the assets of the Company shall on its winding up, be applied in satisfaction its liabilities *par passu* and, subject to such application shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the Company.

### **Division of assets of the Company in specie among members**

191. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide among the contributories in specie or kind, any part of the assets of the Company, and may with the like sanction vest any part of the assets of the Company in

trustees upon such trust for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing, direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable act accordingly.

## **INDEMNITY AND RESPONSIBILITY**

### **Right of Directors and others to indemnity**

192.

- (1) Subject to the provisions of Section 201 of the act every Director, Manager, Secretary and other Office or employees of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such director, officer or employee may incur or become liable to be reason of any contract entered into, or act or deed done by him or in any other way in the discharge of his duties as such Director, Officer, or Employee.
- (2) Subject to as aforesaid every Director, Manager Secretary or other Officer or employee of the Company shall be indemnified against any liability incurred by them in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which they or he is acquitted or discharged or in connection with any application under section 633 of the Act in which relief is given to them or him by the court.

### **Not Responsible for acts of others**

193.

- (1) Subject to the provisions of Section 201 of the act on Director or other Officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other director or officer or for joining in any receipt of other act for the sake merely of conformity, of any loss expense happening to the company through insufficiency of deficiency of title to any property acquired by order of the director for or on behalf of the Company, or for the insufficiency or deficiency any security in or upon which any money of the company shall be invested, or for any loss or damages arising from the bankruptcy, insolvency or tortuous act of any person, company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part or for any loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own wilful act or default.
- (2) Without prejudice to the generality of foregoing it is hereby expressly declared that any filing fee payable on any document required to be filed with the Registrar of Companies or any other payment to be made to the registrar of Companies in respect of any act done or required to be done for the Company by any Director or other officer by reason of his holding the said office, shall be paid and borne by the company.

### **Secrecy clause**

194.

- (1) No member shall be entitled to visit or inspect the company's works without the permission of the Directors or Secretary, or to require discovery of or any information respecting any detail of the company's striding or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the company and which in the opinion of the Board or the Secretary it will be inexpedient in the interest of the Company to communicate to the Public.
- (2) Every Director, Manager, Secretary, Auditor, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall if so required by the Board, before entering upon his duties or at any time during his time of office, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the discharge of duties except when required so to do by the Board of directors or by any General Meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before the date of this DRHP) which are or may be deemed to be material have been entered into by or on behalf of the company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the offer document and delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company at Survey No. 341, Gagan Pahad, R.R.District, Hyderabad – 509323 between 10.00 a.m. and 4.00 p.m. on any working day until the Bid/Issue Closing Date.

#### **A. MATERIAL CONTRACTS**

- 1) MOU dated March 4, 2011 between the Company and Chartered Capital And Investment Ltd to act as Book Running Lead Manager to the Issue.
- 2) MOU date March 19, 2011 between the company and Link Intime India Private Limited to act as the Registrar to the Issue.
- 3) Escrow Agreement dated [•] between the Company, the BRLM, the Escrow Collection Bank(s) and the Registrar to the Issue.
- 4) Syndicate Agreement dated [•] between the Company, BRLM and the Syndicate Members.
- 5) Underwriting Agreement dated [•] between the Company, BRLM and other Syndicate Members.
- 6) Due Diligence Certificate dated March 28, 2011 form the Book Running Lead Manager.
- 7) Tripartite Agreement dated [•] between the Company, NSDL and Registrar to the Issue.
- 8) Tripartite Agreement dated [•] between the Company, CDSL and Registrar to the Issue.

#### **B. DOCUMENTS OF INSPECTION**

1. Memorandum and Articles of Association of the issuer company.
2. Certificate of Incorporation of the Issuer Company.
3. Special resolution passed by the shareholders at their meeting held on March 3, 2011 for going for Public Issue.
4. Resolution passed by the Board of Directors dated February 3, 2011 for going for Public Issue.
5. Resolution passed by the Board of Directors dated March 28, 2011, [•] and [•] approving the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus respectively.
6. Consents from the Directors, Book Running Lead Manager, Registrar, Bankers to the issue, Bankers to the company, Auditors, Legal Advisor to the company and Company Secretary & Compliance Officer to act in their respective capacities.
7. Consent of [•], dated [•], a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus & Prospectus.
8. Auditor's Certificate dated March 9, 2011 on tax benefits available to the Company and their consent to include the same in the offer document.
9. Auditor's Report for the Stand-alone and Consolidated Restated Financial Statements of the company both dated March 24, 2011 referred in the offer document and their consents to include the same in the offer document.
10. Auditor's Certificate for Fund deployment dated March 9, 2011 and its consent to include the same in offer document.
11. Copies of the Annual Reports of the Company for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and audited financial statements for the period ended September 30, 2010.
12. General Meeting Resolution passed by the shareholders of the Company on September 29, 2010 re-appointing Mr. Jugal Kishore Agarwal as Chairman and Managing Director of the company.
13. General Meeting Resolution passed by the shareholders of the Company on September 29, 2010 re-appointing Mr. Jitender Kumar Agarwal as Whole Time Director of the company.
14. Copies of the in principle approval received from BSE and NSE dated [•] and [•] respectively.
15. SEBI observation letter No [•] dated [•] and reply of BRLM to same dated [•].

## DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the regulations/guidelines issued by the Government or the regulations/guidelines issued by the Securities and Exchange board of India established under section 3 of the Securities and Exchange board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or Securities and Exchange board of India Act, 1992 or rules made there under or regulations/guidelines issued, as the case may be. We, the directors of the Company declare and confirm that all statements in this Draft Red Herring Prospectus are true & correct.

We, the directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the Draft Red Herring Prospectus has been suppressed/withheld and/or incorporated in the manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund as the case may be that any information / material has been suppressed/ withheld and or amounts to misstatement /misrepresentation we undertake to refund the entire application money to all the subscribers within seven days thereafter without prejudice to the provisions of the section 63 of the Act

The Issuer accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his/ her own risk

**Signed by the Directors, Chief Financial Officer, Company Secretary and Compliance officer of our Company**



**Jugal Kishore Agarwal**  
Chairman & Managing Director



**Jitender Kumar Agarwal**  
Whole Time Director



**Prem Kumar Dhoot**  
Independent Director



**Ravi Agarwal**  
Independent Director



**Chandan Chauhan**  
Independent Director



**Ritesh Heda**  
Company Secretary & Compliance Officer



**Shyam Sunder Agarwal**  
Chief Financial Officer

**Place: Hyderabad**

**Date: March 28, 2011**